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2015 Form 20-F Filed with the US SEC

Melbourne, Australia, 2 November 2015. Progen Pharmaceuticals Ltd (ASX: PGL, OTC: PGLA) today releases its Form 20-F which has been filed with the U.S. Securities and Exchange Commission. The Form 20-F is the Company's Annual Report under the Securities Exchange Act of 1934.

For further information, please refer to the attached Form 20-F.

ENDS

About Progen Pharmaceuticals Ltd
Progen Pharmaceuticals Limited is a biotechnology company committed to the discovery, development and commercialization of small molecule pharmaceuticals primarily for the treatment of cancer. Progen has built a focus and strength in anti-cancer drug discovery and development. www.progen-pharma.com

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Filing Values

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Contact Name	RDG Filings
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Shell Company?	False
Voluntary Filer?	False
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Accelerated Filer Status	Non-Accelerated Filer
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Documents

20-F	**pgla20151027_20f.htm**	FORM 20-F
EX-12.1	**ex12-1.htm**	Exhibit 12.1
EX-12.2	**ex12-2.htm**	Exhibit 12.2
EX-13	**ex13.htm**	Exhibit 13
EX-15	**ex15.htm**	Exhibit 15
GRAPHIC	**pgla20151027_20fimg002.gif**	
GRAPHIC	**ex15img005.gif**	
GRAPHIC	**ex15img004.gif**	
GRAPHIC	**ex15img003.gif**	
GRAPHIC	**ex15img3.gif**	
GRAPHIC	**ex15img2.gif**	
GRAPHIC	**ex15img1.gif**	

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

— OR —

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the fiscal year ended June 30, 2015

— OR —

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the transition period from _____ to _____

— OR —

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report _____

Commission File Number: 000-29228

PROGEN PHARMACEUTICALS LIMITED

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Australia
(Jurisdiction of incorporation or organization)

Level 18, 101 Collins Street, Melbourne, VIC 3000, Australia
(Address of principal executive office)

Blair Lucas, Company Secretary,
Progen Pharmaceuticals Limited, Level 18, 101 Collins Street, Melbourne, Victoria 3000, Australia
Tel: +61 7 3273 9133, Fax: +61 7 3375 1168
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Ordinary Shares	**Australian Securities Exchange and OTCQB**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:
Ordinary Shares: 55,285,315 (as of June 30, 2015)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act:
☐ Yes ☑ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934:

☐ Yes ☑ No
Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:
☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☐Yes ☑ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑

Indicate by check mark which basis of accounting the Registrant has used to prepare the financial statements included in this filing:

☐	U.S. GAAP	☑	International Financial Reporting Standards as issued by the International Accounting Standards Board	☐	Other

If "other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow:
☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☑ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐No

TABLE OF CONTENTS

References in this annual report to “Progen,” “we,” “our,” “us” and “the Company” refer to Progen Pharmaceuticals Limited.

All references to dollars, A$ or $ are to the currency of the Australian dollars (AUDs).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report may not be based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements relate to future events or our future financial performance and include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effect of future regulation and the effects of competition. These forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, levels of activities, performance and other factors to be materially different from those anticipated in such forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "anticipate," "expect," "intend," "plan," "seek," "may," "will," "should," "could," "would," "believe," "estimate," "project," "predict," "potential," "continue," or the negative of such terms or similar expressions. In particular, certain statements included herein under "Item 3. Key Information" and "Item 5. Operating and Financial Review and Prospects," including without limitation, those concerning the Company's strategy and competitive strengths, the Company's expectations and plans, the Company's collaborative revenues, research and development and general and administrative expenses, contain certain forward-looking statements concerning the Company's operations, performance and financial condition. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove in hindsight to be correct. Many important factors could cause actual results to differ materially from such expectations including, among others, those set forth in "Item 3. Key Information—Risk Factors" and "Item 4. Information on the Company—Australian Government Regulation and U.S. Government Regulation" (collectively, the "Risk Factors"). All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified by the Risk Factors. Other relevant risks may be detailed from time to time in the Company's press releases and filings with the Securities and Exchange Commission. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this report.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Our consolidated financial statements appearing in this Annual Report on Form 20-F are prepared in Australian dollars and in accordance with the International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our consolidated financial statements appearing in this Annual Report on Form 20-F comply with both the IFRS and Australian Accounting Standards. In this Annual Report all references to "dollars", Australian dollars" "$" or "A$" are to the currency of Australia.

Item 3.A. Selected Financial Data

The following selected consolidated financial data for the five years ended June 30, 2015 should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" below and our financial statements and related notes contained elsewhere in this Annual Report. Our financial statements and related notes have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated statement of financial position information as of June 30, 2015 and 2014 and the consolidated statement of comprehensive income data for fiscal 2015, 2014 and 2013 are derived from our audited financial statements included in this annual report. Consolidated statement of financial position information as of June 30, 2011, 2012 and 2013 and consolidated statement of comprehensive income information for fiscal 2011 and 2012 are derived from our audited financial statements which are not included in this annual report.

	For the years ended June 30,				
	2011	2012	2013	2014	2015
Consolidated Statement of Comprehensive Income Data:					
REVENUE	$ 3,610,695	$ 2,834,890	$ 3,510,103	$ 5,753,570	$ 3,443,201
Cost of sales	$ 2,085,718	$ 1,620,621	$ 2,272,807	$ 2,591,968	$ 2,266,445
Gross profit	$ 1,524,977	$ 1,214,269	$ 1,237,296	$ 3,161,602	$ 1,176,756
Other income	$ 55,752	$ 56,195	$ 858,987	$ 694,888	$ 925,848
EXPENSES					
Research and development expenses	$ 2,882,947	$ 1,455,733	$ 940,161	$ 1,394,409	$ 1,776,189
Manufacturing facility expenses	$ 420,665	$ 1,050,328	$ 1,240,079	$ 2,103,622	$ 2,835,480
Administration and corporate expenses	$ 4,178,106	$ 1,813,782	$ 1,750,134	$ 2,141,309	$ 2,173,084
Finance costs	$ 3,636	$ 7,865	$ 5,115	-	-
Impairment loss	$ 53,911	$ 1,494	-	-	-
Other expenses	$ 139,170	$ 381,660	$ 252,928	$ 24,095	$ 1,955
	$ 7,678,435	$ 4,710,862	$ 4,188,417	$ 5,663,435	$ 6,786,708
Loss before income tax	$ (6,097,706)	$ (3,440,398)	$ (2,092,134)	$ (1,806,945)	$ (4,684,104)
Provision for income tax	-	-	-	-	-
Net loss for the year	$ (6,097,706)	$ (3,440,398)	$ (2,092,134)	$ (1,806,945)	$ (4,684,104)
Other comprehensive income (loss)					
Foreign currency translation	$ (12,049)	$ (1,926)	$ (244)	$ (178)	411
Total comprehensive income (loss) for the year	$ (6,109,755)	$ (3,442,324)	$ (2,092,378)	$ (1,807,123)	$ (4,683,693)
Basic and diluted loss per share (cents per share)	(24.7)	(13.9)	(7.5)	(3.3)	(8.5)

	As of June 30,				
	2011	2012	2013	2014	2015
Consolidated Statement of Financial Position Data:					
Cash and cash equivalents	$ 6,332,589	$ 1,834,442	$ 1,447,774	$ 2,981,215	$ 2,813,301
Working capital	$ 8,630,252	$ 5,432,979	$ 9,616,876	$ 7,473,911	$ 3,036,429
Total assets	$ 12,180,433	$ 7,375,972	$ 10,554,638	$ 9,668,220	$ 5,056,665
Capital stock	$ 155,655,390	$ 155,777,317	$ 161,918,960	$ 162,017,316	$ 162,149,250
Accumulated losses	$ (146,663,917)	$ (150,104,315)	$ (152,196,449)	$ (154,003,394)	$ (158,687,498)
Net assets	$ 8,991,473	$ 5,673,002	$ 9,722,511	$ 8,013,922	$ 3,461,752
Shares on issue	24,709,097	24,709,097	55,285,315[1]	55,285,315[1]	$ 55,285,315[1]

[1] Refer to note 15b

Currencies and Exchange Rates

The Company publishes its consolidated financial statements in Australian dollars. In this Annual Report, references to dollars, "$" or "A$" are to Australian dollars currency and references to "U.S. dollars" or "US$" are to U.S. currency. Solely for informational purposes, this Annual Report contains translations of certain Australian dollars into or from U.S. dollars at specified rates. These translations should not be construed as representations that the Australian dollars amounts actually represent such U.S. dollar amounts or could be converted into or from U.S. dollars at the rate indicated or at any other rate. Unless otherwise stated herein, the translations of Australian dollars into or from U.S. dollars have been made at $1.00 to US$0.7658, the Buying Rate on June 30, 2015.

The following table sets forth, for the periods and dates indicated, certain information concerning the Buying Rate for Australian dollars expressed in U.S. dollars per $1.00. The period average data set forth below is the average of the Buying Rate on the last day of each full month during the period. On September 30, 2015 the Buying Rate was $1.00 to US$0.69781.

2015 Month End	High	Low
June 30, 2015	0.77135	0.75907
July 31, 2015	0.73236	0.72567
August 31, 2015	0.71750	0.71586
September 30, 2015	0.70249	0.69381

Year end June 30,	Average
2010	0.88219
2011	0.98940
2012	1.03270
2013	1.02730
2014	0.91830
2015	0.83739

Item 3.D. Risk Factors

The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. If any of the following risks and uncertainties develops into actual events, our business, financial condition and results of operations could be materially and adversely affected, and the trading price of our ordinary shares could decline.

RISKS RELATED TO OUR BUSINESS

We are primarily engaged with activities at a stage in the development of pharmaceutical products where success is uncertain

Although we are presently generating revenues from the sale of contract manufacturing services, we have not sufficiently advanced the development of PG545 or our other product candidates to enable their registration, and, accordingly, have not begun to market or generate revenues from their commercialization. PG545 and other future pharmaceutical product candidates will require significant additional investment in research and development, preclinical testing and clinical trials, drug manufacture and supply, regulatory and sales and marketing activities, and regulatory approval prior to any commercial sales. Since being licensed to a third party, PI-88 (muparfostat) has generated revenues through milestone payments linked to its development. We cannot make any assurances that any of our product candidates or licensed products, if successfully developed, will generate sufficient or sustainable revenues to enable us to be profitable.

There is a significant risk that we may not be able to complete the development of PG545, PI-88 or develop other pharmaceutical products

We cannot make any assurances that we or our collaborative partners will be able to develop PG545, PI-88 or any future pharmaceutical product candidates adequately to successful commercialization, the development of one or more suitable collaborative partners, or a combination thereof, or that our research will lead to the discovery of additional product candidates, or that any of our current and future product candidates will be successfully developed, will be proven to be safe and efficacious in clinical trials, meet applicable regulatory standards and receive regulatory approval, will be capable of being produced in commercial quantities at reasonable costs, or will be successfully or profitably marketed, either by us or a collaborative partner. We also cannot make any assurances that the products we develop will be able to penetrate the potential market for a particular therapy or indication or gain market acceptance among health care providers, patients and third-party payers. We cannot predict if or when PG545, PI-88 or any of our other pharmaceutical products under development will be commercialized.

The results of on-going and future clinical trials of PG545 and PI-88 are uncertain and we or our collaborative partners will not be able to commercialize PG545, PI-88 or any of our other product candidates if we fail to adequately demonstrate their safety, efficacy and superiority over existing therapies

Before obtaining regulatory approvals for the commercial sale of any of our pharmaceutical products, we must demonstrate through preclinical testing and clinical studies that our product candidates are safe and effective for use in humans for each target indication. Conducting preclinical testing and clinical studies is an expensive, protracted and time-consuming process. Furthermore, the results of preclinical *in vitro* (within an artificial environment) and *in vivo* animal studies may not necessarily be predictive of results obtained in human clinical testing. Likewise, results from early clinical trials may not be predictive of results obtained in both large-scale and later-stage clinical testing, which may lead the clinical trial to be a complete failure. In addition, even though a potential drug product shows promising results in clinical trials, regulatory authorities may not grant the necessary approvals without sufficient safety and efficacy data.

Until the July 2008 termination of the Phase 3 PATHWAY trial of PI-88 in liver cancer, we were embarking on the global registration of PI-88. Since the termination of this trial, we signed a License and Collaboration Agreement with a Taiwanese company Medigen Biotechnology Corporation ("MBC") for the worldwide rights of PI-88 in 2010.

MBC is currently conducting a randomized, placebo-controlled multinational Phase III clinical trial called ("PATRON") designed to confirm the efficacy and safety of PI-88 in the adjuvant treatment of hepatocellular carcinoma. The trial will enroll approximately 500 subjects globally with the majority of patients to be enrolled from Asia. Disease free survival is employed as the primary endpoint for efficacy assessment. Other endpoints such as time to recurrence, tumor recurrence rate and overall survival will be measured as secondary endpoints. The PATRON trial has clinical sites open in China, Taiwan and South Korea. MBC completed enrollment of 500 patients for the PATRON trial in December 2013.

MBC has received notification from the Taiwan Food and Drug Administration ("TFDA") stating that PI-88 has successfully qualified under the Cross Strait Pharmaceuticals R&D Scheme. The Cross Strait Pharmaceuticals R&D Scheme is a joint initiative between the TFDA and the Chinese State Food and Drug Administration, whereby Taiwan and China simultaneously examine Investigative New Drug Applications and New Drug Applications and mutually recognize data from clinical trials conducted in either country. The scheme both reduces repetition of clinical trials and advances PI-88's potential use in the Chinese market. Progen is entitled to milestone payments based upon the achievement of various stages of clinical development and royalties on sales following marketing approval.

In July 2014, MBC announced the results of the interim analysis for the PATRON trial. The results suggest that the activity of PI-88 did not achieve the highly significant statistical result which could have allowed Medigen to lodge an accelerated New Drug Application (NDA) with the Taiwan Food and Drug Administration (TFDA). Further analysis of the interim results will be undertaken by Medigen's independent committee of medical and statistical experts following the availability of data from BioClinica, a United States independent medical imaging company who are engaged to further review patients CT and magnetic resonance scans. The PATRON trial is currently ongoing and at this time is expected to continue until the end of trial at which point a final analysis will reveal whether PI-88 meets its primary endpoint of disease free survival in this life-threatening and unmet area of medical need for which there is currently no approved standard of care for adjuvant therapy.

We have completed the Phase 2 clinical trial to determine the safety and efficacy of PI-88 combined with the chemotherapy dacarbazine as first-line therapy in subjects with unresectable metastatic melanoma which commenced in 2005 in the United States and Australia,. The data showed that for the primary end-point of non-progression after 18 weeks of treatment, PI-88 did not provide additional benefit to patients with advanced melanoma when used in combination with dacarzabine, as this combination was not more efficacious than dacarzabine alone or for the secondary end-points of time to progression, progression free survival response rate and duration of response. Further clinical trials in this indication will not be pursued by Progen as we have granted a worldwide license to MBC for oncology indications for PI-88.

During 2010, the board of directors made the decision to divest the assets acquired in the CellGate transaction in February 2008 to enable the Company to focus on its core strengths – dual mechanism anti-angiogenesis compounds. The CellGate assets which include PG11047, PG11144 and the epigenetics assets, were rolled into a U.S. entity called Epi Pharmaceuticals Inc, in which Progen retained a significant stake. In 2012, the directors and shareholders decided to dissolve Epi Pharmaceuticals Inc after not being able to find a counterparty to provide ongoing funding to support and develop the assets. A Certificate of Dissolution was filed with the Delaware Division of Corporations on 30 October 2012.

Clinical trials may take several years to complete. The length of time varies substantially according to the type, complexity, novelty, patient recruitment into and intended use of the product candidate. We cannot make any assurances that, when clinical trials are completed by us or our collaborative partners, we will be able to pursue further clinical development, execute market development efforts, enter into a collaborative arrangement with a suitable pharmaceutical or biotechnology company to complete the development of, or commercialize our drug candidates. Nor can we make any assurances that once clinical trials are completed by us or a collaborative partner, we will be able to submit as scheduled a marketing approval request to the Australian Therapeutic Good Administration's (TGA) Drug Safety and Evaluation Branch, the U.S. Food and Drug Administration (FDA) or any other authority, or, that such request and application will be reviewed and cleared by any of these authorities, as applicable, in a timely manner, or at all.

During the course of clinical trials and toxicology studies, our product candidates may exhibit unforeseen and unacceptable drug-related toxicities or side effects. If any unacceptable toxicities or side effects were to occur, we may, or regulatory authorities may require us to, interrupt, limit, delay or abort the development of our potential products. In addition, unacceptable toxicities could ultimately prevent the clearance of our product candidates by the TGA or the FDA for any or all targeted indications. Even after being cleared by the TGA or the FDA, any of our products may later be shown to be unsafe or not to have its purported effect, thereby preventing widespread use or requiring withdrawal from the market. We cannot make any assurances that any of our other product candidates will be safe or effective when administered to patients.

In September 2011, Progen's Phase 1a PG545 human clinical trial by subcutaneous administration in advanced cancer patients was put on hold due to unexpected local injection site reactions seen in patients. These reactions appeared to be a very specific side effect in humans and were not seen to this extent in the extensive preclinical animal testing of the drug.

In December 2011, Progen announced that it would commence licensing discussions with potential partners to continue the preclinical and clinical development of PG545.

In December 2012, Progen announced that it had signed a confidential binding Term Sheet for a license with MBC. The license relates to the development and commercialization of PG545 for the prevention and treatment of hepatocellular carcinoma ("HCC") and non-oncology indications globally. Progen retains the rights for all other oncology indications for PG545.

In March 2013, Progen announced that they had executed the License Agreement with MBC pursuant to the binding Term Sheet. The specific terms of the License Agreement are in line with industry standards but are subject to commercial confidentiality. Progen received AUD$400,000, net of withholding tax, as an upfront payment pursuant to the License Agreement upon execution of the binding Term Sheet. Progen will receive further milestone payments from MBC as PG545 is developed for HCC and non-oncology indications and royalty payments from sales

Progen conducted further preclinical tests with the view of using an intravenous route (IV) of administration for PG545 moving forward and in August 2013 successfully completed a definitive four-week preclinical toxicology study using IV administration of PG545. The study was conducted in accordance with OECD Good Laboratory Practice (GLP) toxicology.

In October 2013, the Company commenced an open-label, multi-centre Phase 1a study of the safety and tolerability of intravenous infused PG545 in advanced cancer patients. In May 2014, the Company had completed treatment of the first patient cohort where each patient in the group received once-weekly 25mg doses of PG545 for four weeks. In September 2014, the Company had completed treatment of the second patient cohort where each patient in the group received once-weekly 50mg doses of PG545. The study is expected to enroll approximately 25 advanced cancer patients. The Company continues to foster potential partnerships and business relationships with large pharmaceutical and biotechnology companies for the licensing of PG545 in the field of oncology (excluding HCC) once it reaches the value inflection point of proof of concept.

We may experience delays in our clinical trials that could adversely affect our business and operations

We do not know whether planned clinical trials will begin on time or whether we will complete any of our clinical trials on schedule or at all. Our ability to commence and complete clinical trials may be delayed by many factors, including:

- Government or regulatory delays, including delays in obtaining approvals from applicable hospital ethics committees and internal review boards;
- Slower than expected patient recruitment;
- Our inability to manufacture or prepare, as applicable, sufficient quantities of pharmaceutical product;
- Unforeseen safety issues; and
- Lack of efficacy during clinical trials.

Patient enrollment is a function of, amongst other things, the nature of the clinical trial protocol, the existence of competing protocols, the size and longevity of the target patient population and the availability of patients who meet the eligibility criteria for the clinical trial. Delays in planned patient enrollment may result in increased costs, delays in trial completion or termination of clinical trials. Moreover, we have limited experience in conducting and managing clinical trials and may rely on third parties to assist us in managing and monitoring clinical trials. Any failure by these third parties to perform under their agreements with us may cause the trials to be delayed or result in a failure to complete the trials.

Product development costs to our collaborators and us will increase if we have delays in testing or approvals or if we need to perform more or larger clinical trials than planned. Significant delays could have a material adverse effect on the commercial prospects of our product candidates and our business, financial condition and results of operations.

We may be unable to enroll a sufficient number of patients to complete our clinical trials

Our clinical trials may be suspended at any time for a variety of reasons. Completion of clinical trials depends on, among other things, our ability to enroll a sufficient number of patients, which is a function of many factors, including:

- the therapeutic endpoints chosen for evaluation;
- proximity of patients to clinical sites;
- the eligibility criteria for participation in the clinical trials;
- the size of the patient population required for meaningful analysis of the trial results;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- our ability to obtain and maintain patient consents;
- the risk that patients enrolled in clinical trials will drop out of the trials before completion; and
- competition for patients by clinical trial programs for other treatments.

We have in the past experienced, and may again experience difficulties in enrolling patients in our clinical trials, particularly due to the rate of incidence for our target indications in certain populations, as well as the geographical locations we may select for conducting our clinical trials. Any such difficulties could increase the costs or affect the timing or outcome of these trials and could prevent us from completing these trials.

We may not be successful in performing additional clinical trials in other indications

If our product candidates are approved for one or more initial indications and are successfully commercialized, our strategy calls for the execution of additional clinical trials in other indications. We may not be able to initiate such additional trials due to a number of factors, including the following:

- we may not have sufficient financial or other resources to undertake such trials;
- we may be unable to secure sufficient support from leading authorities or influential parties to build trial protocols and support for conduct of a new trial;
- there may not be sufficient market size to warrant product development in other new indications; and
- the health care community may believe that our products are limited in use to the already-approved indications.

Any failure to initiate additional clinical trials in other indications could have a material adverse effect on our business.

We have limited manufacturing experience, and delays in manufacturing sufficient quantities of PI-88 and PG545 for preclinical and clinical trials, whether internally or externally, may negatively impact our business and operations

We cannot make any assurances that we will be able to manufacture sufficient quantities of PI-88, PG545 or any of our other product candidates in a cost-effective or timely manner. Any delays in production would delay our preclinical and clinical trials which could have a material adverse effect on our business, financial condition and results of operations.

We may be required to enter into contracting arrangements with third parties to manufacture PG545 and our other product candidates for large-scale, later-stage clinical trials. We may need to enter into collaborative arrangements with other parties who have established manufacturing capabilities, or have third parties manufacture or prepare our products on a contract basis. We cannot make any assurances that we will have access on acceptable terms to the necessary and substantial financing that would be required to scale-up production and develop effective commercial manufacturing processes and technologies. We also cannot make any assurances that we will be able to enter into collaborative or contracting arrangements on acceptable terms with parties that will meet our requirements for quality, quantity and timeliness.

If we are unable to independently commercialize or establish and manage strategic collaborations to develop PI-88, PG545 or any of our other product candidates, we may have to reduce or delay product development and/or increase our expenditures

Our strategy for developing and commercializing our product candidates includes entering into various relationships with pharmaceutical or biotechnology companies to provide us with funding and/or to perform research, clinical development, regulatory clearance, commercial scale manufacturing, sales, marketing or distribution activities relating to PI-88, PG545 or some or all of our current or future product candidates. To date, we have secured a license with a Taiwanese company who is managing the development of PI-88 in oncology indications and PG545 for hepatocellular carcinoma and non-oncology indications. Establishing strategic collaborations is difficult and time-consuming. Our discussions with potential collaborators may not lead to the establishment of collaborations on favorable terms, if at all. If we are unable to establish collaborative arrangements, we may have to reduce or delay further development of or our product candidates and/or increase our expenditures and undertake the development and commercialization activities at our own expense. If we elect to fund our research and development programs on our own, we will need to obtain additional financing which may not be available on acceptable terms, or at all.

If we successfully establish strategic collaborations, the management of our relationship with collaborators will require significant time and effort from our management team, coordination of our research and development programs with the research and development priorities of our collaborators, and effective allocation of our resources to multiple projects. We cannot be certain that these relationships will result in the successful development or commercialization of our product candidates or the generation of sales revenue. If we enter into strategic collaborations at an early phase of product development, our success will in part depend on the performance of our corporate collaborators. Factors that could harm a successful collaboration include:

- Collaborators may delay clinical trials, underfund a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- Collaborators could independently develop, or develop with third parties, products that could compete with our current and future product candidates;
- Collaborators may not commit adequate resources to the marketing and distribution of our product candidates, limiting potential revenues from the commercialization of a product;
- Collaborators may not pursue further development and commercialization of compounds resulting from collaborations or may elect not to continue or renew research and development programs;
- The terms of our agreements with collaborators may not be favorable to us;
- Disputes may arise delaying or terminating the research, development or commercialization of our product candidates, resulting in significant litigation or arbitration, or causing collaborators to act in their own self-interest and not in the interest of our shareholders; and
- Collaborators may terminate their agreements with us if, for example, we fail to meet a required milestone or observe other obligations in those agreements.

Our limited oversight of contract research organizations may not be sufficient to avoid significant problems with the protocols and conduct of the clinical trials.

We engage third-party contract research organizations to help us with the conduct of our clinical trials. These organizations may not perform all of their obligations under arrangements with us. If contract research organizations and other third parties do not perform clinical trials in a satisfactory manner or breach their obligations to us, the development and commercialization of our product candidates may be delayed or precluded. We cannot control the amount and timing of resources these contract research organizations devote to our programs or product candidates. The failure of any of these contract research organizations to comply with any governmental regulations would substantially harm our development and marketing efforts and delay or prevent regulatory approval of our product candidates. If we are unable to rely on clinical data collected by others, we could be required to repeat, extend the duration of, or increase the size of our clinical trials and this could significantly delay commercialization and require significantly greater expenditures.

Our efforts to discover, develop and commercialize new product candidates beyond PI-88 and PG545 are at a very early stage and, therefore, these efforts are subject to a high risk of failure

The process of successfully developing product candidates is very time consuming, expensive and unpredictable. We may not be successful in identifying, developing or commercializing any additional new product candidates.

We are operating with reduced Management oversight which could adversely affect our business and operations

Following Board and Senior Management changes in the last few years the Company has a much smaller Senior Management with an Executive Chairman and is now operating using a virtual business by outsourcing activities such as preclinical and regulatory functions. With less management oversight our business and financial condition may suffer.

We may require substantial additional financing in the future to sufficiently fund our operations, development efforts and research

We have been unprofitable to date and expect to incur losses over the next several years as we continue our drug discovery and development programs and preclinical testing and as we conduct clinical trials of PG545 and our other product candidates. Current cash inflows are not sufficient to continue to fund operations and based on current and projected expenditure levels management may contemplate a capital raising to continue to fund operations. The Company estimates that the current cash and cash equivalents are sufficient to fund its on-going operations for at least 11 months from July 2014. This excludes capital requirements outside of normal operating activities.

Our actual cash requirements may vary materially from those now planned and will depend upon numerous factors, including:

- The continued progress of our research and development programs;
- The timing, scope, results and costs of preclinical studies and clinical trials;
- The progress of licensing and partnering efforts;
- The cost, timing and outcome of regulatory submissions and approvals;
- Determinations as to the commercial potential of our product candidates;
- Our ability to successfully expand our contract manufacturing services, should we choose to do so;
- Our ability to establish and maintain collaborative arrangements; and
- The status and timing of competitive developments.

We may require additional funds to conduct future clinical trials, pursue regulatory clearances, prosecute and defend our intellectual property rights, establish commercial scale manufacturing facilities, develop marketing and sales capabilities and fund operating expenses. We have no established bank financing arrangements, and we cannot be certain that we will be able to establish such arrangements on satisfactory terms, or at all. We may seek such additional funding through public or private financings and/or through strategic alliances or other arrangements with corporate partners. We cannot, however, be certain that such additional financing will be available from any sources on acceptable terms, or at all, or that we will be able to establish strategic alliances or other arrangements with corporate partners on acceptable terms, or at all. Any shortfall in funding could result in our having to curtail our operations, including our research and development activities, which could have a material adverse effect on our business, financial condition and results of operations.

We have a history of operating losses and may not achieve profitability in the near future

We have incurred net operating losses in each year since we began operations in 1989. As of June 30, 2015, we had an accumulated deficit of $158,687,498 primarily attributable to our research and development activities. We expect to incur additional operating losses and to increase our cumulative losses substantially as we expand our research and development and preclinical activities. In addition, further losses are expected to be incurred in the continuation of our drug development programs.

Our research and development efforts will be seriously jeopardized if we are unable to attract and retain key personnel and cultivate key academic and scientific collaborations

We are a company with 22 employees as of October 20, 2015. Our success is highly dependent on the continued contributions of our principal management and scientific personnel and on our ability to develop and maintain important relationships with leading academic institutions and scientists. Competition among biotechnology and pharmaceutical companies for qualified employees is intense, and we cannot be certain that we will be able to continue to attract and retain qualified scientific and management personnel critical to our success. We also have relationships with leading academic and scientific collaborators who conduct research at our request or assist us in formulating our research and development strategies. These academic and scientific collaborators are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us.

Acceptance of our products in the marketplace is uncertain, and failure to achieve market acceptance will negatively impact our business and operations

We cannot make any assurances that our products will achieve market acceptance even if they are approved by the TGA, the FDA, and the regulatory agencies of other countries. The degree of market acceptance of our products will depend on a number of factors, including:

- The receipt and timing of regulatory approvals for the uses that we are studying;
- The establishment and demonstration in the medical community of the safety, clinical efficacy and cost-effectiveness of our product candidates and their potential advantages over existing therapeutics and technologies; and
- The pricing and reimbursement policies of governments and third-party payers.

Physicians, patients, payers or the medical community in general may be unwilling to accept, use or recommend any of our products.

We may need to rely on the marketing and distribution capabilities of third parties

As a company, we currently have limited experience in marketing, sales or distribution of pharmaceutical products. If we develop any commercially marketable pharmaceutical products, we may be required to enter into marketing arrangements with other parties who have established appropriate marketing, sales and distribution capabilities. We cannot make any assurances that we will be able to enter into marketing arrangements with any marketing partner or that if such arrangements are established, our marketing partners will be able to commercialize our products successfully. Other companies offering similar or substitute products may have well-established and well-funded marketing and sales operations in place that will allow them to market their products more successfully. Failure to establish sufficient marketing capabilities may have a material adverse impact our potential revenues and results of operations. Alternatively, if we decide to perform our own sales and marketing activities**,** we will require additional management, will need to hire sales and marketing personnel, and will require additional capital. We cannot make any assurances that qualified personnel will be available in adequate numbers or at a reasonable cost, that additional financing will be available on acceptable terms, or at all, or that our sales staff will achieve success in their marketing efforts.

Healthcare insurers and other organizations may not pay for our products, or may impose limits on reimbursement

The drugs we strive to develop may be rejected by the marketplace due to many factors, including cost. The continuing efforts of governments, insurance companies, health maintenance organizations and other payers of healthcare costs to contain or reduce healthcare costs may affect our future revenues and profitability and those of our potential customers, suppliers and collaborative partners, as well as the availability of capital. In Australia and certain foreign markets, the pricing or profitability of prescription pharmaceuticals is already subject to government control. We expect initiatives for similar government control at both the state and federal level to continue in the United States. The adoption of any such legislative or regulatory proposals could have a material adverse effect on our potential revenues and results of operations.

Our ability to commercially exploit our products successfully will depend in part on the extent to which reimbursement for the cost of our products and related treatment will be available from government health administration authorities, private health coverage insurers and other organizations. Third-party payers, such as government and private health insurers, are increasingly challenging the price of medical products and services. Although the Australian government continues to provide a subsidy to certain prescribed prescription pharmaceutical products through the Pharmaceutical Benefits Scheme, uncertainty exists as to the reimbursement status of newly approved health care products and in foreign markets, including the United States. If third-party coverage is not available to patients for any of the products we develop, alone or with collaborators, the market acceptance of these products may be reduced which may adversely affect our future revenues and profitability. In addition, cost containment legislation and reductions in government insurance programs may result in lower prices for our products and could materially adversely affect our ability to operate profitably.

Exchange rate fluctuations will continue to affect our reported results of operations

Substantially all of our revenues are realized, and a significant portion of our operating costs are incurred, in Australian dollars. Movement in currency exchange rates will affect cash denominated in U.S. dollars and therefore will affect our reported results of operations.

RISKS ASSOCIATED WITH OUR TECHNOLOGY AND INTELLECTUAL PROPERTY

Potential technological changes in our field of business create considerable uncertainty

We are engaged in the biopharmaceutical field, which is characterized by extensive research efforts and rapid technological progress. New developments in research are expected to continue at a rapid pace in both industry and academia. Research and discoveries by others may render some or all of our programs or product candidates uncompetitive or obsolete.

Our business strategy is based in part upon new and unproven technologies to the development of pharmaceutical products for the treatment of cancer and other serious diseases. Unforeseen problems may develop with these technologies or applications and it is possible that commercially feasible products will not ultimately be developed by us.

We may not be able to keep pace with technological change or with the advances of our competitors

The biotechnology and pharmaceutical industries are subject to rapid and significant technological change. Our competitors in Australia and elsewhere are numerous and include, among others, major pharmaceutical companies, large biotechnology firms, universities and other research institutions. These competitors may develop technologies and products that are more effective than any that we are developing, or which would render our technology and products obsolete or non-competitive. Many of these competitors have greater financial and technical resources and manufacturing and marketing capabilities than we do. In addition, many of our competitors have much more experience than we do in preclinical testing and human clinical trials of new or improved drugs, as well as in obtaining FDA, TGA and other regulatory approvals.

We know that competitors are developing or manufacturing various technologies or products for the treatment of diseases that we have targeted for product development. Some of these competitive products use therapeutic approaches that compete directly with some of our product candidates. Our ability to further develop our products may be adversely affected if any of our competitors were to succeed in obtaining regulatory approval for their competitive products sooner than we would.

Our success depends upon our ability to protect our intellectual property and our proprietary technology

Our success will depend in large part on whether we can:

- Obtain and maintain patents to protect our own products;
- Obtain licenses to relevant patented technologies of third parties;
- Operate without infringing on the proprietary rights of third parties;
- Protect our trade secrets and know-how; and
- Retain our valuable scientific staff who are experts on the subject matter.

Patent matters in biotechnology are highly uncertain and involve complex legal and factual questions. Accordingly, the availability and breadth of claims allowed in biotechnology and pharmaceutical patents cannot be predicted. Statutory differences in patentable subject matter may limit the protection we can obtain on some or all of our inventions outside Australia or prevent us from obtaining patent protection outside Australia, either of which could have a material adverse effect on our business, financial condition and results of operations. For example, methods of treating humans are not patentable in many countries outside Australia and the United States. Moreover, since patent applications in Australia and the United States are maintained in secrecy until the patent is issued, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, we cannot be certain that we or any of our licensors were the first creator of inventions covered by pending patent applications or that we or our licensors were the first to file patent applications for such inventions. Additionally, the enforceability of a patent depends on a number of factors that may vary amongst jurisdictions. These factors may include the novelty of the invention, the requirement that the invention not be obvious in light of prior art (including prior use or publication of the invention), the utility of the invention, and the extent to which the patent clearly describes the best method of working the invention.

While we intend to seek patent protection for our therapeutic products and technologies, we cannot be certain that any of the pending or future patent applications filed by us or on our behalf will be approved, or that we will develop additional proprietary products or processes that are patentable or that we will be able to license any other patentable products or processes. We also cannot be certain that others will not independently develop similar products or processes, duplicate any of the products or processes developed or being developed by us or licensed to us, or design around the patents owned or licensed by us, or that any patents owned or licensed by us will provide us with competitive advantages. Furthermore, we cannot be certain that patents held by third parties will not prevent the commercialization of products incorporating the technology developed by us or licensed to us, or that third parties will not challenge or seek to narrow, invalidate or circumvent any of the issued, pending or future patents owned or licensed by us.

Our commercial success will also depend, in part, on our ability to avoid infringement of patents issued to others. If a court determines that we were infringing any third-party patents, we could be required to pay damages, alter our products or processes, obtain licenses or cease certain activities. We cannot be certain that the licenses required under patents held by third parties would be made available on terms acceptable to us or at all. To the extent that we are unable to obtain such licenses, we could be foreclosed from the development, manufacture or commercialization of the product requiring such license or encounter delays in product introductions while we attempt to design around such patents, and any of these circumstances could have a material adverse effect on our business, financial condition and results of operations.

We may have to resort to litigation to enforce any patents issued or licensed to us or to determine the scope and validity of third party proprietary rights. Such litigation could result in substantial costs to be incurred by us and the diversion of our efforts. We may have to participate in opposition proceedings before the Australian Patent and Trademark Office or another foreign patent office, or in interference proceedings declared by the United States Patent and Trademark Office, to determine the priority of invention for patent applications filed by competitors. Any such litigation, interference or opposition proceeding, regardless of outcome, could be expensive and time consuming, and adverse determinations in any such proceedings could prevent us from developing, manufacturing or commercializing our products and could have a material adverse effect on our business, financial condition and results of operations.

In addition to patent protection, we rely on unpatented trade secrets and know-how and proprietary technological innovation and expertise that are protected in part by confidentiality and invention assignment agreements with our employees, advisors and consultants. We cannot make any assurances that we will have adequate remedies for any breach. In addition, third parties could independently develop the same or similar technologies.

If we are not able to protect and control unpatented trade secrets, know-how and other technological innovation, we may suffer competitive harm.

In addition to patented intellectual property, we also rely on unpatented technology, trade secrets, confidential information and know-how to protect our technology and maintain our competitive position. Trade secrets are difficult to protect. In order to protect proprietary technology and processes, we rely in part on confidentiality and intellectual property assignment agreements with our employees, consultants and others. These agreements may not effectively prevent disclosure of confidential information or result in the effective assignment to us of intellectual property, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information or other breaches of the agreements. In addition, others may independently discover trade secrets and proprietary information that have been licensed to us or that we own, and in such case we could not assert any trade secret rights against such party. Enforcing a claim that a party illegally obtained and is using trade secrets that have been licensed to us or that we own is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States and Australia may be less willing to protect trade secrets. Costly and time-consuming litigation could be necessary to seek to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could have a material adverse effect on our business.

We do not have patent protection in certain countries and we may not be able to effectively enforce our intellectual property rights in certain countries, which could significantly erode the market for our product candidates.

We intend to seek regulatory approval to market our product candidates in a number of foreign countries. Our product candidates are not protected by patents in certain countries, which means that competitors may be free to sell products that incorporate the same technology that is used in our products in those countries. In addition, the laws and practices in some foreign countries may not protect intellectual property rights to the same extent as in the United States. We, or our licensors, may not be able to effectively obtain, maintain or enforce rights with respect to the intellectual property relating to our product candidates in those countries. Our lack of patent protection in one or more countries, or the inability to obtain, maintain or enforce intellectual property rights in one or more countries, could adversely affect our ability to commercialize our products in those countries and could otherwise have a material adverse effect on our business.

RISKS ASSOCIATED WITH GOVERNMENT REGULATION

We may not be able to obtain the extensive government approvals required to bring our pharmaceutical products to market

Our ongoing research and development activities are, and the production and marketing of our pharmaceutical product candidates derived there from will be, subject to regulation by numerous governmental authorities in Australia, principally the TGA, and by the FDA in the United States, the European Medicines Evaluation Agency (EMEA) of the European Union and the regulatory agencies of other countries. Prior to marketing, any therapeutic product developed must undergo rigorous preclinical testing and clinical trials, as well as an extensive regulatory approval process mandated by the TGA and, to the extent that any of our pharmaceutical products under development are marketed abroad, by foreign regulatory agencies including the FDA in the United States and the EMEA in Europe. These processes can take many years and require the expenditure of substantial resources. Delays in obtaining regulatory approvals could adversely affect the development and commercialization of our pharmaceutical product candidates and could have a material adverse impact on our business, financial condition and results of operations. Although we intend to make use of fast-track and abbreviated regulatory approval programs when possible, we cannot be certain that we will be able to obtain the clearances and approvals necessary for clinical testing or for manufacturing and marketing our pharmaceutical products candidates.

Our business and operations may be negatively impacted if we fail to comply with government regulations applicable to our current revenue generating business

To date, we have derived revenues from contract manufacturing services. Our contract manufacturing operations include some manufacturing processes that are required to comply with the applicable current Good Manufacturing Practice (cGMP) requirements of the TGA, the Australian Office of Gene Technology Regulator and the Australian National Registration Authority (agricultural and veterinary chemicals), which govern the methods, controls, facilities and quality assurance procedures used in manufacturing, packing and storing biological and pharmaceutical products. In addition, certain international markets have quality assurance and manufacturing requirements that may be more or less rigorous than those in Australia. Our manufacturing facilities are also subject to periodic inspections by the TGA and the Australian National Registration Authority. Any potential failure to comply with cGMP requirements or with any other international requirements could have a material adverse impact on our business, financial condition and results of operations.

Changes in government legislation and policy may adversely affect us

While we do not anticipate in the near future any specific material changes in government legislation that may adversely affect us, any material changes in interest rate, exchange rate, relevant taxation and other legal regimes and government policies may adversely affect our operations, the use of our financial resources and the market price of our ordinary shares.

RISKS ASSOCIATED WITH OUR SHARES

Our stock price may be volatile and the U.S. trading market for our ordinary shares is limited

The market price for our ordinary shares, like that of the securities of many other biotechnology companies, has fluctuated substantially and may continue to be highly volatile in the future. We believe that the following factors, in addition to other risk factors described above and elsewhere in this annual report, will continue to significantly affect the market price of our ordinary shares:

- The results of preclinical testing and clinical trials by us and our competitors;
- Developments concerning research and development, manufacturing, and marketing alliances or collaborations by us and our competitors;
- Announcements of technological innovations or new commercial products by us and our competitors;
- Determinations regarding our patent applications and those of others;
- Publicity regarding actual or potential results relating to medicinal products under development by us and our competitors;
- Proposed governmental regulations and developments in Australia, the U.S. and elsewhere;
- Litigation;
- Economic and other external factors; and
- Period-to-period fluctuations in our operating results.

In addition, stock markets have recently experienced extreme price and volume fluctuations. These fluctuations have especially affected the stock market price of many high technology and healthcare-related companies, including biotechnology companies, and, in many cases, are unrelated to the operating performance of the particular companies. We believe that these broad market fluctuations may continue to affect the market price of our ordinary shares.

From time to time, there has been limited trading volume with respect to our ordinary shares quoted on the U.S. financial markets (OTCQB Market), but we cannot make any assurances that there will continue to be a trading market in our ordinary shares. We cannot make any assurance that the Company's securities will continue to be listed on a U.S. market.

U.S. shareholders may not be able to enforce civil liabilities against us

All of our directors and executive officers are non-residents of the United States, and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible for investors to affect service of process within the United States upon such persons or to enforce against them judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Australia in original actions, or in actions for enforcement of judgments of U.S. courts, of civil liabilities to the extent predicated upon the federal securities laws of the United States.

U.S. holders of our ordinary shares could be subject to material adverse tax consequences if we are considered a PFIC for U.S. federal income tax purposes

Based on our audited financial statements and relevant market and shareholder data, we believe we will be classified as a passive foreign investment company, or "PFIC", for U.S. federal income tax purposes for our June 30, 2015 taxable year. There is also a risk that we will be classified as a PFIC for U.S. federal income tax purposes in future years. Our status as a PFIC could result in a reduction in the after-tax return to U.S. holders of our ordinary shares and warrants and may cause a reduction in the value of such shares. We will be classified as a PFIC for any taxable year in which (i) 75% or more of our gross income is passive income or (ii) at least 50% of the average value of all our assets produce, or are held for the production of passive income. For this purpose, passive income includes interest, gains from the sale of stock, and royalties that are not derived in the active conduct of a trade or business. Because we receive interest and may recognize gains from the sale of appreciated stock, there is a risk that we will be considered a PFIC under the income test described above. In addition, because of our cash position, there is a risk that we will be considered a PFIC under the asset test described above. While we believe that the PFIC rules were not intended to apply to companies such as us that focus on research, development and commercialization of drugs, no assurance can be given that the U.S. Internal Revenue Service or a U.S. court would determine that, based on the composition of our income and assets, we are not a PFIC currently or in the future. If we were classified as a PFIC, U.S. holders of our ordinary shares could be subject to greater U.S. income tax liability than might otherwise apply, imposition of U.S. income tax in advance of when tax would otherwise apply, and detailed tax filing requirements that would not otherwise apply. The PFIC rules are complex and you are urged to consult your own tax advisors regarding the possible application of the PFIC rules to you in your particular circumstances.

As a foreign private issuer we do not have to provide you with the same information as an issuer of securities based in the U.S.

Given that we are a foreign private issuer within the meaning of the rules under the Exchange Act, we are exempt from certain provisions of that law that are applicable to U.S. public companies, including (i) the rules under the Exchange Act requiring the filing with the U.S. Securities and Exchange Commission ("SEC") of quarterly reports on Form 10-Q or current reports on Form 8-K; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a registered security; and (iii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time. Thus, investors are not afforded the same protections or information which would be ordinarily available were they investing in a U.S. public corporation.

In accordance with the requirements of the Australian Securities Exchange and the Corporations Act 2001, we disclose annual and semi-annual results. Our results are presented in accordance with Australian Accounting Standards and International Financial Reporting Standards (IFRS). Our annual results are audited, and our semi-annual results undergo a limited review by our independent auditors. We lodge annual audited results presented in accordance with Australian Accounting Standards and IFRS as issued by International Accounting Standards Board with the SEC on Form 20-F. Subject to certain exceptions, we are also required to immediately disclose to the Australian Securities Exchange any information concerning us that a reasonable person would expect to have a material effect on the price or value of our shares. This would include matters such as (i) any major new developments relating to our business which are not public knowledge and may lead to a substantial movement in our share price; (ii) any changes in our board of directors; (iii) any purchase or redemption by us of our own equity securities; (iv) interests of directors in our shares or debentures; and (v) changes in our capital structure. We are required to provide our semi-annual results and other material information that we disclose in Australia in the U.S. under the cover of Form 6-K. Nevertheless, this information is not the same and may not be as much information as would be made available to investors were they investing in a U.S. public corporation.

Future issuances and sales of our stock could dilute your ownership and cause our stock price to decline

We intend to continue to finance our operations through the issuance of securities, if feasible, including by way of the public equity markets, private financings and debt. If we raise additional capital through the issuance of equity or securities convertible into equity, existing holders of our securities may experience dilution. Those securities may have rights, preferences or privileges senior to those of the holders of our ordinary shares. Additional financing may not be available to us on favorable terms, and financing available at less favorable terms may lead to more substantial dilution of existing shareholders.

If we fail to comply with internal controls evaluations and attestation requirements our stock price could be adversely affected

We are subject to United States securities laws, including the Sarbanes-Oxley Act of 2002 and the rules and regulations adopted by the SEC pursuant to such Act. As a foreign private issuer, under Section 404 of the Sarbanes-Oxley Act and the related regulations, we have previously been required to perform an evaluation of our internal control over financial reporting, including (1) management's annual report on its assessment of the effectiveness of internal control over financial reporting; and (2) our independent registered public accounting firm's annual audit of the effectiveness of internal control over financial reporting. In 2010, the enactment of the Dodd Frank Bill resulted in an exemption from Section 404(b) of the Sarbanes-Oxley Act for fiscal 2010 onwards, meaning that we did not have to comply with point (2) above. For further information, see "Item 15—Controls and Procedures—Management's Annual Report on Internal Control over Financial Reporting."

The requirements of Section 404(a) of the Sarbanes-Oxley Act are ongoing and also apply to future years. We expect that our internal control over financial reporting will continue to evolve as our business develops. Although we are committed to continue to improve our internal control processes and we will continue to diligently and vigorously review our internal control over financial reporting in order to ensure compliance with the Section 404 requirements, any control system, regardless of how well designed, operated and evaluated, can provide only reasonable, not absolute, assurance that its objectives will be met. Therefore, we cannot be certain that in the future additional material weaknesses or significant deficiencies will not exist or otherwise be discovered. If our efforts to remediate weaknesses identified are not successful or if other deficiencies occur, these weaknesses or deficiencies could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or other material effects on our business, reputation, results of operations, financial conditions or liquidity.

Our Constitution and other Australian laws and regulations applicable to us may adversely affect our ability to take actions that could be beneficial to our shareholders

As an Australian company we are subject to different corporate requirements than a corporation organized under the laws of the United States. Our constituent document, or Constitution, as well as the Corporations Act 2001 and the ASX Listing Rules set forth various rights and obligations that are unique to us as an Australian company. These requirements may limit or otherwise adversely affect our ability to take actions that could be beneficial to our shareholders.

ITEM 4. INFORMATION ON THE COMPANY

Item 4.A. History and Development of the Company

We were incorporated in September 1989 as Almagest Pty. Ltd. in the State of Queensland, Australia, and changed our name to Progen Industries Pty. Ltd. in April 1990. In 1991, we converted to a public limited liability company under the name Progen Industries Limited and introduced our first life sciences products to the Australian market for use in DNA recombinant research. In March 2007, we changed our name to Progen Pharmaceuticals Limited to better reflect the Company's focus on the discovery and development of novel cancer therapies.

Since October 1993, we have been engaged in the research and development of small molecule pharmaceuticals, including heparanase inhibitors, that are potent and selective inhibitors of carbohydrate-protein interactions implicated in a range of disease states. Our research and development activities are conducted in collaboration with private industry and academic and research institutions in Australia, the United States and elsewhere.

As part of our focused strategy towards drug discovery and development, we sold our Life Sciences division in November 2003 and intend to pursue selective strategic alliances to complete product development and move our product candidates into the marketplace.

In February 2008, the Company acquired CellGate, Inc., a California-based oncology drug development company. This acquisition provided the Company with a product candidate in Phase 1 and multiple preclinical compounds.

For many years, PI-88 has been the lead product candidate in Progen's drug development pipeline. In March 2008, the Company commenced a Phase 3 human clinical trial of PI-88 in patients with post-resection liver cancer (the PATHWAY trial). In July 2008, the Company terminated this Phase 3 trial for commercial reasons.

Following the termination of the Phase 3 trials of PI-88 and its subsequent licensing, various requisitions were received from shareholders for general meetings to remove current board members and appoint new board members. Such meetings were held on January 9, 2009, March 27, 2009 and July 17, 2009. In the March 27 meeting, four Progen directors were removed from office. In the July 17 meeting, three shareholder candidates were appointed as directors of the Company.

On July 1, 2009, our subsidiary, PharmaSynth, executed a license agreement with a U.S.-based company, Global TransBiotech Inc. to conduct Phase 3 trials and subsequently commercialize muparfostat (formerly known as PI-88). This license agreement was terminated on April 8, 2010 due to a lack of progress in the compound's development.

On August 4, 2009, Progen instituted proceedings in the Supreme Court of Queensland ("the Court") against various shareholders alleged to have contravened section 606 of the Corporations Act 2001. Progen sought an order to restrain the respondents from contravening section 606 of the Corporations Act 2001, and further or alternatively, an order vesting all of the respondents' shareholdings in Progen in the Australian Securities & Investments Commission. On November 18, 2009, the parties reached a settlement designed to restore stability to the Company. The key aspects of the settlement were as follows:

- The respondents were not to cause a general meeting to be convened for a period of 18 months concerning resolutions electing, appointing or removing a director or otherwise affecting the tenure of directors or the composition of the Board;
- for a period of 18 months, the respondents were to cause their shares to be voted on resolutions electing, appointing or removing a director or otherwise affecting the tenure of directors or the composition of the Board, in accordance with the recommendations of a majority of directors of Progen;
- for a period of 18 months, the respondents are not to increase their shareholding in Progen, subject to certain exclusions;
- Progen was to pay Medigen Biotechnology Corp. $1.8 million in full and final settlement of a commercialization milestone arising from a previous agreement; and
- Progen was to immediately terminate the employment of its then CEO, T Justus Homburg.

On June 30, 2010, the Company signed a license and collaboration agreement with Medigen Biotechnology Corp. for the exclusive rights to PI-88. We are entitled to various milestone payments linked to progression in the development of PI-88 and to date have received two milestone payments, relating to regulatory approval to commence the trial (April 2011), and the commencement of patient recruitment (September 2011). We are also entitled to royalties on all product sales upon commercialization.

During the first half of 2010, Progen undertook a strategic review of its assets and the recommendation was made to the Board that the assets acquired in the February 2008 CellGate acquisition (CellGate Assets) should be divested to place a strategic focus on Progen's core competencies – dual mechanism oncology products.

On October 29, 2010, the Company closed its U.S. office based at 2479 East Bayshore Road, Suite 709, Palo Alto, California, 94303. The closure also resulted in the termination of two part-time positions and the Company's Chief Scientific Officer, Dr Laurence Marton.

Following the Board's decision to divest the CellGate Assets, Progen closed down the California and North Carolina offices of its subsidiary, Progen Pharmaceuticals Inc and has significantly scaled back its presence in the U.S. This has resulted in a substantial administrative cost saving for the Company.

The Company divested the intellectual property held by Progen Pharmaceuticals Inc to a new incorporated entity, Epi Pharmaceuticals Inc ("EPI"). EPI is incorporated in the USA and holds all of the epigenetic and cell proliferation assets acquired through the CellGate acquisition. The goals of the restructuring were to place the CellGate Assets and related assets into a separately funded or fundable vehicle in order to eliminate or minimize any existing and future obligations of Progen related to CellGate stockholders or the CellGate licensors, limit further investment by the Company into these programs and preserve potential returns for Progen shareholders.

Under this structure, a combination of equity and debt instruments, royalties and milestone payments were issued to various parties that were entitled to consideration pertaining to the development of the CellGate Assets. In return, Progen extinguished its obligations under the contracts with these parties, reducing the economics owed to these parties to make the assets investable, whilst itself retaining a significant interest in this new entity.

In exchange for giving up their right to the potential milestone payments, the former CellGate holders (including SLIL Biomedical Corporation which was previously acquired by CellGate) have received equity in EPI, along with Progen as follows:

Holder	Shares	% Ownership of EPI
CellGate holders	5,737,500 Series A Preferred	45
SLIL Biomedical	1,530,000 Series A Preferred	12
Progen	5,482,500 Series A Preferred	43

EPI entered into new amended and restated license agreements with Johns Hopkins University/Wayne State University and Wisconsin Alumni Research Foundation (WARF) to secure the epigenetic and cell proliferation assets, including PG11047, PG11144 and other epigenetics program compounds.

In January 2012, the Company issued EPI Convertible Promissory Notes ("Note") for the principal sum of AU$280,000.00, at an interest rate of 7% per annum. The maturity date of the Note and all accrued interest thereon shall be due and payable on the earlier of (i) the date of the Company's (or its sublicensee's) first receipt of approval from the U.S. Food and Drug Administration, of a New Drug Application, or from the European Medicines Agency, of a Marketing Authorisation Application, for any Product (as defined in that certain Amended and Restated Standard Exclusive License Agreement between the Company and WARF, dated May 10, 2011, (ii) the effective date of any Distribution or (iii) May 10, 2021.

If at the Maturity Date this Note has not been converted or repaid, then at Progen's election, the outstanding principal amount of the Note and all unpaid interest thereon shall either be due and payable by EPI in cash or shall automatically convert into shares of the Company's Series A Preferred Stock at a conversion price of $1.00 per share.

During 2012 EPI fully exhausted the principal sum as loaned under the Note.

In September 2012, the directors and shareholders of EPI decided to dissolve the entity after not being able to find a counterparty to provide ongoing funding to support and develop the assets. Following this decision, Progen does not expect to be repaid the sum loaned under the Note. A Certificate of Dissolution was filed with the Delaware Division of Corporations on 30 October 2012.

In November 2010, Progen commenced an open-label, single centre Phase I study of the safety and tolerability of PG545 in patients with advanced tumors. This study treated patients until it was stopped in September following unforeseen injection site reactions in patients. Progen conducted further preclinical tests with the view of using an intravenous (IV) route of administration for PG545 moving forward and in August 2013 successfully completed a definitive four-week preclinical toxicology study using IV administration of PG545 to support a new clinical trial being planned to commence in late 2013. The study was conducted in accordance with OECD Good Laboratory Practice (GLP) toxicology and the Company now intends to test the safety and tolerability of PG545 by IV administration in advanced cancer patients.

In August 2011, the Company completed a major restructure of its Board and senior management. As a result, the Board was reduced to three, CEO Sue MacLeman departed the Company and General Manager of Finance and Company Secretary Paul Dixon reverted to a consultancy arrangement with the Company. Further, the company relocated its executive offices to 2806 Ipswich Road, Darra QLD which was the existing premises of its manufacturing subsidiary, PharmaSynth.

In August 2012 the Company appointed an additional Company Secretary Blair Lucas. In October 2012 Paul Dixon resigned as Company Secretary and Blair Lucas replaced him. Paul Dixon also resigned as General Manager Finance and was replaced by Lee Horobin on a consultancy basis.

In May 2013, the Company successfully raised a material amount of capital totaling $6.42 million before costs from an underwritten non-renounceable rights issue and a private share placement putting the Company in a strong position to move forward with its drug development activities and facilitating the growth of wholly owned subsidiary biopharmaceutical manufacturer PharmaSynth Pty Ltd.

In July 2013, Dr. Woei-Jia Jiang resigned as non-executive director. Following this, Mr. Heng Tang was appointed as the Acting Managing Director and Mr. Indrajit Solomon Arulampalam was appointed as a non-executive director during July 2013. In August 2013, the Company appointed Dr. Keith Dredge as Director of Drug Development.

Dr. Woei-Jia Jiang resigned as Non-Executive Director in July 2013. On the same date, Mr. Indrajit Solomon Arulampalam was appointed as a Non-Executive Director. Mr. Heng Tang was also appointed as the Acting Managing Director.

At the Annual General Meeting on 28 November 2013, Mr Stuart James retired as Non-Executive Chairman. Following this, Mr. Indrajit Arulampalam was appointed as Non-Executive Chairman and Hongjen Chang was appointed as Non-Executive Director.

On 14 May 2014, Mr. Heng Tang ceased to be Acting Managing Director of Progen and became Managing Director of wholly-owned subsidiary, PharmaSynth Pty Ltd and Mr. Indrajit Arulampalam became Executive Chairman. Further the company changed its registered office to Level 18, 101 Collins Street, Melbourne, VIC 3000.

On 13 March 2015, Mr. Heng Tang resigned as Non-executive director of the group and Managing Director of PharmaSynth. Following his resignation, Dr. Christopher Harvey was appointed as Non-executive director on 16 March 2015.

We have incurred significant losses since our inception and as of June 30, 2015, our accumulated losses were $158,687,498. We expect to incur additional operating losses for the year ending June 30, 2016 on the nonclinical development and the continuation of Phase 1a clinical trial of our product candidate PG545 as well as other potential product candidates.

To date, we have funded our operations primarily through sales of equity securities.

The Company’s ordinary shares are listed on the Australian Securities Exchange (ASX: PGL) and on the OTCQB market (OTCQB: PGLA).

Corporate Information

Progen Pharmaceuticals Limited is incorporated under the laws of the Commonwealth of Australia and domiciled in the State of Queensland. Our corporate office is located at Level 18, 101 Collins Street, Victoria 3000. The principal executive office and the manufacturing facility is located at 2806 Ipswich Road, Darra Queensland 4076, Australia. Our telephone number is + 61 7 3273 9133.

We make available free of charge on or through our web site our annual reports on Form 20-F as soon as practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Our web site is located at www.progen-pharma.com. Information contained on our web site is not incorporated by reference into and does not form a part of this Annual Report.

Progen is a registered trademark of Progen Pharmaceuticals Limited. Trademarks, tradenames or service marks of other companies appearing in this Annual Report are the property of their respective owners**.**

Item 4.B. Business Overview

We are a globally focused biotechnology company committed to the discovery, development and commercialization of small molecule therapeutics primarily for the treatment of cancer.

The Company operates the Research and Development business segment primarily in Australia following the closure of the U.S. office in October 2010.

Products

Our work, together with others, has helped to create a pipeline of innovative products at various stages of development. Progen's principal day-to-day focus is the development of PG545 which is undergoing evaluation for safety and tolerability in advanced cancer patients and this Phase Ia trial should be completed by early 2016. Further clinical trials are anticipated to assess PG545 as a single agent or in combination with other anticancer drug(s) and ultimately to test the effectiveness of PG545 in a specific cancer(s) thereafter.

Through licensing agreements with Medigen Biotechnology Corporation, our most advanced drug candidate, known as muparfostat (or PI-88) is currently in Phase III clinical trials for hepatitis-associated liver cancer following curative resection. Medigen's trial known as the PATRON trial (ClinicalTrials.gov Identifier: NCT01402908) is ongoing. Unfortunately, the cancer recurs in up to 50% of patients and there are no current treatments available for these patients.

We also continue to be interested in the emerging biology heparanase (and its inhibition) and the tumour microenvironment. We maintain some research efforts (termed Early Discovery) and provide assistance to, and possess a small stake in, Beta Therapeutics Ltd. The following table lists the Company's products currently under development:

Product	**Principal Uses**	**Status**	**Next Significant Milestone**
Muparfostat (PI-88)	Cancer	Phase 3 Clinical Development for adjuvant treatment of hepatocellular carcinoma (undertaken by Medigen)	• Completion of Phase 3 Liver Cancer Trial by Medigen
PG545	Cancer	Phase 1 Clinical Development	• Completion of Phase 1a clinical trial using IV administration • Data analysis of Phase 1a clinical trial
PG545	Non-oncology and hepatocellular carcinoma	Licensed to Medigen	• Pre-clinical testing
Heparanase Inhibitors in conjunction with Beta Therapeutics	Cancer	Discovery	

PI-88

PI-88 Description

PI-88 is a carbohydrate-based small-molecule which is believed to work via two mechanisms. Firstly, it inhibits the enzyme heparanase, which plays an important role in tumor spread and invasion through surrounding tissues. Tumors must ordinarily degrade the basement membrane and extracellular matrix of surrounding tissues in order to grow and heparanase is an enzyme that facilitates this process. By inhibiting this degradation process, PI-88 reduces the ability of tumors to expand and spread. Secondly, PI-88 exerts an anti-angiogenic effect by inhibiting the interaction between growth factors, heparan sulfate and cellular receptors. As tumors grow, they require additional blood supply to provide oxygen and nutrients. The generation of these new blood vessels to supply additional blood supply is a process known as angiogenesis, and it is controlled in part by proteins such as Vascular Endothelial Growth Factor, or VEGF, and Fibroblast Growth Factor, or FGF-1 and FGF-2, binding to their receptors. PI-88 competitively links to the binding domain of these growth factors, limiting their ability to bind to heparan sulfate and their receptors. Angiogenesis has been widely validated as an important target in the development of novel anti-cancer therapies; however, PI-88, a First-in-Class heparanase inhibitor, employs a unique mechanism to target angiogenesis.

Most oncology drugs are designed to be toxic to the cancer, as their name – cytotoxics – indicates. These drugs are designed to eradicate tumor cells, often with adverse consequences for non-cancerous cells as well. Historically, the efficacy of cytotoxic compounds was measured by assessments such as the degree to which tumors shrink. PI-88 belongs to the class of cytostatic drugs. As the name implies, cytostatic drugs are designed to keep the disease stable, so the efficacy of these cytostatic drugs is measured by assessments such as time to disease recurrence, disease progression, time of stable disease, disease free survival, and overall survival.

License of muparfostat (PI-88) to Medigen Biotechnology Corp

On June 30, 2010, Progen announced that a binding license and collaboration agreement had been executed with Medigen Biotechnology Corporation (Medigen) for the development and commercialization of muparfostat globally.

The agreement grants Medigen the exclusive worldwide and sub-license rights for the commercialization of muparfostat for the therapeutic and prophylactic treatment of cancer. The agreement includes royalties on sales of muparfostat as well as milestones payments at the following time points:

- when regulatory approval is obtained for commencement of the Phase III trial;
- when the Phase III trial is commenced;
- when the Phase III trial is completed; and
- when regulatory approval is in place for the product to be marketed.

To date, Medigen has achieved the first two milestones. There are also additional milestone payments due to Progen based on follow-up market approvals. Progen also provided assistance in the manufacture of the clinical trial material via its subsidiary company, PharmaSynth.

The intellectual property owned or licensed by Progen to Medigen includes the rights to PI-88 covered in the global patent family entitled "Preparation and Use of Sulfated Oligosaccharides". It does not include any intellectual property relating to Progen's PG500 series compounds. The term of the agreement is 15 years from the commencement date (July 1, 2010) unless terminated earlier in accordance with the agreement.

PI-88 Clinical Development Program

All clinical trials of PI-88 have been conducted under an active Investigational New Drug Application, or IND, with the FDA. In the preclinical and clinical studies executed to date, PI-88 has shown an acceptable safety and tolerability profile in clinical trials. PI-88 has also showed signs of clinical efficacy in PI-88's multinational clinical development program.

Phase 2 clinical trial of PI-88

Our metastatic melanoma trial recruited patients that have not previously received chemotherapy (i.e. first line patients). In this indication, the efficacy of PI-88 in combination with DTIC (dacarbazine) was investigated. DTIC is a chemotherapy drug used as standard first-line treatment for patients with newly diagnosed metastatic melanoma and the goal of the study was to determine whether PI-88 can increase efficacy in combination with DTIC. The approved anti-angiogenic drug, Avastin® (bevacizumab), has been shown to enhance efficacy in combination with chemotherapy in patients with various solid tumors, including bowel cancer, lung cancer and breast cancer. The PI-88 Phase 2 trial in combination with DTIC was conducted across seven sites in Australia and at three sites in U.S. The data showed that for the primary end-point of non-progression after 18 weeks of treatment, PI-88 did not provide additional benefit to patients with advanced melanoma when used in combination with dacarzabine, as this combination was not more efficacious than dacarzabine alone or for the secondary end-points of time to progression, progression free survival response rate and duration of response.

Phase 3 PATRON clinical trial of PI-88

PI-88 is currently in a fully recruited, randomized, placebo controlled Phase III clinical trials (ClinicalTrials.gov Identifier: NCT01402908) to confirm the safety and efficacy of PI-88 in the adjuvant treatment of hepatocellular carcinoma after surgical resection.

Commercialization Strategy for PI-88

Worldwide oncology rights to PI-88 have been licensed to Medigen Biotechnology Corp, who will further develop and commercialize the compound and thus Progen will not undertake any further development in melanoma at this stage.

PG545

PG545 – a novel agent designed to target the tumour microenvironment

PG545 is a proprietary synthetic small molecule created to modulate the tumour microenvironment through multiple mechanisms of action. Building upon Progen's knowledge on compounds with potent anti-angiogenic and anti-metastatic agents, PG545 emerged from the PG500 series following extensive testing and has now been demonstrated to possess mechanisms that target five key processes within the tumour microenvironment (Figure 1)

Progen scientists and their collaborators have published and presented extensively on PG545 to demonstrate its effectiveness in a variety of cancer models. These findings, culminating from several years of research, now unequivocally reveal PG545's activity on the following processes critical for cancer development.

1. *Cell invasion and metastasis*
   PG545 is a competitive inhibitor of heparanase but also recently shown to reduce the expression of heparanase within primary tumours and metastatic tissue. This significantly reduces the formation of metastasis and improves survival in a model of breast cancer.

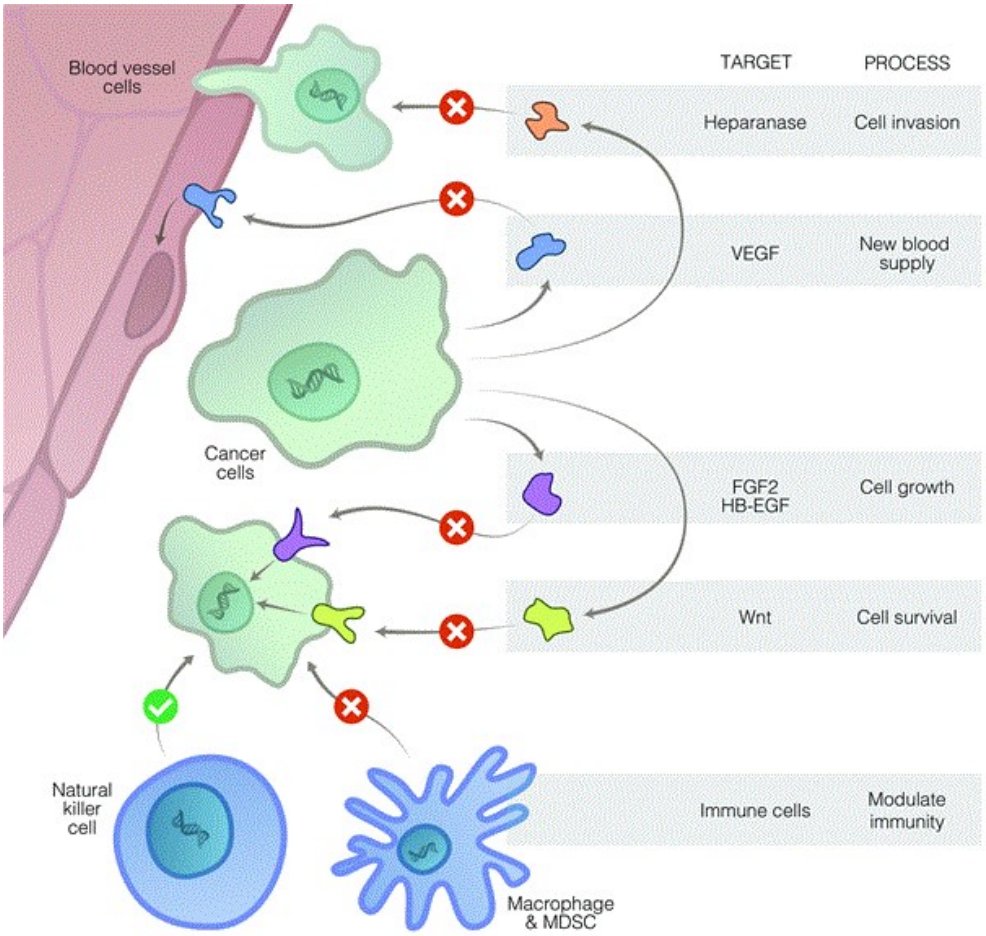
2. *New blood supply/angiogenesis*
   PG545 binds to angiogenic growth factors vascular endothelial growth factor (VEGF) and several members of the fibroblast growth factor (FGF) family[6] which leads to a reduction in angiogenesis and the function of the blood vessels[7]. This effect also reduces tumour growth, metastasis and increases survival in models of pancreatic cancer.

3. *Cancer cell growth*
   Blocking the activity of growth factors such as FGF2 and heparin binding-epidermal growth factor(EGF)-like growth factor (HB-EGF) in ovarian cells is also linked to greater effectiveness of PG545 (especially when administered in combination with chemotherapy) and enhances survival in models of ovarian cancer.

4. *Cancer cell survival*
   The inhibition of the Wnt protein by PG545 is a new finding currently being submitted for publication in a scientific peer-reviewed journal which further contributes to the unique activity of the compound. The Wnt pathway has recently become of tremendous interest as an avenue of new therapeutic opportunity. Dysregulation of Wnt proteins and its mediator ß-catenin has been implicated in many cancers of the colon, pancreas, ovary, lung, breast, kidney and leukemia and targeting this pathway is a major focus of pharmacological research and development.

5. *Immunomodulation*
   The latest findings by Progen's collaborators represent a key advancement for long-term responses against several cancer types. Regulation of the body's immune cells has long been associated with influencing survival outcomes in cancer patients. PG545 has been demonstrated to stop certain types of immune cell that are considered to promote cancer development. These cells are called macrophages and myeloid-derived suppressor cells (MDSCs) are capable of secreting pro-tumour enzymes including heparanase. However, PG545 has been shown to stop their infiltration into tumours in a model of pancreatic cancer. Emerging data now suggests that PG545 also modulates the immune system leading to the activation of natural killer (NK) cells which are very effective at destroying lymphoma, a form of blood cancer. Taken together, the studies suggest that PG545 can modulate the immune system to improve patient outcomes.

Figure 1: The targets that PG545 interacts with to modulate five key processes within the tumour microenvironment



PG545 Preclinical Development

This compound has been shown to inhibit solid tumor progression in a variety of animal models of melanoma (B16F1 syngeneic mouse model), breast cancer (T41 orthotopic mouse model), lung cancer (LLC/2 syngeneic mouse model), human colorectal cancer (HT29 xenograft model), human pancreatic cancer (MiaPaCa-2 xenograft model), human breast cancer (MDA-MB-231 xenograft model), human prostate cancer (PC3 xenograft model) and human liver cancer (HepG2 xenograft model and Hep3B orthotopic model). Importantly, these compounds also potently block the development of metastases as shown in the aforementioned B16F1, 4T1 and LLC/2 models. PG545 is also very active in lymphoma models and is reliant upon the activation of NK cells to kill lymphomas in this model.

Potent inhibition has also been observed in other *in vitro* models such as the tube formation assay and the rat aortic angiogenesis assay. Daily treatment or twice weekly treatment significantly reduced angiogenesis in the *in vivo* AngioSponge™ model. Blocking these interactions inhibits the angiogenesis and metastasis processes critical in tumor growth and progression.

Through a lead validation methodology incorporating aspects such as efficacy, pharmacokinetics, toxicology and ease of manufacture we have identified PG545 as the lead compound. Pharmacokinetic studies have demonstrated that half-life of PG545 in mice or rats is in the region of 21-50 hours and elimination is reasonably slow. Thus, the current dosing schedule of a once weekly subcutaneous injection has been found to be sufficient to maintain significant antitumor activity in many of the cancer models mentioned previously. Non-GLP toxicology studies have been completed in mice, rats and dog and data supports the progression of PG545 toward the clinic.

Phase I clinical trial of PG545

In late 2010 the Company opened the study entitled “an open-label, single center Phase I study of the safety and tolerability of PG545 in patients with advanced tumors”. During the study, patients experienced injection site reactions following sub-cutaneous injection with PG545. In September 2011, the Company decided not to continue with dose escalation and to close the study. Progen reviewed the route of administration and conducted preclinical studies to investigate intravenous injection as an alternative route of administration. In August 2013 the Company successfully completed a definitive four-week preclinical toxicology study using IV administration. PG545 entered a Phase 1 clinical trial in late 2013 to test the safety and tolerability by IV administration in advanced cancer patients. This trial is ongoing and expected to be completed by early 2016. The primary objective of the study is to determine the maximum tolerated dose as defined by significant dose limiting toxicity. The study also aims to measure the levels of PG545 in the blood of patients and other laboratory tests to learn more about the safety and potential efficacy of PG545.

In December 2014, the Company completed treatment of the first three patient cohorts (25, 50 and 100 mg). The utility of PG545 at 150 mg is continuing to be explored. It is anticipated that this trial will now be completed in February-March 2016.

Research and Drug Discovery

Progen continues to be recognised for its contribtuion to the field of heparanase, particularly its role in cancer development and the efforts to create heparanase inhibitors. On 3 December 2013, Progen entered into an Assignment Agreement with Beta Therapeutics Pty Limited (Beta) providing intellectual property know-how on novel heparanase inhibitor small molecules. This allowed Beta to initiate new research with an aim to develop the know-how for use in the diagnosis, prevention or treatment and all pathologies and symptoms associated with Type 1, Type 2 or diabetes complications and inflammation or autoimmune disorders.

This followed a 2011 Diabetes Collaboration Framework Deed with the Australia National University ("ANU") and ANU Enterprise Pty Ltd. The Deed established a strategic collaboration where ANU will commercialise new diabetes therapeutics based on ANU research conducted by Professor Chris Parish and the research team at the John Curtin School of Medical Research. Beta was established as a spin-off company to drive the commercial development. Progen formally collaborates and consults with the ANU/Beta and holds a small stake in the company.

Manufacturing

PharmaSynth Pty Ltd (PharmaSynth), a subsidiary of the Company, operates a current good manufacturing practice, or cGMP, certified pilot manufacturing facility that provides contract manufacturing services to the biotechnology industry, earning revenues on a fee for service basis. PharmaSynth's business is the provision of contract pharmaceutical manufacturing development services and manufacture of material for phase 1 to phase 3 clinical trials, as well as the manufacture of veterinary and animal health products.

Government Regulation

General

Regulation by government authorities in the U.S., Australia and other countries in which the Company operates is a significant factor in the development, manufacture and marketing of our proposed products and in our ongoing research and development activities. The nature and extent to which such regulation applies to us will vary depending on the nature of any products which may be developed by us. We anticipate that many, if not all, of our proposed products will require regulatory approval by governmental agencies prior to commercialization. In particular, human therapeutic products are subject to rigorous preclinical and clinical testing and other approval procedures of the FDA and similar regulatory authorities in European and other countries. Various governmental statutes and regulations also govern or influence testing, manufacturing, safety, labeling, storage and recordkeeping related to such products and their marketing. The process of obtaining these approvals and the subsequent compliance with appropriate statutes and regulations require the expenditure of substantial time and money, and there can be no guarantee that approvals will be granted.

The Company is also subject to various laws, regulations, policies, guidelines and recommendations relating to such matters as safe working conditions, laboratory and manufacturing practices, the experimental use of animals and the protection of the environment. Furthermore, there has been a general trend towards greater regulation of the pharmaceutical industry and its products.

Manufacturing

The manufacturing facility, run by PharmaSynth, is licensed by the Australian Therapeutic Goods Administration for the manufacture of biological-based starting materials for human therapeutics to cGMP and by the Australian Office of Gene Technology Regulator for the manufacture of large scale genetically modified organisms. In addition, certain international markets have quality assurance and manufacturing requirements that may be more or less rigorous than those in Australia. Our manufacturing facilities are also subject to regular inspections by the TGA. We cannot make any assurances that we will continue to be in compliance with cGMP requirements. Failure to comply with cGMP requirements or with any other international requirements could have a material adverse effect on our business, financial condition and results of operations.

Research and Development

The research and development, manufacture and commercialization of our pharmaceutical products are subject to regulation by governmental entities in Australia and other countries including the United States. Pharmaceutical products are subject to rigorous regulation by the TGA under the Australian Therapeutic Goods Act, by the FDA in the United States, and by similar health authorities in foreign countries under laws and regulations that govern, among other things, the testing, clinical trials, manufacture, safety, efficacy, labeling, storage, record keeping, advertising, promotion, export, marketing and distribution of such products. Product development and approval within this regulatory framework is uncertain and can take a number of years and require the expenditure of substantial resources. Any failure to obtain regulatory approval or any delay in obtaining such approvals could have a material adverse effect on our business, financial condition and results of operations.

Australian Government Regulation

The steps required before a drug may be approved for marketing in Australia generally include:

- Preclinical laboratory and animal testing;
- Submission to the TGA of a clinical trial notification, or CTN, or a clinical trial exemption, or CTX, application for human trials;
- Submission of an investigators' brochure and clinical protocols to the independent ethics committee, or IEC, of each institution at which the trial is to be conducted;
- Adequate and well-controlled clinical trials to demonstrate the safety and efficacy of the product;

- Development of chemistry, manufacture and control documentation, which demonstrates that the manufacture of the product conforms to GMP guidelines;

- Submission of the manufacturing, preclinical and clinical data to the TGA; and

- Approval by the TGA for inclusion in the Australian Register of Therapeutic Goods.

The testing and approval processes for a drug require substantial time, effort and financial resources. Furthermore, post-market surveillance must be carried out, and any adverse reactions to the drug must be reported to the TGA. We cannot make any assurances that any approval will be granted on a timely basis, if at all.

Preclinical studies include laboratory evaluation of the product as well as animal studies to assess the potential safety and efficacy of the product. The results of the preclinical studies are submitted to each investigator's IEC and, in some instances, to the TGA. Approval by each IEC and by the TGA is necessary before clinical trials can commence. An IEC is a review committee at each institution at which a study is conducted and is set up under guidelines of the Australian National Health and Medical Research Council. The role of an IEC is to review proposals for clinical trials, and approve and subsequently monitor the clinical trials. The IEC will consider, among other things, ethical factors and the safety of human subjects. We cannot make any assurances that submission to the applicable IECs and the TGA will result in authorization to commence clinical trials.

Clinical trials are typically conducted in three sequential phases that may overlap:

- Phase 1 clinical trials that involve the initial introduction of the drug into human subjects and the exploration of its safety (adverse effects), dosage tolerance, absorption, metabolism, excretion and pharmacodynamics;

- Phase 2 clinical trials that (i) evaluate the efficacy of the drug for specific, targeted indications, (ii) determine dosage tolerance and optimal dosage, and (iii) identify possible adverse effects and safety risks. Phase 2 trials usually involve studies in a limited patient population; and

- Phase 3 clinical trials that generally further evaluate clinical efficacy and further test for safety within an expanded patient population sufficient to provide statistically significant data.

In the case of products with a high risk of toxicity, the initial clinical trials are sometimes conducted in patients with the target disease rather than in healthy volunteers. Since these patients are already afflicted with the target disease, it is possible that such clinical trials may provide evidence of efficacy traditionally obtained in Phase 2 clinical trials. We cannot make any assurances that Phase 1, Phase 2 or Phase 3 testing will be completed successfully within any specific time period, if at all, with respect to any of our product candidates. Furthermore, the TGA and/or the applicable IEC may suspend clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk.

All PI-88 patient clinical trials have been conducted under an active IND application with the FDA, under a CTN application with the TGA for Australian sites and other health authority jurisdictions where relevant.

All PG11047 patient clinical trials have been conducted under an active IND application with the FDA.

The Phase 1a clinical trials (sub-cutaneous or intravenous administration) for PG545 are conducted under a CTN application with the TGA.

In order to obtain Australian marketing approval for a drug, the results of the preclinical studies and clinical trials, together with detailed information on the manufacture and composition of the product, are submitted to the TGA with a request for registration of the product in the Australian Register of Therapeutic Goods. The TGA may delay approval if applicable regulatory criteria are not satisfied, require additional testing or information, and/or require post-marketing testing and surveillance to monitor the safety or efficacy of a product. We cannot make any assurances that approval by the TGA will be granted on a timely basis, if at all. Also, if regulatory approval of a product is granted, such approval may entail limitations on the indicated uses for which such product may be marketed.

U.S. Government Regulation

FDA approval to market our drug products in the U.S. is expected to be undertaken by us or in conjunction with a commercial partner. The approval process of the FDA and TGA are similar, with substantial requirements for preclinical research, conduct of clinical trials, and manufacture of the product. Human clinical testing of a new drug requires the submission of an IND that must include the results of preclinical studies, together with manufacturing information and analytical data. We cannot make any assurances, however, that submission of an IND will allow us to commence clinical trials. In addition to the IND process, the clinical trial protocol also requires approval by the study sites Institutional Review Board (IRB), a similar process to the IEC review performed for Australian based trials. Furthermore, once trials have commenced, the FDA or IRB may stop the trials, or particular types of trials, by placing a "clinical hold" on such trials because of, for example, concerns regarding the safety of the product being tested. Such holds can cause substantial delay and, in some cases, may require abandonment of a product. In addition, Phase 4 clinical trials may be required by the FDA following initial license approval, to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit in the case of drugs approved under accelerated approval regulations. If the FDA approves a product while a company has ongoing clinical trials that were not necessary for approval, a company may be able to use the data from these clinical trials to meet all or part of any Phase 4 clinical trial requirement. These clinical trials are often referred to as "Phase 3/4 post-approval clinical trials." Failure to promptly conduct Phase 4 clinical trials could result in withdrawal of product approval under accelerated approval regulations.

The results of preclinical studies and clinical trials, together with detailed information on the manufacture and composition of the product, are submitted to the FDA in the form of a New Drug Application, or NDA, requesting approval to market the product. Before approving an NDA, the FDA will inspect the facilities at which the product is manufactured and will not approve the product unless the manufacturing facility is in GMP compliance. The FDA may delay an NDA if applicable regulatory criteria are not satisfied, require additional testing or information, and/or require post-marketing testing and surveillance to monitor the safety or efficacy of a product. We cannot make any assurances that FDA approval of any NDA submitted by us will be granted on a timely basis, if at all. Also, if regulatory approval of a product is granted, such approval may entail limitations on the indicated uses for which the product may be marketed.

Patents

Our success will depend in large part on whether we can:

- Obtain patents to protect our own products;
- Obtain licenses to the patented technologies of third parties;
- Operate without infringing on the proprietary rights of third parties; and
- Protect our trade secrets and know-how.

For a discussion of the risks and uncertainties associated with our intellectual property position, see "Risk Factors – Our success depends upon our ability to protect our intellectual property and our proprietary technology."

The Company's policy is to protect and defend the intellectual property associated with its technology and products, principally through patent protection. We achieve this by filing patent applications for discoveries made by our scientists, as well as those that we make in conjunction with our scientific collaborators and strategic partners.

The most material of these patents and patent applications being:

1. PI-88 – Composition of matter and method of use patent families have been granted in countries including the U.S., Canada, Australia, Korea, Taiwan, Japan, Europe, China, South Africa and New Zealand. The PI-88 composition of matter patent expires in 2016.

2. PG545 – composition of matter compounds and method of use patents have been granted in Australia, Japan, Israel, Singapore, Russia, and South Africa, while patents are pending in various other key jurisdictions. The PG545 composition of matter patents and applications expire in 2028.

The availability and breadth of claims allowed in biotechnology and pharmaceutical patents is highly uncertain and generally involves complex legal and factual questions. We cannot make any assurances that any of our pending or future patent applications will be approved, or that we will develop additional proprietary products or processes, or be able to license any other patentable products or processes. We also cannot make any assurances that others will not independently develop similar products or processes, duplicate any of the products or processes developed or being developed by or licensed to us, or design around the patents owned or licensed by us, or that any patents owned or licensed by us will provide us with competitive advantages. Furthermore, patents held by third parties may prevent the commercialization of products incorporating the technology developed by or licensed to us, and third parties may challenge or seek to narrow, invalidate or circumvent any or all of the issued, pending or future patents owned or licensed by us.

If it were determined that we were infringing any third-party patents, we could be required to pay damages, alter our products or processes, obtain licenses or cease certain activities. We cannot make any assurances that the licenses required under patents held by third parties would be made available to us on acceptable terms, or at all. To the extent that we are unable to obtain such licenses, we could be foreclosed from the development, manufacture or commercialization of the product requiring such license or encounter delays in product introductions while we attempt to design around such patents.

We also believe that because of the differences in patent laws, foreign patents, if obtained, and the protection afforded by such foreign patents and foreign intellectual property laws may be more limited than that provided under Australian or United States patents and intellectual property laws. Litigation, which could result in substantial costs and diversion of effort on our part, may also be necessary to enforce any patents issued or licensed to us or to determine the scope and validity of third party proprietary rights. We may have to participate in opposition proceedings before the Australian Patent and Trademark Office or another foreign patent office, or in interference proceedings declared by the United States Patent and Trademark Office, to determine the priority of the invention for patent applications filed by competitors. Any such litigation, interference or opposition proceeding, regardless of outcome, could be expensive and time consuming, and adverse determinations in any such proceedings could have a material adverse effect on our business, financial condition and results of operations.

Licenses

PI-88. We have an exclusive worldwide license from the Australian National University in Canberra, Australia, to five families of patents and patent applications relating to PI-88, our sulfated oligosaccharide heparanase inhibitor. Our license rights terminate in 2026. Our license with the Australian National University requires us to pay the University a portion of PI-88 related payments that we receive including royalties on sales of PI-88 as well as on any fees we receive from sublicensing this technology. In addition we are the assignee to a sixth patent application.

PI-88 (muparfostat) was out-licensed to Medigen Biotechnology Corp. on June 30, 2010. Under the agreement, Progen's subsidiary, PharmaSynth, is to provide the technical and manufacturing support to Taiwan-based Medigen Biotechnology Corp. to develop and commercialize muparfostat elsewhere in the world. We are entitled to various milestone payments linked to progression in the development of muparfostat, as well as a royalty on product sales upon commercialization. To date, Progen has received two milestone payments.

PG545. Hepatocellular carcinoma and non-oncology indications for PG545 was out-licensed to Medigen Biotechnology Corp. on 1 March 2013. Under the agreement Medigen will develop and commercialize these indications for PG545 globally. The specific terms of the License Agreement are in line with industry standards but are subject to commercial confidentiality. Progen received AUD$400,000.00 as an upfront payment pursuant to the License Agreement upon execution of the binding Term Sheet. Progen will receive further milestone payments from Medigen as PG545 is developed for HCC and non-oncology indications and royalty payments from sales.

Assignment Agreement. In December 2013 Progen entered into an Assignment Agreement with Beta Therapeutics Pty Limited ("BT"). Under the deal, Progen received payment from BT for assignment of intellectual property know-how on novel heparanase inhibitor small molecules. The intellectual property assignment allows BT to develop the know-how for use in the diagnosis, prevention or treatment and all pathologies and symptoms associated with:

- Type 1, Type 2 or gestational diabetes; and
- Inflammation or auto-immune disorders.

Progen received a perpetual, irrevocable, worldwide, royalty free license back from BT to use the know-how in all other fields including oncology. Each party retains ownership to any improvements made to the know-how for use in any field such as developing the hits with medicinal chemistry into lead compounds for pre-clinical and clinical testing.

Proprietary Technology

In addition to patent protection, we rely on unpatented trade secrets and know-how and proprietary technological innovation and expertise, all of which are protected in part by confidentiality and invention assignment agreements with our employees, advisors and consultants. We cannot make any assurances that these agreements will not be breached, that we will have adequate remedies for any breach, or that our unpatented proprietary intellectual property will not otherwise become known or independently discovered by competitors. We also cannot make any assurances that persons not bound by an invention assignment agreement will not develop relevant inventions.

Competition

Drug Development

We face competition in each of our target product markets. The pharmaceutical and biotechnology industries are also intensely competitive. Our anti-cancer pharmaceutical product candidates would be subject to significant competition from existing drugs and therapies, as well as from products and therapies utilizing alternative or similar technologies. There are many pharmaceutical and biotechnology companies, and public and private academic institutions and research organizations actively engaged in the research and development of alternative products and therapies for the treatment of diseases that we have targeted for product development. Many of these organizations have greater financial, technical, manufacturing and marketing resources.

Some of our competitors may succeed in developing products earlier than us, obtain governmental approvals more rapidly than us, or develop products that are safer and more effective than those under development by us. Other companies may also develop products or therapies that render our technology and products obsolete or non-competitive. We also cannot make any assurances that any therapy developed by us will be preferred to any existing or newly developed technologies. Some of our competitors may succeed in developing treatments that are superior to any therapy or product developed by us. Our ability to successfully compete with these and other companies will also depend to a considerable degree on the continuing availability of capital to us, as well as our ability to recruit and retain highly qualified scientific personnel and consultants, and to compete with the established manufacturing and marketing capabilities of our competitors. Competition among products will be determined by, among other things, efficacy, safety, convenience, reliability, price and patent position.

Contract Manufacturing

The clients of our contract manufacturing business, PharmaSynth, are mostly from Australia with a limited number also from Asia and overseas. Our ability to compete with our competitors will depend on our marketing efforts, our ability to remain cost competitive, recruit and retain qualified personnel and maintain adequate levels of compliance with regulatory bodies.

Item 4.C. Organizational Structure

Progen Pharmaceuticals Limited acts as an operating holding company of a group consisting of its directly held subsidiaries. Progen Pharmaceuticals Limited has the following subsidiaries:

	% Held	Country of Incorporation
PharmaSynth Pty Ltd	100	Australia
Progen Pharmaceuticals, Inc.	100	U.S.A. (Delaware)
Darra Investment Holdings Pty Ltd	100	Australia

Item 4.D. Property, Plant and Equipment

The Company leased its principal offices at Toowong, a suburb of Brisbane, Queensland, Australia until October 2011. In August 2011, all staff relocated to 2806 Ipswich Road, Darra, Queensland, Australia. This is also the location of PharmaSynth Pty Ltd's manufacturing facility.

PharmaSynth Pty Ltd, a subsidiary of the Company, leases an 11,200 square foot fully-integrated pharmaceutical raw material manufacturing facility in Darra, also a suburb of Brisbane, Queensland, Australia. This manufacturing facility has the capability to develop and manufacture therapeutic products for worldwide markets and consists of 15 modular laboratories, each with a designated function.

This facility is used to manufacture a range of biological products, including the PI-88 active pharmaceutical ingredient for clinical trials and preparation of PG545 for preclinical and clinical trials. It is equipped for the genetic manipulation of micro-organisms, cell culture, small and large-scale fermentation of micro-organisms, purification and downstream processing, freeze-drying, and sterile packing and filling.

This manufacturing facility is licensed by the Australian Therapeutic Goods Administration, or TGA, for the manufacture of biological-based starting materials for human therapeutics to cGMP standards and by the Australian Office of Gene Technology Regulator for the manufacture of large scale genetically modified organisms. The TGA regulates the manufacture of compounds intended as starting materials for human therapeutics. In addition, the facility is licensed by the Australian National Registration Authority for manufacture of sterile and immunobiological veterinary products to cGMP standards and by the Australian Quarantine and Inspection Service as a quarantine facility.

The lease agreement for Progen Pharmaceuticals Ltd and PharmaSynth Pty Ltd's manufacturing facility and offices with Difran Pty Ltd is currently month to month with a current rental of $154,800 per annum.

The Company leases its corporate office at the registered office address at Level 18, 101 Collins Street, Melbourne, VIC 3000. The lease cost is $82,800 per annum with an initial term of one year and is automatically continued thereafter until terminated by either party.

ITEM 4E. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis should be read in conjunction with our financial statements and the related notes included elsewhere in this Annual Report.

This discussion may contain forward-looking statements based on current expectations that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth in "Item 3. Key Information – Risk Factors" above and elsewhere in this Annual Report.

Overview

We have incurred significant losses since our inception and as of June 30, 2015, our accumulated losses were $158,687,498. We devote a substantial portion of our financial resources to fund the development of our cancer product candidates and our drug discovery research efforts. Whether we incur operating losses for the financial year ending June 30, 2016 and beyond, and if so the extent of those losses, depends on research and development efforts, licensing arrangements, success of our cancer product candidates and potential merger and acquisition activity.

Our operations have historically been financed by the issuance of capital stock because it is generally difficult to fund pharmaceutical research via borrowings due to the lack of revenues to service debt and the significant inherent uncertainty as to results of this research and the timing of those results.

Key Accounting Policies

The following discussion and analysis of our operating and financial review and prospects are based upon our financial statements, which have been prepared in accordance with International Financial Reporting Standards as issued by IASB. These accounting principles require us to make certain estimates and assumptions that can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the periods presented. Based on the nature of our operations, our accounting policies do not require difficult, subjective or highly complex judgments and therefore our reported amounts are not subject to material variation based on changes in assumptions. Our significant accounting policies are more comprehensively described in Note 2 to the financial statements.

The following are the most significant accounting estimates and judgments we apply in producing our consolidated financial statements.

Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Revenue recognition

The Group recognises contract manufacturing services revenue by reference to the stage of completion. This is based on the actual costs incurred to date as a percentage of total actual and estimated costs to complete. Should the actual costs to complete differ from the estimated costs to complete this may impact the revenue and related assets recognised at the balance sheet date.

(ii) Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

(iii) Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Revenue recognition

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

(i) Rendering of services

Revenue from the provision of contract manufacturing services is recognised by reference to the stage of completion. Stage of completion is measured by reference to the outcome achieved to date as a percentage of the total outcome required for each contract.

(ii) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Government grants

Government grants are recognised as revenue when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When grants are received prior to being earned, they are recognised as a liability in the statement of financial position.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the costs that correspond to the income received are prior year costs, the grant received is immediately recognised in the statement of comprehensive income (loss).

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income (loss) over the expected useful life of the relevant asset by equal annual instalments.

(iv) Other income

Other income is recognised when it is probable that the economic benefits associated to the transaction will flow to the entity and the revenue can be reliably measured.

When the income relates to an asset item, it is recognised as income in the period to which the related costs will be recognised in the statement of comprehensive income (loss).

When the income relates to a liability, the fair value is credited to a deferred income account and is released to the statement of comprehensive income (loss) when the related revenue is realised.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Held to maturity investments

Held to maturity investments in the statement of financial position include term deposits with an original maturity between 3 and 12 months.

Foreign currency translation

(i) Functional and presentation currency

The functional and presentation currency of Progen Pharmaceuticals Limited is Australian dollars ($). The United States subsidiary's functional currency is United States dollars which is translated to presentation currency (see below).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of consolidated group companies' functional currency to presentation currency

The results of the United States subsidiary are translated into Australian dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date.

Exchange variations resulting from the translation are recognized in the foreign currency translation reserve in equity.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability or resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project. There are no capitalised development costs.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Share-based payment transactions

(i) Equity settled transactions

The Company provides benefits to employees (including senior executives) and consultants of the Company in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a binomial model, further details of which are given in Note 12 to the financial statements. The fair value of shares is determined by the market value of the Company’s shares at grant date.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

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

The cumulative expense recognized for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired; and

(ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Item 5.A. Operating Results

Years ended June 30, 2015, 2014 and 2013

The functional currency for the Company's operations is the Australian dollar.

The consolidated operating result for the year ended June 30, 2015 was a loss of $4,684,104, being an increase of 159.2% over the 2014 loss of $1,806,945. The overall operating result for the year ended June 30, 2013 was a loss of $2,092,134.

The increase in the loss for 2015 of $2,877,159 is mainly attributed to the significant decrease in contract manufacturing revenues of the manufacturing division of $2,069,844 and a corresponding increase in the manufacturing costs and expenses of $406,335. Moreover, there was an increase in research and development costs of $381,780 arising from the non-clinical and clinical stage drug development activities including the Phase 1 clinical trial of PG545.

Revenue from Operations

Our consolidated revenue from continuing operations for fiscal 2013, 2014 and 2015 is as follows (in AUD):

	Years Ended June 30,		
	2013	**2014**	**2015**
Revenue from manufacturing services	$ 2,816,281	$ 5,410,951	$ 3,341,107
License / assignment fee revenue	$ 500,000	$ 120,000	-
Interest income	$ 193,822	$ 222,619	$ 102,094
Total revenue from continuing operations	**$ 3,510,103**	**$ 5,753,570**	**$ 3,443,201**

For the fiscal year ended June 30, 2015, revenues from manufacturing services division decreased 38% to $3,341,107 due mainly to a significant decrease in PI-88 related manufacturing contracts obtained from the group's licensee, Medigen Biotechnology Corporation and lesser value of contracts obtained from regular customers in spite of new customers obtained during the financial year.

For the fiscal year ended June 30, 2014, revenues from manufacturing services division increased 92.1% to $5,410,951 due mainly to an increase in manufacturing contracts obtained from the group's licensee, Medigen Biotechnology Corporation and from two regular large customers.

Interest income decreased 54.1% to $102,094 during fiscal year 2015 primarily due to reduced cash and cash equivalents from on-going operating operations with no significant inflows.

Interest income increased 14.9% to $222,619 during fiscal year 2014 primarily due to increase in cash and cash equivalents.

License fee revenues were not realised during 2015. License fee revenue (assignment fees) of $120,000 was realised in 2014 arising from the assignment of intellectual property rights to Beta Therapeutics for know-how on novel heparanase inhibitor small molecules.

Research and Development Expenses

Our consolidated research and development expenses for compounds under development and discovery programs are as follows (in AUD):

	Years Ended June 30,		
	2013	**2014**	**2015**
PI-88	$ 40,625	$ 8,240	$ 8,222
PG500 Series (PG545)	$ 380,171	$ 310,742	$ 457,759
General research and development expenses	$ 519,365	$ 1,075,427	$ 1,310,208
Total research and development expenses	**$ 940,161**	**$ 1,394,409**	**$ 1,776,189**

In fiscal year 2015, research and development expenditure increased 27.4% to $1,776,189 primarily due to the Phase 1 multi-centre study to test the safety and tolerability of intravenously-infused PG545 in patients with advanced solid tumours commenced in December 2013.

In fiscal year 2014, research and development expenditure increased 48.3% to $1,394,409 primarily due to additional R&D staff hired during the year and the commencement of a Phase 1 multi-centre study to test the safety and tolerability of intravenously-infused PG545 in patients with advanced solid tumour.

In fiscal year 2015, we expended $8,222 on the PI-88 Phase 2 Melanoma trial (2014: $8,240; 2013: $40,625) which has completed treatment and the clinical study results announced; expended $1,767,967 (2014: $1,386,169; 2013: $899,536) on PG545, and related research and drug development activities.

We commenced a phase 1 clinical trial for our lead drug candidate, PG545 by IV administration in late 2013. Many drugs in human clinical trials fail to demonstrate the desired safety and efficacy characteristics. Even if our drugs progress successfully through initial human testing, they may fail in later stages of development. Regulatory agencies, including the FDA and TGA, regulate many aspects of a product candidate's life cycle, including research and development and pre-clinical and clinical testing. We or the regulatory authorities may suspend clinical trials at any time on the basis that the participants are being exposed to unacceptable health risks. Completion of clinical trials depends on, among other things, the number of patients available for enrollment in a particular trial, which is a function of many factors, including the availability and proximity of patients with the relevant condition. We rely on third parties to conduct clinical trials, which may result in delays and failure to complete trials if the third parties fail to perform or meet applicable standards. Our drug discovery efforts are still in the research phase and have not yet commenced pre-clinical development, which means they have not yet been tested on humans. We will need to commit significant time and resources to develop these product candidates.

Our products will only be successful if:

- our product candidates are developed to a stage that will enable us to commercialize them or sell related marketing rights to pharmaceutical companies;
- we are able to commercialize product candidates in clinical development or sell the marketing rights to third parties; and
- our product candidates, if developed, are approved.

We depend on the successful completion of these goals in order to generate significant revenues. We also enter into collaboration agreements for the development and commercialization of our product candidates. We cannot control the amount and timing of resources our collaborators devote to product candidates, which may also result in delays in the development or marketing of our products.

Because of these risks and uncertainties, we cannot accurately predict when or whether we will successfully complete the development of our product candidates or the ultimate product development cost.

Without revenue generated from commercial sales, we anticipate that funding to support our ongoing research, development and general operations will primarily come from public equity financings, collaborations, milestones and licensing opportunities from future collaborations.

Administrative and Corporate Expenses

Administrative and corporate expenses in fiscal year 2015 minimally increased by $31,775 due to an increase in stock based compensation expense as a result of options granted during the year.

Administrative and corporate expenses in fiscal year 2014 were $386,060 above fiscal 2013, due to depreciation recognized corresponding to the increase in the property restoration provision of the Darra leased premises, increased management consultancy fees, and the appointment of Acting Managing Director in fiscal 2014.

Rentals on operating leases increased 45.8% to $221,959 due to the new corporate office established in Melbourne and the CPI increase in lease rental of the Darra premises per the tenancy agreement (2014: $152,279).

Rental costs on the Melbourne corporate office and Darra manufacturing facility attributable to Progen Pharmaceuticals Limited are included in *Administrative and corporate expenses*, whilst rental costs attributable to PharmaSynth are included in *Manufacturing facility expenses*.

Manufacturing Facility Expenses

In the fiscal year 2015, manufacturing facility expenses increased by 34.8% to $2,835,480 over fiscal 2014. This increase is mainly attributed to increase in operating costs due to increased number of employees in spite of some savings derived from staff redundancies during the second and third quarter of the fiscal year. Moreover, the depreciation of the leasehold improvements relating to the manufacturing facility premises were fully recognised.

In the fiscal year 2014, manufacturing facility expenses increased by 69.6% to $2,103,622 over fiscal 2013 due mainly to options granted to employees in 2014, the appointment of Managing Director for the Manufacturing Division, and increase in building maintenance services resulting from the manufacturing facility upgrade.

Other Income

Other income increased 33.2% to $925,848 in fiscal 2015 compared with $694,888 in fiscal 2014 and $858,987 in fiscal 2013. Research and development refund benefits of $853,771 (2014: $613,503) was received during the financial year as a result of the new Research and Development Tax Incentive Scheme. The increase was due to increased research and development expenses in 2014 from the Phase 1 clinical trial of PG545. In fiscal year 2013, there were PI-88 consultancy fees charged to Medigen and an insurance refund was claimed for the company's storm damaged assets.

The components of Other Income as shown in our statement of comprehensive income (loss) included elsewhere in this Annual Report are (in AUD).

	Years Ended June 30,		
	2013	**2014**	**2015**
Other income	$ 858,987	$ 694,888	$ 925,848
Total other income	**$ 858,987**	**$ 694,888**	**$ 925,848**

Income Taxes

Due to the Company's loss position, no income tax expense has been recognized in any period. The Company has tax losses in Australia of $154,936,532 in fiscal 2015 (2014: $153,612,141, 2013: $151,322,342) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose, subject to satisfying the relevant income tax loss carry forward rules. The Company has U.S. federal and state net operating loss carry-forwards of US$8,296,000 and US$63,000, which have a carry forward period between 2028 – 2029 are available a maximum of 20 years, subject to a continuity of ownership test.

Item 5.B. Liquidity and Capital Resources

Sources of Liquidity

Since inception, we have financed our operations primarily through public and private sales of equity securities totaling approximately $197.7 million in net proceeds. The Company ended the 2015 fiscal year with cash and cash equivalents totaling $2,813,301 compared with $5,596,215 at the end of fiscal 2014. Cash and cash equivalents at June 30, 2015 were represented by a mix of highly liquid interest bearing investments with maturities ranging from 30 to 90 days and deposits on call. These investments do not constitute any material financial market risk exposure. We believe that these investments do not constitute any material market risk exposure. The majority of cash and cash equivalents held at June 30, 2015 were in Australian dollars with the Company maintaining a small balance of U.S. dollars to service its U.S. operating subsidiary, Progen Pharmaceuticals, Inc.

The Group incurred a net loss of $4,684,104 for the year ended 30 June 2015. As at 30 June 2015 the consolidated entity has cash reserves of $2,813,301, net current assets of $3,036,429 and net assets of $3,461,752. The Group is currently active in the discovery, research and development of pharmaceutical therapeutics for the treatment of human diseases.

Current cash inflows are not sufficient to continue to fund operations and based on current and projected expenditure levels management may contemplate a capital raising to continue to fund operations. The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Group to raise additional capital funding in the form of equity and/or government sponsored research;
- the continued support of the current shareholders;
- the ability to successfully develop and extract value from its projects that are under development; and/ or
- The ability to spin-off or cease operations in non-core areas of the Group.

Cash Flows from Operating Activities

Cash of $2,481,739 was disbursed during the year to fund consolidated net operating activities, compared to $2,498,474 in 2014, and $2,560,376 in 2013. During 2015, the increase in operating disbursements outweighed the volume of trade collections. There was however an increase in the R&D tax incentive refund received; thus, there was a minimal decrease in cash available for operations. The decrease in 2014 was due to higher disbursements during 2014 arising from increased research and development costs despite increase in volume of trade collections.

Cash Flows from Investing Activities

Cash inflows from investing activities amounted to $2,313,414 (2014: $4,032,093 inflows; 2013: $3,975,330 outflows). This mainly includes the redemption of short term deposits to fund on-going operations. Capital expenditures of $302,186 (2014: $467,907; 2013: $49,318) include the purchase of manufacturing plant and equipment as part of the strategy to boost operations of the manufacturing facility in line with anticipated increase in production.

Cash Flows from Financing Activities

There were no cash flows from financing activities in 2015 and 2014. In 2013, financing activities provided net cash inflows of $6,149,282 (net of issue costs of $271,723) composing of $5,188,910 being raised from the issuance of ordinary shares from a non-renounceable rights issue of 1:1 and $1,232,095 being raised through a private placement of the Company’s shares.

Funding Requirements

Currently, there are no material commitments for capital expenditures. However, the group expects to incur substantial future expenditure in light of its clinical oncology programs. At present, Progen is undertaking a Phase 1a clinical development program of PG545. In support of this program, additional scientific and nonclinical experiments continue to explore the mechanism of action of PG545. In December 2013, the group commenced the Phase 1a clinical trial to test the safety and tolerability of PG545 in advanced cancer patients using an intravenous route of administration. Future manufacturing to produce GMP batches of PG545 will be required for trials beyond the current Phase 1a clinical trial. Assuming PG545 is able to proceed to Phase 1b and/or Phase 2 clinical trials in 2015/2016, the initiation of such studies will be subject to the group obtaining non-dilutive funding such as government research grants and/or undertaking capital raising to fund this further clinical development. The group will also continue to provide assistance for the further development of PI-88 to Medigen Biotechnology Corporation, the group's licensee.

Future cash requirements will depend on a number of factors, including the scope and results of nonclinical studies and clinical trials, continued progress of research and development programs, the company's out-licensing activities, the ability to generate positive cash flow from contract manufacturing services, the ability to generate revenues from the commercialisation of drug development efforts and the availability of other funding.

The Company estimates that the current cash and cash equivalents are sufficient to fund its on-going operations for at least 7 months from the date of this report. This excludes capital requirements outside of normal operating activities. As part of the requirement of the on-going acquisition strategy to acquire TBG Inc., Progen is required to raise capital ranging between $8 million to $10 million (refer to Item 8.B. for further details).

Item 5.C. Research and Development, Patents and Licenses, etc.

Refer to *Research and Development Expenses* under Item 5.A.

Item 5.D. Trend Information

At June 30, 2015, the Company had $2,813,301 in cash and cash equivalents.

Advancement of the PI-88 Phase III PATRON clinical trial data analysis

On 26 January 2015, the Medigen Board of Directors resolved to bring forward the analysis of PI-88 Phase III PATRON clinical trial data. Medigen executed a study conclusion plan for the PATRON trial with the clinical trial sites and investigators. After the collection of the clinical data, a comprehensive statistical analysis was to be performed and a final clinical study report prepared and submitted to TFDA. Once reviewed, Medigen will then make a decision on the next phase of PI-88 based on the final result of data analysis and discussion with regulatory authorities.

The outcome of the PI-88 PATRON Phase III trial will materially affect whether the Group obtains future milestone and royalty revenue from the PI-88 license.

Proposed acquisition of TBG and Strategic Review

On 1 May 2015, Progen announced that it has signed a Binding Term Sheet to acquire the company TBG Inc. ("TBG") (the "Strategic Transaction") from Medigen Biotechnology Corporation, subject to due diligence, ASX, US OTC, ASIC, Taipei Exchange ("TPEx"), regulatory and shareholder approvals.

On 16 October 2015, the Company announced that it has now signed a share sale and purchase agreement (SSPA) with Medigen Biotechnology Corporation. Pursuant to the share sale and purchase agreement (SSPA), Progen has agreed to issue 101,722,974 new ordinary shares (being 64.8% of the total expanded capital base) to Medigen in consideration of its acquisition of 100% of the issued share capital of TBG.

The completion of the TBG Acquisition is subject to the satisfaction or waiver by the parties of the following outstanding conditions precedent:

1. the Company obtaining all necessary Shareholder approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to complete the matters contemplated by the TBG Acquisition including, without limitation, for the issue of the consideration as specified above;

2. the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law required to allow the parties to lawfully complete the matters set out in the SSPA;

3. the Company completing a raising under a prospectus of not less than $10 million (up to a maximum of $14.5 million) at $0.21 per Share;

4. ASX conditionally confirming that it will re-admit the Company to the Official List; and

5. to the extent required by the ASX or the ASX Listing Rules, Medigen entering into a restriction agreement with the Company in relation to the Consideration Shares.

If the conditions are not satisfied (or waived) (or become incapable of being satisfied and are not waived) on or before 5.00pm AEST on 30 November 2015 (or such other date as the parties approve in writing), then either the Company or Medigen may terminate the SSPA by written notice to the other party.

Progen has also commenced a review of whether to retain, demerge or divest some or all of its current activities in light of the proposed acquisition of TBG (the "Strategic Review"). Progen is currently conducting clinical stage drug development activities with the Phase 1 clinical trial of PG545 directed at testing the safety and tolerability of this drug for use in oncology, and owns a contract manufacturing biopharmaceutical company, PharmaSynth Pty Limited. Progen has determined that it will retain the asset PI-88 and this will not form part of the Strategic Review. The Strategic Review will consider a variety of options with the objective of maximising value for all of the Company's shareholders. The Company indicated that it anticipates the Strategic Review will take approximately 2 to 4 months from 1 May 2015, the date of announcement. However, a final decision has not yet been undertaken at this stage.

Item 5.E. Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet transactions, agreements or other contractual arrangements (including contingent obligations) with any unconsolidated entity that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial conditions, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 5.F. Tabular Disclosure of Aggregate Contractual Obligations

As of June 30, 2015, we had known contractual obligations and commitments of $689,752. Of this amount, $54,686 relates to the payment of our insurance premium, $33,092 relates to research and clinical trial obligation, $101,589 relates to our current operating lease obligations including the lease of our premises, and other commitments of $500,385 which relates to payment obligations under various consulting and advisory agreements.

The following table sets forth our aggregate contractual obligations for the three years following June 30, 2015 (in AUD):

	Payments Due by Period		
Contractual obligations	**Total**	**< 1 year**	**1-3 years**
Operating leases	101,589	98,304	3,285
Research & clinical trial obligation	33,092	33,092	
Insurance premium funding	54,686	54,686	-
Other commitments	500,385	500,385	-
Total	**689,752**	**686,467**	**3,285**

We do not have any contractual obligations that extend beyond the next three years.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Item 6.A. Directors and Senior Management

The following table sets forth certain information as of October 20, 2015 about our directors and key management personnel:

Name	**Position**
Mr. Indrajit Arulampalam	Executive Chairman
Dr. Hongjen Chang	Non-Executive Director
Dr. Christopher Harvey	Non-Executive Director (appointed 16 March 2015)
Mr. Blair Lucas	Company Secretary
Mr. Les Tillack	Chief Executive Officer - PharmaSynth Pty Ltd
Ms. Fleur Lankesheer	Director of Legal & Business Development
Dr. Keith Dredge	Director of Drug Development
Ms. Generosa Hipona	Acting General Manager - Finance

Directors and Key Management Personnel in office at the date of this report

Mr Indrajit Solomon Arulampalam is the current Chairman of Euro Petroleum Limited (Australian public company), a Melbourne based businessman with over 20 years of extensive experience in corporate restructuring, capital raising, listing and running of public companies on the ASX. Having started his career in Accounting, he spent more than 8 years with Westpac Banking Corporation in several key operational and strategic Banking roles before joining boards of public companies.

In 2004 Mr Arulampalam was head hunted by Newsnet Ltd as its CEO to assist in the restructuring of the company, and to position it for an IPO. Since this appointment he was responsible for guiding the company through a successful restructure and positioned Newsnet as a leading innovator in the messaging/telco space to be recognised by the 2006 Australian Financial Review MIS Magazine as one of the "Top 25 global rising stars".

In May 2010, Mr Arulampalam co-founded ASX listed potash mining and exploration company Fortis Mining Ltd (ASX: FMJ). As the Executive Chairman, he was instrumental in the company's acquisition of world class potash assets in Kazakhstan, a monumental deal which ultimately led to the company being awarded "IPO of the Year 2011". Mr Arulampalam was also previously the Chairman of ASX listed companies Great Western Exploration Ltd (ASX: GTE) and Medicvision Limited (ASX : MVH)

Dr Hongjen Chang is an experienced life sciences venture capitalist and is known for his expertise in systems. He is currently the Chairman and CEO of YFY Biotech Management Company ("YFY") and President and CEO of Taiwan Global Biofund ("TGB"). YFY is one of the leading biotechnology investment companies in Taiwan and manages TGB, a ~US$70 million fund, and SME BioFund, a government sponsored matching fund. Dr Chang has sixteen years' experience in government in the Department of Health, Taiwan holding a variety of positions including Deputy Minister, President and CEO of the Bureau of National Health Insurance and Director General of the Center of Disease Control. Dr Chang has a medical degree from National Yang-Ming Medical College, a Master of Science in Public Health from National Taiwan University, and a Master of Health Policy and Management from Harvard School of Public Health.

Dr Christopher Harvey is currently the Chairman of Global Speciality Chemicals Pty Ltd and HealthGuard Corporation Pty Ltd which are privately owned Australian companies engaged in the research and development, manufacture and sales of HealthGuard® – Intelligent Biotech Solutions. HealthGuard®, the world leader in the innovation of Intelligent Biotech Solutions, includes a range of anti-bed bug, anti-dust mite, anti-mosquito, anti-bacterial and anti-fungal treatments for preventing and reducing diseases caused by infestations of the House Dust Mite and Bed bugs, Mosquito blood feeding and various other Gram-positive & Gram-negative strains of bacteria including the Super bugs MRSA and VRE. Dr Harvey holds a Diploma in Art and Design and a Bachelor of Science in Colour Chemistry. Whilst studying for his Bachelor of Science, Dr Harvey concurrently researched a Master of Philosophy in Microbiology and went on to obtain a PhD in Organic Chemistry. Dr Harvey has regularly presented lectures to the governments of Thailand and Vietnam in order to improve their manufacturing skills.

Mr Blair Lucas has served as Company Secretary and in-house counsel for a number of private and public companies in both Australia and China. He has in-depth knowledge of the Australian corporate regulatory environment and significant practical experience in China, including various capital raisings, cross-border transactions and corporate and commercial law. Blair holds an LLb (Hons), a BA in Chinese and is a member of the Governance Institute of Australia.

Mr Les Tillack worked for Progen Pharmaceuticals for 11 years prior to becoming Chief Executive Officer of PharmaSynth in 2008. Les has worked with and overseen the drug PI-88's progression from preclinical to phase 3 manufacture. He has also been responsible for the tech transfer and manufacture of many client products for both clinical applications and marketed products. Les holds a Bachelor of Science in microbiology and a Bachelor of Engineering in Chemical Engineering. Prior to joining Progen, Les spent 11 years working in clinical pathology for Drs Sullivan and Nicolaides Pathologists and has worked on various research projects for both the Department of Primary Industries and the University of Queensland.

Ms Fleur Lankesheer joined Progen as the Director of Legal & Business Development in mid-2010. Fleur was previously a Commercialisation Manager and In-house Intellectual Property Manager with Otago Innovation Ltd. Otago Innovation is the commercialisation office for the University Of Otago in Dunedin, New Zealand. She was also the Business Development Manager for a subsidiary start-up company, Immune Solutions Ltd. Fleur has principally been involved in new chemical and biological entities, biomarkers, diagnostics and medical devices. Fleur has a Bachelor of Science (Biochemistry/Genetics) and a Bachelor of Laws from the University of Otago, and has ten years' post admission legal experience.

Dr Keith Dredge is a UK and European Registered Toxicologist with over 15 years of expertise in drug discovery and development. Keith was previously Director of Preclinical Drug Development at Progen before joining TetraQ, a contract research organisation based at The University of Queensland in mid-2012 as Test Facility Management. Prior to 2006, Keith held academic positions at the University of Queensland (working on immunotherapy approaches for autoimmunity and cancer) and at St. George's University of London, UK (publishing the first articles on Celgene's Revlimid® and Pomalyst®, now approved anti-cancer drugs). Keith has also published several articles on PG545 in prestigious journals including *Molecular Cancer Therapeutics, PLoS One, British Journal of Cancer* and *Investigational New Drugs*. Keith obtained his Ph.D. in Pharmacology in 1999 from the National University of Ireland (Galway). In 1994, he graduated from the Athlone Institute of Technology (Ireland) with a B.Sc. (Hons) in Toxicology.

Ms Generosa Hipona joined Progen in 2008 and was the Group Financial Accountant prior to assuming the role of Acting General Manager – Finance in December 2014. Prior to joining Progen, Ms Hipona worked as an Auditor in-charge in KPMG Manila where she had a wide exposure in commercial audit, technical accounting works, tax and some consultancy services obtained from various client engagements. She was also an Audit supervisor of a branch of the AMA Group of Companies, the largest educational network in Asia. She became the Chief Accountant of Philippine Industrial Engineering Company in Makati City, Philippines and was primary responsible for overseeing and managing Finance. She also served as Accountant of OQYANA Limited, a real estate company based in Dubai, United Arab Emirates. Ms Hipona holds a Bachelor of Science in Accountancy from Saint Mary's University (Philippines) and is a Certified Practising Accountant. She is also currently completing Graduate Diploma in Applied Corporate Governance through the Governance Institute of Australia.

Director who was in office during the year, but not at June 30, 2015:

Mr Heng Hsin Tang has a bachelor's degree in Civil Engineering with honours, and an MBA from the University of Queensland. Mr Tang has more than 10 years of experience in project and financial managements in engineering and property development, specialising in feasibility studies, cash-flow management, structural finance and acquisitions for major projects. Until recently, Mr Tang was Commercial Manager for a national property developer, and managed the finance for their Queensland projects valued at over $1bn.

Our executive officers are appointed by, and serve at the pleasure of, our board of directors. There are no family relationships among our directors or executive officers. No director has a contractual right to serve as a member of our board of directors.

Item 6.B. Compensation

The following table sets forth certain information concerning the compensation that we paid to our directors and our five most highly compensated executive officers, both individually and as a group, during the fiscal year ended June 30, 2015:

Table 1: Directors' remuneration for the year ended June 30, 2015.

		Short term			Post-employment	Long term benefits	Share-based payment		
Directors		**Salary and fees[5] $**	**Cash bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Long service leave[6]**	**Options $**	**Total $**	**Options Remune-ration %**
Stuart James[1]	**2015**	**-**	**-**	**-**			**-**	**-**	**-**
	2014	94,375	-	-			-	94,375	-
Indrajit Aruampalam	**2015**	**80,000**	**-**	**-**	**-**		**8,703**	**88,703**	**9.8**
	2014	75,906	-	-	-		-	75,906	-
Woei-Jia Jiang[2]	**2015**	**-**	**-**	**-**	**-**		**-**	**-**	**-**
	2014	**3,360**	**-**	**-**	**311**		**-**	**3,671**	**-**
Heng Tang[3]	**2015**	**140,729**	**-**	**-**	**13,727**	**(225)**	**11,790**	**166,021**	**7.1**
	2014	177,771	-	-	15,804	225	-	193,800	-
Hongjen Chang	**2015**	**60,000**	**-**	**-**	**-**	**-**	**8,703**	**68,703**	**12.7**
	2014	35,231	-	-	-	-	-	35,231	-
Christopher Harvey[4]	**2015**	**17,500**	**-**	**-**	**-**	**-**	**-**	**17,500**	**-**
	2014	-	-	-	-	-	-	-	-
Total – Executive and Non-Executive Directors	**2015**	**298,229**	**-**	**-**	**13,727**	**(225)**	**29,196**	**340,927**	**8.6**
	2014	386,643	-	-	16,115	225	-	402,983	-

[1] Retired 28 November 2013
[2] Resigned 12 July 2013
[3] Resigned 13 March 2015
[4] Appointed 16 March 2015
[5] Includes changes in accruals for annual leave
[6] This pertains to the movements in long service leave provision

Table 2: Remuneration for the other key management personnel (KMP) for the year ended 30 June 2015.

		Short term			Post employment	Long term benefits	Share-based payment		
Other key management personnel		**Salary and fees[4] $**	**Cash bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Long service leave[5] $**	**Options $**	**Total $**	**Options Remune-ration %**
Fleur Lankesheer	**2015**	**185,272**	**-**	**-**	**25,507**	**2,751**	**9,109**	**222,639**	**4.1**
	2014	167,642	-	-	24,314	1,790	5,722	199,468	2.9
Leslie Tillack	**2015**	**169,313**	**-**	**-**	**15,200**	**13,610**	**18,219**	**216,342**	**8.4**
	2014	140,828	5,484[3]	-	12,450	3,997	11,444	174,203	6.6
Blair Lucas	**2015**	**59,000**	**-**	**-**	**-**	**-**	**1,672**	**60,672**	**2.8**
	2014	45,727	-	-	-	-	-	45,727	-
Lee Horobin[1]	**2015**	**57,466**	-	-	-	-	2,531	**59,997**	4.2
	2014	104,089	-	-	-	-	-	104,089	-
Keith Dredge	**2015**	**186,118**	**-**	**-**	**25,473**	**801**	**9,109**	**221,501**	**4.1**
	2014	154,286	-	-	22,265	212	7,635	184,398	4.1
Generosa Hipona[2]	**2015**	**53,986**			**6,949**	**1,512**	**1,564**	**64,011**	**2.4**
	2014	-	-	-	-	-	-	-	-
Total - Other key management personnel	**2015**	**711,155**	**-**	**-**	**73,129**	**18,674**	**42,204**	**845,162**	**5.0**
	2014	612,572	5,484	-	59,029	5,999	24,801	707,885	3.5

[1] Contract finished 1 December 2014
[2] Became KMP 1 December 2014
[3] Incentive bonus granted on 9 December 2013 based on the achievement of certain non-financial objectives. 100% of the bonus vested and was paid in the 2014 financial year. The bonus paid to Leslie Tillack represents 20% of the available bonus.
[4] Includes changes in accrual for annual leave
[5] This pertains to the movements in long service leave provision

Item 6.C. Board Practices

We currently have three directors. Our constitution provides that at least one-third of our directors (except the managing director) must retire at each annual general meeting of shareholders. As a result, only a portion of our board of directors will be elected each year.

Further, our constitution provides that directors appointed either to fill a casual vacancy or as an addition to the existing directors hold office until the next annual general meeting and are not to be taken into account in determining the directors who are to retire by rotation.

No termination benefits are provided to directors other than statutory superannuation.

Audit Committee. At October 20, 2015, our audit committee are assumed by the whole board being Mr. Indrajit Arulampalam (Chair), Dr. Hongjen Chang, and Dr. Christopher Harvey. The authority and responsibilities of our audit committee are set forth in its charter and includes:

- The appointment, compensation, retention, and oversight of the work of the independent auditors who report directly to the audit committee;
- The approval of all audit and non-audit engagements and fees with the independent auditors;
- The authority to engage, without board approval, independent legal counsel and other advisors, at the Company's expense, as deemed necessary to carry out its duties;
- Reviewing and monitoring the framework of our internal controls and the objectivity of our financial reporting;
- Oversight of the adequacy and effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures;
- Reviewing, prior to filing, our unaudited interim or audited annual financial statements and discussing the statements and reports with our management and the independent auditors, including any significant adjustments, management judgments and estimates, new accounting policies and disagreement with management;
- Reviewing and discussing with management the Company's interim and year-end earnings press releases prior to the release being issued; and
- Establishing and reviewing procedures for complaints received by us regarding accounting matters.

Remuneration Committee. At 30 June 2015, the responsibilities of our remuneration committee are assumed by the full board. The function of our remuneration committee includes:

- Reviewing and, as it deems appropriate, recommending to our board of directors, policies, practices and procedures relating to the compensation arrangements for management and other personnel, including the granting of options under our option plans;

- Establishing and reviewing general compensation policies with the objective to attract and retain superior talent, reward individual performance and achieve our financial goals; and

- Advising and consulting with our executive officers regarding managerial personnel and development.

Service Agreements. Generally, the Company's policy is to enter into service contracts with executive directors and senior executives on appointment that are unlimited in term but capable of termination on specified notice periods and that the Company has the right to terminate the contract immediately by making payment equal to the specified notice period as pay in lieu of notice other than for misconduct when termination is immediate. The executive directors and senior executives are also entitled to receive on termination of employment their statutory entitlements of accrued annual leave and long service leave. Blair Lucas, Company Secretary is currently retained on a consultancy basis.

The service contract outlines the components of remuneration paid to the executive directors and key management personnel but does not prescribe how remuneration levels are modified year to year.

The current termination notice periods included in the service agreements with key management personnel are detailed below:

F Lankesheer, Director of Business Development and Legal
- Term of agreement – unlimited, capable of termination on notice of 12 weeks.
- Base salary, inclusive of superannuation, of $204,095, last reviewed on 17 July 2014

L Tillack, Chief Executive Officer - PharmaSynth
- Term of agreement – unlimited, capable of termination on notice of 26 weeks.
- Base salary, inclusive of superannuation, of $175,200, last reviewed on 17 July 2014

B Lucas, Company Secretary
- Term of consultancy agreement – variable depending on completion of projects
- Consulting fees paid on a monthly rate
- No allowance for a termination payment

K Dredge, Director of Drug Development
- Term of agreement – unlimited, capable of termination on notice of 12 weeks.
- Base salary, inclusive of superannuation, of $204,095 last reviewed on 17 July 2014

G Hipona, Acting GM Finance
- Term of agreement – unlimited, capable of termination on notice of 4 weeks.
- Base salary, inclusive of superannuation, of $107,678 last reviewed on 17 July 2014

Item 6.D. Employees

The number of persons, including executive directors, employed by the Company as of June 30, 2015, 2014 and 2013, broken down by activity is shown below:

	As of June 30,		
	2013	**2014**	**2015**
Management and administration	7	12	7
Research and development	2	3	3
Manufacturing	19	21	14
Total	**28**	**36**	**24**

All employees are based at our research and manufacturing facility at Darra, Queensland.

None of our employees are represented by a labor union, nor have we experienced work stoppages. We believe that our relations with our employees are good.

Item 6.E. Share Ownership

The following table sets forth, for each director or senior executive of the Company, their interest in the ordinary shares of the Company (including the interests of their immediate families and persons connected with them) and the percentage of the Company's outstanding share capital represented by such ownership interests as of October 20, 2015.

Name	**Number of Issued Ordinary Shares**	**Percentage of Issued Ordinary Shares (1)**	**Number of Ordinary Shares Issuable Pursuant to Options**
Indrajit Arulampalam	40,000	0.07 %	120,000
Hongjen Chang	-	-	120,000
Christopher Harvey	-	-	-
Blair Lucas	-	-	30,000
Fleur Lankesheer	-	-	80,000
All directors and executive officers As a group (5 persons)	**40,000**	**0.07 %**	**350,000**

Option Plans

The following director and employee option plans were in existence during the fiscal year ended June 30, 2015. The plans are overseen by the Remuneration Committee which determines the terms under which eligible individuals may participate. There were a total of 760,000 share options granted during the 2015 financial year.

In accordance with Australian law, we will not grant any option if, after such issuance, the number of options issued to non-executive employees during the previous five years whether or not exercised and which have not yet terminated or expired would exceed 5% of the then total number of outstanding ordinary shares. In accordance with Australian Securities Exchange Listing Rules all grants of options to directors require the prior approval from our shareholders.

In November 2010, our shareholders approved the directors and employee option incentive plan. All our directors and all employees, whether full time or part time, are eligible to participate in this plan. The minimum exercise price of options granted under this plan shall not be less than the average closing share price as recorded on the Australian Securities Exchange in the five business days preceding the grant of those options. The expiry date of options issued under this plan cannot exceed 10 years from the date of grant. As of 20 October 2015, there were 989,200 employee options outstanding.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Item 7.A. Major Shareholders

The table below shows all holders who, to the Company's knowledge, own, directly or indirectly, 5% or more of the Company's ordinary shares, as of October 16, 2013, October 17, 2014, and October 20, 2015 each being the most recent practicable date before reporting for the last three fiscal years.

	2013		2014		2015	
Name	**# of Shares**	**% of issued shares**	**# of Shares**	**% of issued shares**	**# of Shares**	**% of issued shares**
HSBC Custody Nominees (Australia) Limited	-	-	5,312,116	9.97	12,866,266	23.27
BNP Paribas Nominee Pty Ltd (EFG Bank AG DRP)	-	-	7,745,570	14.53	7,745,570	14.01
Medigen Biotechnology Corp (2)	4,192,964	7.80	4,192,964	7.58	4,192,964	7.58
TBG Inc.(1)	6,700,000	12.47	6,700,000	12.57	-	-
JP Morgan Nominees Australia Limited	7,803,774	14.52	-	-	-	-

(1) Substantial holder notice lodged 29 May 2013

(2) Change of substantial holding notice lodged 29 May 2013

As of October 20, 2015, a total of 2,106,851 ordinary shares (or 3.81%) of the total number of our ordinary shares then outstanding) were held by five registered holders with registered addresses in the United States. As the majority of these ordinary shares were held by brokers or other nominees, the number of record or registered holders in the U.S. is not representative of the number of beneficial holders in the U.S. or of the residence of the beneficial holders. There are no different voting rights for major shareholders.

On August 5, 2009, the Company announced that it had commenced legal proceedings in the Supreme Court of Queensland against a group of shareholders alleged to have contravened section 606 of the Corporations Act 2001. The alleged contraventions relate to the respondents (together having an interest in the shares of Progen greater than 20%) acting in concert for the purpose of controlling or influencing the composition of the board of Progen. On November 18, 2009, a settlement was reached with a number of key respondents representing 19.32% of the voting shares. The parties to the settlement agreed that in respect of board composition resolutions at general meetings, the votes would be assigned to Stuart James as Chairman. This arrangement was in place from the date of settlement until May 17, 2011.

Except for the circumstances mentioned above, to the best of our knowledge, we are not owned or controlled, directly or indirectly, by another corporation, by any foreign government or by any other natural or legal persons severally or jointly, and we disclaim control by the companies, entities or individuals listed in the table above. We do not know of any arrangements in place that could result in a change in control of our Company.

Item 7.B. Related Party Transactions

Except as disclosed herein and elsewhere in this Annual Report, there were no material transactions to which we were a party and in which any of our directors, executive officers or major shareholders (or any of their affiliates, associates or enterprises) were involved since July 1, 2015.

None of our directors, executive officers or major shareholders (or any of their affiliates, associates or enterprises) was indebted to us at any time since July 1, 2015.

ITEM 8. FINANCIAL INFORMATION

Item 8.A. Consolidated Statements and Other Financial Information

Our audited financial statements and related notes for our fiscal years ended June 30, 2013, 2014 and 2015 are contained on pages F-1 through F-35 of this Annual Report.

Export Sales

The following table indicates the percent of revenues derived from export:

	For the Years Ended June 30,		
	2013	**2014**	**2015**
Contract manufacture export revenues	$ 1,528,948	$ 3,288,783	$ 820,616
% of total revenues derived from export	43.6 %	57.1 %	23.8 %

The percentage of contract manufacturing revenues derived from customers outside Australia fluctuates as these contracts are typically ad-hoc in nature.

In fiscal 2015, we derived 29.5% of our total revenues from one Australian-based customer, Zensun (Aust) Sci & Tech Co Pty Ltd. In fiscal 2014 and 2013, we derived 19.8% and 23.0%, respectively, of our total revenues from one Australian-based customer, Pfizer Animal Health.

Dividend Policy

We have never declared cash dividends on our ordinary shares and have no present intention of declaring such cash dividends in the foreseeable future. Our board of directors will not be able to recommend the payment of any dividends until we make a profit. Future profitability will depend on future earnings and our working capital requirements. Our board of directors currently intends to reinvest income in the continued development and operations of our business. We expect to continue to generate operating losses on our research and development projects until products arising from our research and development activities are successfully commercialized. Factors beyond our control, such as market competition, exchange rate fluctuations and changing government policy may also affect profitability and our capacity to pay dividends.

Item 8.B. Significant Changes

Advancement of the PI-88 Phase III PATRON clinical trial data analysis

On 26 January 2015, the Medigen Board of Directors resolved to bring forward the analysis of PI-88 Phase III PATRON clinical trial data. Medigen executed a study conclusion plan for the PATRON trial with the clinical trial sites and investigators. After the collection of the clinical data, a comprehensive statistical analysis was to be performed and a final clinical study report prepared and submitted to TFDA. Once reviewed, Medigen will then make a decision on the next phase of PI-88 based on the final result of data analysis and discussion with regulatory authorities.

The outcome of the PI-88 PATRON Phase III trial will materially affect whether the Group obtains future milestone and royalty revenue from the PI-88 license.

Board changes

On 13 March 2015, Mr. Heng Tang resigned as Non-executive director of the group and Managing Director of PharmaSynth. Following his resignation, Dr. Christopher Harvey was appointed as Non-executive director on 16 March 2015.

Proposed acquisition of TBG and Strategic Review

On 1 May 2015, Progen announced that it has signed a Binding Term Sheet to acquire the company TBG Inc. (“TBG”) (the “Strategic Transaction”) from Medigen Biotechnology Corporation, subject to due diligence, ASX, US OTC, ASIC, Taipei Exchange (“TPEx”), regulatory and shareholder approvals.

On 16 October 2015, the Company announced that it has now signed a share sale and purchase agreement (SSPA) with Medigen Biotechnology Corporation. Pursuant to the share sale and purchase agreement (SSPA), Progen has agreed to issue 101,722,974 new ordinary shares (being 64.8% of the total expanded capital base) to Medigen in consideration of its acquisition of 100% of the issued share capital of TBG.

The completion of the TBG Acquisition is subject to the satisfaction or waiver by the parties of the following outstanding conditions precedent:

1. the Company obtaining all necessary Shareholder approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to complete the matters contemplated by the TBG Acquisition including, without limitation, for the issue of the consideration as specified above;

2. the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law required to allow the parties to lawfully complete the matters set out in the SSPA;

3. the Company completing a raising under a prospectus of not less than $10 million (up to a maximum of $14.5 million) at $0.21 per Share;

4. ASX conditionally confirming that it will re-admit the Company to the Official List; and

5. to the extent required by the ASX or the ASX Listing Rules, Medigen entering into a restriction agreement with the Company in relation to the Consideration Shares.

If the conditions are not satisfied (or waived) (or become incapable of being satisfied and are not waived) on or before 5.00pm AEST on 30 November 2015 (or such other date as the parties approve in writing), then either the Company or Medigen may terminate the SSPA by written notice to the other party.

Progen has also commenced a review of whether to retain, demerge or divest some or all of its current activities in light of the proposed acquisition of TBG (the “Strategic Review”). Progen is currently conducting clinical stage drug development activities with the Phase 1 clinical trial of PG545 directed at testing the safety and tolerability of this drug for use in oncology, and owns a contract manufacturing biopharmaceutical company, PharmaSynth Pty Limited. Progen has determined that it will retain the asset PI-88 and this will not form part of the Strategic Review. The Strategic Review will consider a variety of options with the objective of maximising value for all of the Company’s shareholders. The Company indicated that it anticipates the Strategic Review will take approximately 2 to 4 months from 1 May 2015, the date of announcement. However, a final decision has not yet been undertaken at this stage.

Except as disclosed elsewhere in this Annual Report, no significant change has occurred since the date of the annual financial statements included in this Annual Report.

ITEM 9. THE OFFER AND LISTING

Item 9.C. Markets

The principal non-United States trading market for our ordinary shares is the Australian Securities Exchange, or the ASX, under the code "PGL". Our ordinary shares are also quoted on the OTCQB Market under the symbol "PGLA".

Price Range of Ordinary Shares

Australian Securities Exchange (ASX)

The following table sets forth the high and low closing sales prices in Australian dollars and the trading volume of our ordinary shares as reported on the ASX during the periods indicated:

	High	Low	Trading Volume
Yearly Data:			
Fiscal year 2011	0.47	0.22	2,788,900
Fiscal year 2012	0.29	0.12	1,855,200
Fiscal year 2013	0.30	0.14	2,096,500
Fiscal year 2014	1.29	0.15	5,239,600
Fiscal year 2015	1.26	0.14	11,308,500
Quarterly Data:			
Third Quarter 2013	0.27	0.15	1,147,100
Fourth Quarter 2013	0.27	0.19	810,000
First Quarter 2014	1.29	0.25	2,027,000
Second Quarter 2014	1.12	0.80	1,255,500
Third Quarter 2014	1.26	0.19	7,513,800
Fourth Quarter 2014	0.23	0.16	644,300
First Quarter 2015	0.23	0.14	1,736,300
Second Quarter 2015	0.23	0.15	1,414,100
Third Quarter 2015	0.21	0.15	425,500
Monthly Data:			
June 2015	0.23	0.18	488,100
July 2015	0.20	0.18	162,300
August 2015	0.21	0.15	122,100
September 2015	0.19	0.15	141,100

OTCQB Market (formerly listed on Nasdaq Capital Market)

The following table sets forth the high and low closing sales prices in United States dollars and the trading volume of our ordinary shares as reported on the NASDAQ Capital Market (to July 2, 2010) and the OTCQB Market (from July 5, 2010 onwards) during the periods indicated:

	High	Low	Trading Volume
Yearly Data:			
Fiscal year 2011	0.35	0.20	325,500
Fiscal year 2012	0.26	0.12	165,000
Fiscal year 2013	0.29	0.12	311,200
Fiscal year 2014	1.28	0.09	2,315,700
Fiscal year 2015	1.86	0.08	1,366,900
Quarterly Data:			
First Quarter 2012	0.24	0.12	68,100
Second Quarter 2012	0.22	0.13	13,000
Third Quarter 2012	0.20	0.12	41,300
Fourth Quarter 2012	0.26	0.17	62,800
First Quarter 2013	0.26	0.20	10,000
Second Quarter 2013	0.29	0.17	197,100
Third Quarter 2013	0.22	0.09	1,647,400
Fourth Quarter 2013	0.25	0.17	135,400
First Quarter 2014	1.28	0.22	413,700
Second Quarter 2014	1.11	0.72	119,200
Third Quarter 2014	1.86	0.19	719,200
Fourth Quarter 2015	0.21	0.16	231,000
First Quarter 2015	0.19	0.14	192,200
Second Quarter 2015	0.18	0.08	216,500
Third Quarter 2015	0.18	0.11	135,200
Monthly Data:			
June 2015	0.18	0.14	48,500
July 2015	0.18	0.15	22,500
August 2015	0.17	0.16	3,000
September 2015	0.16	0.11	109,700

On October 9, 2015, the closing sales price of the ordinary shares as reported on the ASX and the OTCQB Market was AU$0.17 and US$0.13, respectively.

ITEM 10. ADDITIONAL INFORMATION

Item 10.A. Share Capital

The Company did not raise capital in 2015 and 2014. In May 2013 the Company issued 24,709,097 ordinary shares at $0.21 pursuant to a non-renounceable rights issue of 1:1 and 5,867,121 ordinary shares at $0.21 pursuant to a private placement.

Following the rights issue and placement the Company has 55,285,315 ordinary shares on issue.

Item 10.B. Memorandum and Articles of Association

Constitution

Our constituent document is a Constitution which is similar in nature to the by-laws of a company incorporated under the laws of the U.S.The Constitution is subject to the terms of the Listing Rules of ASX Limited and the Corporations Act 2001. The Constitution may be amended or repealed and replaced by special resolution of shareholders, which is a resolution of which notice has been given and that has been passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution. A copy of our constitution is contained in our Registration Statement on Form F-3 filed with the SEC on March 22, 2007.

A description of our ordinary shares and warrants, including brief summaries of the rights of our shareholders and warrant holders as conferred by our constitution and Australian law is incorporated by reference to the description of our securities contained in our Registration Statement on Form F-3 filed with the SEC on March 22, 2007 and updated as follows:.

General

As of October 20, 2015, we had 55,285,315 ordinary shares outstanding. No ordinary shares are held by or on behalf of Progen.

Our directors and senior management also hold 545,000 outstanding options to purchase ordinary shares which are exercisable at various dates and for various exercise prices into fully paid ordinary shares.

Dividends

Holders of ordinary shares are entitled to receive such dividends as may be declared by the board of directors. All dividends are declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid. As of the date of this 20F, there have been no dividends paid to holders of ordinary shares.

Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be paid to, and held by, the Public Trustee of Queensland. The payment by the board of directors of any unclaimed dividend, interest or other sum payable on or in respect of an ordinary share or a preference share into a separate account shall not constitute us as a trustee in respect thereof.

Item 10.C. Material Contract

License and Collaboration Agreement with Medigen Biotechnology Corp. – PI-88

On June 30, 2010, the Company signed a license and collaboration agreement with Medigen Biotechnology Corp. for the exclusive rights to PI-88. We are entitled to various milestone payments linked to progression in the development of PI-88, as well as a royalty on all product sales upon commercialization. To date, two milestone payments have been received relating to progress in the clinical development of PI-88.

License Agreement with Medigen Biotechnology Corp.- PG545

On 28 December 2012 Progen signed a confidential binding term sheet ("Term Sheet") for a License with Medigen Biotechnology Corporation (Taipei, Taiwan). On 1 March 2013, Progen announced that the PG545 formal License Agreement had been executed with Medigen Biotechnology Corporation. The License relates to the development and commercialisation of PG545 for the prevention and treatment of Hepatocellular Carcinoma ("HCC") and Non-Oncology indications globally. Progen retains the remaining oncology rights to PG545.

Progen received an upfront payment pertaining to the License upon the execution of the Term Sheet. Progen will receive further milestone payments as PG545 is developed for HCC and non-oncology indications and royalty payments from sales.

Share Sale and Purchase Agreement (SSPA) with Medigen Biotechnology Corp.

On 1 May 2015, Progen signed a Binding Term Sheet to acquire the company TBG Inc. ("TBG") (the "Strategic Transaction") from Medigen Biotechnology Corporation, subject to due diligence, ASX, US OTC, ASIC, Taipei Exchange ("TPEx"), regulatory and shareholder approvals. On 16 October 2015, Progen announced that it has now signed a share sale and purchase agreement (SSPA) with Medigen Biotechnology Corporation to acquire the company TBG Inc. ("TBG") (the "Strategic Transaction") from Medigen Biotechnology Corporation. Pursuant to the share sale and purchase agreement (SSPA), Progen has agreed to issue 101,722,974 new ordinary shares (being 64.8% of the total expanded capital base) to Medigen in consideration of its acquisition of 100% of the issued share capital of TBG. Please refer to item 8.B. for further details.

Item 10.D. Exchange Controls

In the early 1980s, the Australian Government began a program of deregulation of the Australian financial sector. This led to the introduction of competition from foreign banks and, perhaps more notably, the deregulation of foreign exchange controls. Deregulation has been at the forefront of Australian Government policy since the early 1980s and, except as discussed below, there are no laws or regulations in Australia that restrict the export or import of capital or affect the remittance of dividends or other payments to holders of our ordinary shares who are non-residents of Australia, subject to withholding taxes under Australian law with respect to remittances of dividends (to the extent the taxes on the dividends are not paid by us) and interest payments. See "Taxation" below.

The Foreign Acquisitions and Takeovers Act 1975

The Foreign Acquisitions and Takeovers Act 1975 is an act of the Parliament of the Commonwealth of Australia which seeks to regulate overseas investment in Australia. By and large, the Government's policy is to encourage foreign investment provided that it is consistent with the needs of the Australian community. Although restrictions are applied in certain areas, in the majority of industry sectors, proposals are approved unless they are judged contrary to the national interest. The Act requires compulsory notification of certain proposed acquisitions of Australian assets and makes other proposed acquisitions and arrangements subject to prohibition or divestiture after they have been examined and found to be contrary to the national interest.

The Financial Transactions Reports Act 1988

The Financial Transactions Reports Act 1988 is an act of the Parliament of the Commonwealth of Australia, designed to facilitate the administration and enforcement of Australia's revenue laws. It provides for the reporting of certain financial transactions and transfers, including the export or import of currency exceeding $10,000 to the Cash Transactions Reporting Agency.

The Income Tax Assessment Act of 1936 and the Income Tax Assessment Act of 1997 (collectively, the "Tax Act")

The Tax Act is the principal law of the Commonwealth of Australia, concerning the collection and administration of taxes (except goods and services tax). Under the Tax Act, overseas residents are obliged to pay income tax in Australia on income derived from Australian sources.

Item 10.E. Taxation

The following is a summary of the current tax laws of the U.S. (including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions) and Australia as they relate to us and our shareholders, including United States and other non-Australian shareholders. The summary is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change, possibly on a retroactive basis. The discussion does not address any aspects of U.S. taxation other than federal income taxation or any aspects of Australian taxation other than federal income taxation, inheritance taxation, stamp duty and goods and services tax.

Prospective purchasers of ordinary shares are advised to consult their own tax advisors with respect to the specific tax consequences to them of the purchase, ownership and disposition of ordinary shares, including, in particular, the effect of any foreign, state or local taxes.

Australian Tax Consequences

Non-Australian residents are liable to pay tax on income derived from Australian sources. The mechanism by which that tax is paid (for non-residents who have no permanent establishment in Australia or where the income is not connected with a permanent establishment) is known as withholding tax. Dividends paid by a resident Australian company to a resident of the United States of America are subject to withholding tax at the rate of 15%. The rate of withholding tax on dividends is normally 30%, but since the United States has concluded a double tax treaty agreement with Australia, the rate is reduced to 15%. It should be noted, however, that under Section 128B(3) of the Tax Act, to the extent that dividends paid to non-residents have been franked (generally where a company pays tax itself), such dividends are exempt from withholding tax. “Franked dividends” is the expression given to dividends when the profits out of which those dividends are paid have been taxed in our hands. Accordingly, an Australian company paying fully franked dividends to a non-resident is not required to deduct any withholding tax. Dividends on which withholding tax has been paid are not subject to any further Australian tax. In other words, the withholding tax represents the final Australian tax liability in relation to those dividends.

The pertinent provisions of the double tax treaty between Australia and the United States provide that dividends are primarily liable for tax in the country of residence of the beneficial owner. However, the source country, in this case Australia, may also tax them, but in such case the tax will be limited to 15%. Where the beneficial owner is a United States resident corporation that holds at least 10% of us, the tax will be limited to 5%. The 15% limit does not apply to dividends derived by a resident of the United States of America who has a permanent establishment or fixed base in Australia, if the holding giving rise to the dividends is effectively connected with that establishment or base. Such dividends are taxed in the normal way as business profits or independent personal services income as the case may be.

We have not paid any cash dividends since our inception and we do not anticipate the payment of cash dividends in the foreseeable future. Additionally, we expect to incur additional operating losses until products arising from our research and development programs are successfully commercialized. See "Item 8.A. Financial Statements and Other Financial Information–Dividend Policy."

Capital gains tax in Australia is payable on real gains over the period in which the shares have been held, that is, the difference between the selling price and the original cost price. The cost price is indexed for inflation if the shares have been held for more than one year, and individual taxpayers can, with respect to shares held for more than one year, elect to forego indexation of the cost base in exchange for being taxed on 50% of the realized gain. Capital losses are available as deductions but only against other capital gains.

Stamp Duty

Any transfer of shares through trading on the ASX and OTCQB, whether by Australian residents or foreign residents, are not subject to stamp duty.

Australian Death Duty

Australia does not have estate or death duties. No capital gains tax liability is realized upon the inheritance of a deceased person’s shares. The disposal of inherited shares by beneficiaries, may, however, give rise to a capital gains tax liability.

Goods and Services Tax

The issue or transfer of shares will not incur Australian goods and services tax and does not require a stockholder to register for Australian goods and services tax purposes.

U.S. Federal Income Tax Considerations

The following discussion summarizes the principal U.S. federal income tax considerations relating to the purchase, ownership and disposition of our ordinary shares or warrants by a U.S. holder (as defined below) holding such shares or warrants as capital assets (generally, property held for investment). This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations, administrative pronouncements of the U.S. Internal Revenue Service (the “IRS”) and judicial decisions, all as in effect on the date hereof, and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. This summary does not describe any state, local or non-U.S. tax law considerations, or any aspect of U.S. federal tax law other than income taxation; U.S. holders are urged to consult their own tax advisors regarding such matters.

This summary does not purport to address all material federal income tax consequences that may be relevant to a holder of ordinary shares or warrants. This summary does not take into account the specific circumstances of any particular investors, some of which (such as tax-exempt entities, banks or other financial institutions, insurance companies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, regulated investment companies, real estate investment trusts, U.S. expatriates, investors liable for the alternative minimum tax, partnerships and other pass-through entities, investors that own or are treated as owning 10% or more of our voting stock, investors that hold the ordinary shares or warrants as part of a straddle, hedge, conversion or constructive sale transaction or other integrated transaction, and U.S. holders whose functional currency is not the U.S. dollar) may be subject to special tax rules**.** This discussion does not address U.S. federal tax laws other than those pertaining to U.S. federal income taxation (such as estate or gift tax laws or the Medicare tax on investment income), nor does it address any aspects of U.S. state or local or non-U.S. taxation.

As used below, a "U.S. Holder" is a beneficial owner of an ordinary share or warrant that is, for U.S. federal income tax purposes, (i) a citizen or resident alien individual of the United States, (ii) a corporation (or an entity taxable as a corporation) created or organized under the law of the United States, any State thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person. For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of an ordinary share or warrant that is (i) a non-resident alien individual, (ii) a corporation (or an entity taxable as a corporation) created or organized in or under the law of a country other than the United States or a political subdivision thereof or (iii) an estate or trust that is not a U.S. holder. This discussion does not address any aspect of U.S. federal gift or estate tax, or state, local or non-U.S. tax laws. Additionally, the discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold ordinary shares through such entities. If a partnership (including for this purpose any entity treated as a partnership for U.S. federal tax purposes) is a beneficial owner of ordinary shares or warrants, the U.S. federal tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of ordinary shares or warrants that is a partnership and partners in that partnership are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of purchasing, holding and disposing of ordinary shares or warrants.

We have not sought a ruling from the IRS or an opinion of counsel as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court.

GIVEN THE COMPLEXITY OF THE TAX LAWS AND BECAUSE THE TAX CONSEQUENCES TO ANY PARTICULAR INVESTOR MAY BE AFFECTED BY MATTERS NOT DISCUSSED HEREIN, PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF ORDINARY SHARES OR WARRANTS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS.

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS UNDER TREASURY CIRCULAR 230, WE INFORM YOU THAT (1) ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES CONTAINED HEREIN (INCLUDING ANY ATTACHMENTS), UNLESS OTHERWISE SPECIFICALLY STATED, WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE UNITED STATES INTERNAL REVENUE CODE, AND (2) EACH U.S. HOLDER SHOULD SEEK ADVICE BASED UPON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Allocation of Purchase Price Between Ordinary Shares and Warrants

A U.S. Holder that purchased our ordinary shares and warrants as a unit on their initial issuance generally will be required to allocate the purchase price of such unit between each ordinary share and each warrant that comprise the unit based on the relative fair market value of each. Of the purchase price for any unit that we offered, we allocated a portion to each ordinary share and to each warrant comprising part of such unit, as described in the prospectus supplement relating thereto. For U.S. Holders that purchased our ordinary shares and warrants as a unit on their initial issuance, the price allocated to each ordinary share and each warrant generally will be such U.S. Holder's tax basis in such share or warrant, as the case may be. While uncertain, the IRS, by analogy to the rules relating to the allocation of the purchase price to components of a unit consisting of debt and equity, may take the position that our allocation of the purchase price will be binding on a U.S. Holder of a unit, unless the U.S. Holder explicitly discloses in a statement attached to the U.S. Holder's timely filed U.S. federal income tax return for the taxable year that includes the acquisition date of the unit that the U.S. Holder's allocation of the purchase price between each ordinary share and each warrant that comprise the unit is different than our allocation. Our allocation would not, however, be binding on the IRS.

Each U.S. Holder that purchased our ordinary shares and warrants as a unit on their initial issuance is urged to consult their own tax advisor with respect to the risks associated with an allocation of the purchase price between the ordinary shares and each warrant that comprise a unit that is inconsistent with our allocation of the purchase price.

Taxation of Distributions

U.S. Holders. In general, subject to the passive foreign investment company ("PFIC") rules discussed below, a distribution on an ordinary share will constitute a dividend for U.S. federal income tax purposes to the extent that it is made from our current or accumulated earnings and profits as determined under U.S. federal income tax principles. If a distribution exceeds the amount of our current and accumulated earnings and profits, it will be treated as a non-taxable reduction of basis to the extent of the U.S. Holder's tax basis in the ordinary share on which it is paid, and to the extent it exceeds that basis it will be treated as a capital gain. For purposes of this discussion, the term "dividend" means a distribution that constitutes a dividend for U.S. federal income tax purposes.

The gross amount of any dividend on an ordinary share (which will include the amount of any Australian taxes withheld) generally will be subject to U.S. federal income tax as foreign source dividend income and will not be eligible for the corporate dividends received deduction. The amount of a dividend paid in Australian currency will be its value in U.S. dollars based on the prevailing spot market exchange rate in effect on the day that the U.S. Holder receives the dividend, whether or not the dividend is converted into U.S. dollars. A U.S. holder will have a tax basis in any distributed Australian currency equal to its U.S. dollar amount on the date of receipt, and any gain or loss realized on a subsequent conversion or other disposition of the Australian currency generally will be treated as U.S. source ordinary income or loss. If dividends paid in Australian currency are converted into U.S. dollars on the date they are received by a U.S. Holder, the U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. U.S. Holders are urged to consult their own tax advisers regarding the treatment of any foreign currency gain or loss if any Australian currency received by the U.S. Holder is not converted into U.S. dollars on the date of receipt.

Subject to certain exceptions for short-term and hedged positions, any dividend that a non-corporate holder receives on an ordinary share will be subject to tax rate of 20% if the dividend is a “qualified dividend”. A dividend on an ordinary share will be a qualified dividend if (i) either (a) the ordinary shares are readily tradable on an established securities market in the U.S. or (b) we are eligible for the benefits of a comprehensive income tax treaty with the U.S. that the U.S. Secretary of the Treasury determines is satisfactory for purposes of these rules and that includes an exchange of information program, and (ii) we were not, in the year prior to the year the dividend was paid, and are not, in the year the dividend is paid, a PFIC. The ordinary shares were listed on the Nasdaq Capital Market until July 2, 2010, and are now tradable on the OTC QB Market, which should qualify them as readily tradable on an established securities market in the United States. In any event, the double tax treaty between Australia and the U.S. (the “Treaty”) satisfies the requirements of clause (i)(b), and, although the matter is not free from doubt, we believe that we should be a resident of Australia entitled to the benefits of the Treaty. However, because the facts relating to our entitlement to the benefits of the Treaty can change over time, there can be no assurance that we will be entitled to the benefits of the Treaty for any taxable year. As discussed above, qualified dividends do not include dividends paid by a company which was a PFIC in the year prior to the year the dividend was paid, or in the year the dividend is paid. Based on our audited financial statements and relevant market and shareholder data, we believe we were a PFIC for U.S. federal income tax purposes for our June 30, 2013 taxable year. Based on our audited financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, it is possible that we could be classified as a PFIC for our June 30, 2014 taxable year. Given that the determination of PFIC status involves the application of complex tax rules, and that it is based on the nature of our income and assets from time to time, no assurances can be provided that we will not be considered a PFIC for any past or future taxable year. Moreover, as described in the section below entitled “Passive Foreign Investment Company Rules,” if we were a PFIC in a year while a U.S. Holder held an ordinary share, and if the U.S. Holder has not made a qualified electing fund election effective for the first year the U.S. Holder held the ordinary share, the ordinary share remains an interest in a PFIC for all future years or until such an election is made. The IRS takes the position that that rule will apply for purposes of determining whether an ordinary share is an interest in a PFIC in the year a dividend is paid or in the prior year, even if the Company does not satisfy the tests to be a PFIC in either of those years.

Even if dividends on the ordinary shares would otherwise be eligible for qualified dividend treatment, in order to qualify for the reduced qualified dividend tax rates, a non-corporate holder must hold the ordinary share on which a dividend is paid for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date, disregarding for this purpose any period during which the non-corporate holder has an option to sell, is under a contractual obligation to sell or has made (and not closed) a short sale of substantially identical stock or securities, is the grantor of an option to buy substantially identical stock or securities or, pursuant to Treasury regulations, has diminished their risk of loss by holding one or more other positions with respect to substantially similar or related property. In addition, to qualify for the reduced qualified dividend tax rates, the non-corporate holder must not be obligated to make related payments with respect to positions in substantially similar or related property. Payments in lieu of dividends from short sales or other similar transactions will not qualify for the reduced qualified dividend tax rates. A non-corporate holder that receives an extraordinary dividend eligible for the reduced qualified dividend rates must treat any loss on the sale of the stock as a long-term capital loss to the extent of the dividend. For purposes of determining the amount of a non-corporate holder's deductible investment interest expense, a dividend is treated as investment income only if the non-corporate holder elects to treat the dividend as not eligible for the reduced qualified dividend tax rates. Special limitations on foreign tax credits with respect to dividends subject to the reduced qualified dividend tax rates apply to reflect the reduced rates of tax.

The U.S. Treasury has announced its intention to promulgate rules pursuant to which non-corporate holders of stock of non-U.S. corporations, and intermediaries though whom the stock is held, will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because those procedures have not yet been issued, it is not clear whether we will be able to comply with them.

Non-corporate holders of ordinary shares are urged to consult their own tax advisers regarding the availability of the reduced qualified dividend tax rates in the light of their own particular circumstances.

Any Australian withholding tax will be treated as a foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability, subject to generally applicable limitations under U.S. federal income tax law. For purposes of computing those limitations separately under current law for specific categories of income, a dividend generally will constitute foreign source "passive category income" or, in the case of certain holders, "general category income." A U.S. Holder will be denied a foreign tax credit with respect to Australian income tax withheld from dividends received with respect to the ordinary shares to the extent the U.S. Holder has not held the ordinary shares for at least 16 days of the 30-day period beginning on the date which is 15 days before the ex-dividend date or to the extent the U.S. Holder is under an obligation to make related payments with respect to substantially similar or related property. Any days during which a U.S. Holder has substantially diminished its risk of loss on the ordinary shares are not counted toward meeting the 16-day holding period required by the statute. The rules relating to the determination of the foreign tax credit are complex, and U.S. Holders are urged to consult with their own tax advisers to determine whether and to what extent they will be entitled to foreign tax credits as well as with respect to the determination of the foreign tax credit limitation. Alternatively, any Australian withholding tax may be taken as a deduction against taxable income, provided the U.S. Holder takes a deduction and not a credit for all foreign income taxes paid or accrued in the same taxable year. In general, special rules will apply to the calculation of foreign tax credits in respect of dividend income that is subject to preferential rates of U.S. federal income tax.

Non-U.S. Holders. A dividend paid to a Non-U.S. Holder on an ordinary share will not be subject to U.S. federal income tax unless the dividend is effectively connected with the conduct of trade or business by the non-U.S. Holder within the United States (and is attributable to a permanent establishment or fixed base the Non-U.S. Holder maintains in the United States if an applicable income tax treaty so requires as a condition for the Non-U.S. Holder to be subject to U.S. taxation on a net income basis on income from the ordinary share). A Non-U.S. Holder generally will be subject to tax on an effectively connected dividend in the same manner as a U.S. Holder. A corporate Non-U.S. Holder may also be subject under certain circumstances to an additional "branch profits tax," the rate of which may be reduced pursuant to an applicable income tax treaty.

Taxation of Capital Gains

U.S. Holders. Subject to the passive foreign investment company rules discussed below, on a sale or other taxable disposition of an ordinary share or warrant, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between the U.S. Holder's adjusted basis in the ordinary share or warrant and the amount realized on the sale or other disposition, each determined in U.S. dollars. See "Exercise or Lapse of a Warrant" below for a discussion regarding a U.S. Holder's basis in an ordinary share acquired pursuant to the exercise of a warrant.

Such capital gain or loss will be long-term capital gain or loss if at the time of the sale or other taxable disposition the ordinary share or warrant has been held for more than one year. In general, any adjusted net capital gain of an individual is subject to a federal income tax rate of 20%. Capital gains recognized by corporate U.S. Holders generally are subject to U.S. federal income tax at the same rate as ordinary income. The deductibility of capital losses is subject to various limitations.

Any gain a U.S. Holder recognizes generally will be U.S. source income for U.S. foreign tax credit purposes, and, subject to certain exceptions, any loss will generally be a U.S. source loss. If an Australian tax is withheld on a sale or other disposition of an ordinary share or warrant, the amount realized will include the gross amount of the proceeds of that sale or disposition before deduction of the Australian tax. The generally applicable limitations under U.S. federal income tax law on crediting foreign income taxes may preclude a U.S. Holder from obtaining a foreign tax credit for any Australian tax withheld on a sale of an ordinary share or warrant. The rules relating to the determination of the foreign tax credit are complex, and U.S. Holders are urged to consult with their own tax advisers regarding the application of such rules. Alternatively, any Australian withholding tax may be taken as a deduction against taxable income, provided the U.S. Holder takes a deduction and not a credit for all foreign income taxes paid or accrued in the same taxable year.

Non-U.S. Holders. A Non-U.S. Holder will not be subject to U.S. federal income tax on a gain recognized on a sale or other disposition of an ordinary share or warrant unless (i) the gain is effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States (and is attributable to a permanent establishment or fixed base that the Non-U.S. Holder maintains in the United States if an applicable income tax treaty so requires as a condition for the Non-U.S. Holder to be subject to U.S. taxation on a net income basis on income from the ordinary share or warrant), or (ii) in the case of a Non-U.S. Holder who is an individual, the Non-U.S. Holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions apply. Any effectively connected gain of a corporate Non-U.S. Holder may also be subject under certain circumstances to an additional "branch profits tax", the rate of which may be reduced pursuant to an applicable income tax treaty.

Exercise or Lapse of a Warrant

Subject to the discussion of the PFIC rules below, a U.S. Holder generally will not recognize gain or loss upon the exercise of a warrant. Ordinary shares acquired pursuant to the exercise of a warrant for cash generally will have a tax basis equal to the U.S. Holder's tax basis in the warrant, increased by the amount paid to exercise the warrant. The holding period of such ordinary shares generally would begin on the day after the date of exercise of the warrant. If the terms of a warrant provide for any adjustment to the number of shares of ordinary shares for which the warrant may be exercised or to the exercise price of the warrant, such adjustment may, under certain circumstances, result in constructive distributions that could be taxable to a U.S. Holder of the warrant. Conversely, the absence of an appropriate adjustment similarly may result in a constructive distribution that could be taxable to a U.S. Holder of the warrant. A constructive distribution to a U.S. Holder of a warrant generally will be taxed in the manner described above under "U.S. Federal Income Tax Considerations-Taxation of Distributions," although it is unclear whether a constructive distribution on a warrant that is taxed as a dividend to a non-corporate holder of the warrant would be eligible for the reduced qualified dividend tax rates (in the event they were otherwise available). If a warrant is allowed to lapse unexercised, a U.S. Holder generally will recognize a capital loss equal to such holder's tax basis in the warrant. U.S. Holders who exercise a warrant other than by paying the exercise price in cash are urged to consult their own tax advisors regarding the tax treatment of such an exercise, which may vary from that described above.

Passive Foreign Investment Company Rules

A special set of U.S. federal income tax rules applies to a foreign corporation that is a PFIC for U.S. federal income tax purposes. As noted above, based on our audited financial statements and relevant market and shareholder data, we believe we were a PFIC for U.S. federal income tax purposes for our June 30, 2015 taxable year. Moreover, given that the determination of PFIC status involves the application of complex tax rules, and that it is based on the nature of our income and assets from time to time, no assurances can be provided that we will not be considered a PFIC for any future taxable year.

In general, a foreign corporation is a PFIC if at least 75% of its gross income for the taxable year is passive income or if at least 50% of its assets for the taxable year produce passive income or are held for the production of passive income. In general, passive income for this purpose means, with certain designated exceptions, dividends, interest, rents, royalties (other than certain rents and royalties derived in the active conduct of trade or business), annuities, net gains from dispositions of certain assets, net foreign currency gains, income equivalent to interest, income from notional principal contracts and payments in lieu of dividends. The determination of whether a foreign corporation is a PFIC is a factual determination made annually and is therefore subject to change. Subject to exceptions pursuant to certain elections that generally require the payment of tax, once stock or a warrant in a foreign corporation is classified as stock in a PFIC in the hands of a particular shareholder that is a U.S. person, it remains stock or a warrant in a PFIC in the hands of that shareholder.

Unfavorable tax consequences for a U.S. Holder can occur if we are treated as a PFIC for any year while a U.S. Holder owns ordinary shares or warrants. Certain of these tax consequences can be mitigated with respect to a U.S. Holder's ordinary shares (but not a U.S. Holder's warrants) if the U.S. Holder makes, or has made, a timely qualified electing fund election or election to mark to market the holder's ordinary shares, and such election is in effect for the first taxable year during which the U.S. Holder owns ordinary shares that we are a PFIC. If we are treated as a PFIC, and neither election is made, then contrary to the tax consequences described in "U.S. Federal Income Tax Considerations-Taxation of Distributions" and "U.S. Federal Income Tax Considerations-Taxation of Capital Gains" above, in any year in which the U.S. Holder either disposes of an ordinary share or a warrant at a gain or receives one or more "excess distributions" in respect of our ordinary shares, special rules apply to the taxation of the gain or the excess distributions. For purposes of these rules, a U.S. Holder will be treated as receiving an "excess distribution" to the extent that actual or constructive distributions received in the current taxable year exceed 125% of the average distributions (whether actual or constructive and whether or not out of earnings and profits) received by such U.S. Holder in respect of our ordinary shares during the three preceding years or, if shorter, the U.S. Holder's holding period. A disposition of an ordinary share or a warrant, for purposes of these rules, includes many transactions on which gain or loss is not realized under general U.S. federal income tax rules (but generally should not include the exercise of a warrant, as discussed below). The gain or the excess distributions must be allocated ratably to each day the U.S. Holder has held the ordinary share or the warrant, as the case may be. Amounts allocated to each year are taxable as ordinary income in their entirety (and are not eligible for the reduced qualified dividend rates) and not as capital gain, and amounts allocable to prior years may not be offset by any deductions or losses. Amounts allocated to each such prior year are taxable at the highest rate in effect for that year and are subject to an interest charge at the rates applicable to deficiencies for income tax for those periods. In addition, a U.S. Holder's tax basis in an ordinary share or a warrant that is acquired from a decedent would not receive a step-up to fair market value as of the date of the decedent's death but instead would be equal to the decedent's basis, if lower.

The special PFIC rules described above will not apply to a U.S. Holder's ordinary shares if the U.S. Holder makes a timely election, which remains in effect, to treat us as a qualified electing fund, or QEF, for the first taxable year in which the U.S. Holder owns an ordinary share and in which we are classified as a PFIC, provided that we comply with certain reporting requirements. Instead, a U.S. Holder that has made a QEF election is required for each taxable year to include in income a pro rata share of our ordinary earnings as ordinary income and a pro rata share of its net capital gain as long-term capital gain, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. In order for such a QEF election to be valid, we must provide U.S. Holders either (1) a statement showing such U.S. Holder's pro rata share of our ordinary earnings and net capital gain (calculated for U.S. tax purposes) for the Company's taxable year, (2) sufficient information to enable the U.S. Holder to calculate its pro rata share for such year, or (3) a statement that the Company has permitted the U.S. Holder to inspect and copy its permanent books of account, records, and such other documents as may be maintained by us that are necessary to establish that PFIC ordinary earnings and net capital gain are computed in accordance with U.S. income tax principles. We have not yet determined whether, in years in which we are classified as a PFIC, we will make the computations necessary to supply U.S. Holders with the information needed to report income and gain pursuant to a QEF election. It is, therefore, possible that U.S. Holders would not be able to make or retain that election in any year we are a PFIC. The QEF election is made on a shareholder-by-shareholder basis and once made, can only be revoked with the consent of the IRS. A U.S. Holder generally makes a QEF election by attaching a completed IRS Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC annual information statement, to a timely filed U.S. federal income tax return for the tax year to which the election relates. Retroactive QEF elections may only be made by filing a protective statement with such return or with the consent of the IRS. A U.S. Holder may make a separate election to defer the payment of taxes on undistributed income inclusions under the QEF rules, but if deferred, any such taxes will be subject to an interest charge.

If a U.S. Holder has elected the application of the QEF rules to the U.S. Holder's ordinary shares, and the special tax and interest charge rules described in the second preceding paragraph do not apply to such shares (because of a timely QEF election for the first tax year of the U.S. Holder's holding period for such shares, or, as described below, a purge of the PFIC taint pursuant to a special purging election), any gain realized on the disposition of an ordinary share generally will be taxable as capital gain and no interest charge will be imposed. As discussed above, U.S. Holders of a QEF are currently taxed on their pro rata shares of the QEF's earnings and profits, whether or not distributed. In such case, a subsequent distribution of such earnings and profits that were previously included in income generally will not be taxable as a dividend. The tax basis of a U.S. Holder's shares in a QEF will be increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules. Similar basis adjustments apply to property if by reason of holding such property the U.S. Holder is treated under applicable attribution rules as owning shares in a QEF.

A U.S. Holder may not make a QEF election with respect to a warrant. As a result, if a U.S. Holder sells or otherwise disposes of a warrant (other than upon exercise of a warrant), any gain recognized generally will be subject to the special tax and interest charge rules applicable to gains and excess distributions, as described in the third preceding paragraph, if we were classified as a PFIC at any time during the period the U.S. Holder held the warrants. If a U.S. Holder that exercises such warrants properly makes a QEF election with respect to the newly acquired ordinary shares (or has previously made a QEF election with respect to any ordinary shares already held), the QEF election will apply to the newly acquired shares, but the adverse tax consequences of the PFIC rules described in the third preceding paragraph will continue to apply to such shares (which generally will be deemed to have a holding period for the purposes of such PFIC rules that includes the period the U.S. Holder held the warrants), unless the holder makes a purging election. The purging election creates a deemed sale of such shares at their fair market value. The gain recognized by the purging election will be subject to the special tax and interest charge rules described in the third preceding paragraph. As a result of the purging election, the U.S. Holder will have a new basis and holding period in the ordinary shares acquired upon the exercise of the warrants for purposes of the PFIC rules.

If a QEF election is not made for the first taxable year in which the U.S. Holder owns an ordinary share and in which we are a PFIC, certain elections can be made while we continue to satisfy the definition of a PFIC that, combined with a QEF election, can cause the QEF election to be treated as having been made for that first taxable year. Those elections may require the electing shareholder to recognize gain on a constructive sale or to be taxable on the shareholder's share of certain undistributed profits of the foreign corporation. If gain or income is recognized pursuant to one of those elections, the special PFIC rules set forth in the fourth preceding paragraph would apply to that gain or income. Even if a QEF election ceases to apply because in a later taxable year we cease to satisfy the tests to be a PFIC, the QEF election will apply again in any subsequent year in which the Company again satisfies the tests to be a PFIC. Moreover, if a U.S. Holder sells all of the ordinary shares they own and later reacquires other ordinary shares, any QEF election the U.S. Holder has made that remains in effect will apply to the ordinary shares acquired later. The applicable Treasury regulations provide that the Commissioner of the IRS has the discretion to invalidate or terminate a QEF election if the U.S. Holder or we, or an intermediary, fails to satisfy the requirements for the QEF election.

The special PFIC rules described in the fifth preceding paragraph will not apply to a U.S. Holder's ordinary shares if the U.S. Holder elects to mark the U.S. Holder's ordinary shares to market each year, provided that the ordinary shares are considered "marketable stock" within the meaning of the applicable Treasury regulations. A U.S. Holder that makes this election will recognize as ordinary income or loss each year an amount equal to the difference, if any, as of the close of the taxable year between the fair market value of the U.S. Holder's ordinary shares and the U.S. Holder's adjusted tax basis in the ordinary shares. Losses would be allowed only to the extent of net mark-to-market gain previously included in income by the U.S. Holder under the election for prior taxable years, reduced by losses allowed in prior taxable years. If the mark-to-market election were made, then the special PFIC rules set forth in the fifth preceding paragraph would not apply for periods covered by the election. In general, the ordinary shares will be marketable stock within the meaning of the applicable Treasury regulations if they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter on a "qualified exchange or other market" within the meaning of the applicable Treasury regulations and certain other requirements are met. The Australian Securities Exchange is a qualified exchange within the meaning of the applicable Treasury regulations. Thus, the ordinary shares should be "marketable stock" within the meaning of the applicable Treasury regulations. If a U.S. Holder makes a mark-to-market election, but does not make that election for the first taxable year in which the U.S. Holder owns an ordinary share and in which the Company is classified as a PFIC, and if the U.S. Holder had not made a QEF election for that first such taxable year, the rules set forth in the fifth preceding paragraph will apply to any distributions on an ordinary share in the year of the mark-to-market election, to any gain recognized on an actual sale of an ordinary share in that year, and to any gain recognized in that year pursuant to the mark-to-market election. The mark-to-market rules generally continue to apply to a U.S. Holder who makes the mark-to-market election, even in years we do not satisfy the tests to be a PFIC. A mark-to-market election will not be available with respect to a U.S. Holder's warrants.

A U.S. Holder who owns ordinary shares during a year in which we are classified as a PFIC generally will remain subject to the rules set forth in the sixth preceding paragraph for all taxable years if the U.S. Holder has not made a QEF election or a mark-to-market election for the first taxable year in which the U.S. Holder owns an ordinary share and in which we are classified as a PFIC. In that event, those rules will apply to any gains on dispositions of ordinary shares and to any "excess distributions." It is, however, possible for a U.S. Holder to avoid this "once a PFIC, always a PFIC" result by electing to treat all of the U.S. Holder's ordinary shares as sold for their fair market value as of the last day of the last taxable year we satisfy the tests to be a PFIC, provided the statute of limitations has not run for that year. If a gain is recognized on that constructive sale, the rules set forth in the sixth preceding paragraph would apply to that gain.

If we are classified as a PFIC for a taxable year, and, at any time during such taxable year, have a non-U.S. subsidiary that is classified as a PFIC, U.S. Holders generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described in the seventh preceding paragraph, if we receive a distribution from, or dispose of all or part of its interest in, the lower-tier PFIC. We have not yet determined whether, if we are classified as a PFIC, we would make the computations necessary to supply U.S. Holders with the information needed to make or maintain a QEF election with respect to the lower-tier PFIC. It is, therefore, possible that U.S. Holders would not be able to make or retain that election in any taxable year that we are classified as a PFIC and has a non-U.S. subsidiary that is also classified as a PFIC. U.S. Holders are urged to consult their own tax advisors regarding the tax issues raised by lower-tier PFICs.

A dividend from a foreign corporation that otherwise would qualify for reduced qualified dividend rates does not qualify for that rate if the foreign corporation is a PFIC in either the taxable year of the dividend or the preceding taxable year.

A U.S. Holder who owns (or is deemed to own) shares in a PFIC during any taxable year, such U.S. Holder may have to file an IRS Form 8621 (whether or not a QEF or mark-to-market election is made).

GIVEN THE COMPLEXITIES OF THE PFIC RULES AND THEIR POTENTIALLY ADVERSE TAX CONSEQUENCES, U.S. HOLDERS OF ORDINARY SHARES OR WARRANTS ARE URGED TO CONSULT THEIR TAX ADVISERS ABOUT THE PFIC RULES, INCLUDING THE CONSEQUENCES TO THEM OF MAKING A QEF ELECTION OR A MARK-TO-MARKET ELECTION WITH RESPECT TO THE ORDINARY SHARES IN THE EVENT THAT THE COMPANY QUALIFIES AS A PFIC FOR ANY TAXABLE YEAR.

Information Reporting and Backup Withholding

U.S. Holders. Dividends paid on, and proceeds from the sale or other disposition of, an ordinary share or warrant generally may be subject to information reporting requirements and may be subject to backup withholding at the rate of 28% unless a U.S. Holder provides an accurate taxpayer identification number or otherwise demonstrates that they are exempt. The amount of any backup withholding collected from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that certain required information is submitted to the Internal Revenue Service. Under U.S. federal income tax law and U.S. Treasury Regulations, certain categories of U.S. holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. U.S. holders are urged to consult with their own tax advisors concerning such reporting requirements.

Non-U.S. Holders. Non-U.S. Holders generally will be exempt from these information reporting requirements and backup withholding tax but may be required to comply with certain certification and identification procedures in order to establish their eligibility for exemption.

THE DISCUSSION ABOVE IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO AN INVESTMENT IN ORDINARY SHARES OR WARRANTS. HOLDERS AND POTENTIAL HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISER(S) CONCERNING THE TAX CONSEQUENCES RELEVANT TO THEM IN THEIR PARTICULAR SITUATION.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary objective of our investment activities is to preserve principal and, at the same time, maximize income without significantly increasing risk. At June 30, 2015, our cash and cash equivalents and held to maturity investments consisted primarily of highly liquid investments with maturities of six months or less. We believe that these investments do not constitute any material market risk exposure.

In fiscal 2014, the majority of our operating expenses were denominated in Australian dollars, however there were expenses incurred in U.S. dollars in relation to the funding of our U.S. subsidiary Progen Pharmaceuticals, Inc. From time to time, in order to reduce our exposure to foreign currency exchange rate risks, we buy and hold foreign currencies to cover our operating expenses denominated in those currencies. We also, from time to time, attempt to hedge our currency exchange risk.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, foreign currency risk and credit risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange rates and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses is undertaken to manage credit risk.

The Board reviews and agrees policies for managing each of these risks which are summarized below.

Credit risk

The Company trades only with recognized, creditworthy third parties. All receivables, including other receivables and intercompany receivable, are current (i.e. none are contractually overdue).

Receivable balances are monitored on a regular basis with the result that the Company's exposure to bad debts is not significant. All the Company's material cash balances are with a large national Australian bank and are not exposed to the U.S. banking market risks. There are no significant concentrations of credit risk.

Liquidity risk

The Company's objective is to maintain a balance between continuity of project research utilizing an optimal combination of equity funding and available credit lines. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company has no financial liabilities due after twelve months.

Liquid non-derivative assets comprising cash and receivables and held to maturity investments are considered in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

All of the Company's short-term investments are Level 2 financial instruments as per IFRS 7 Financial Instruments: Disclosures.

The table below reflects all financial liabilities as of June 30, 2015 and 2014. For derivative financial instruments, the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amounts or timing are based on the conditions existing at June 30, 2015. The Company had no derivative financial instruments as at June 30, 2015.

The remaining contractual maturities of the Company's and parent entity's financial liabilities are (in AUD):

	June 30,	
	2015	2014
1 year or less	913,022	1,028,815

Foreign currency risk

At June 30, 2015 and 2014, the Company had the following exposure to US$ currency that is not designated in cash flow hedges (in AUD):

	June 30,	
	2015	2014
Financial assets		
Cash and cash equivalents	2,989	158,834
Financial liabilities		
Trade and other payables	92,573	100,058
Net exposure	(89,584)	58,776

At June 30, 2015 and 2014, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows (in AUD):

	Post tax loss (Higher)/Lower		**Equity Higher/(Lower)**	
	2015	2014	2015	2014
Consolidated				
AUD/USD + 15% (2014: +10%)	11,685	(5,343)	11,685	(5,343)
AUD/USD - 15% (2014: - 10%)	(15,809)	6,531	(15,809)	6,531

The sensitivity analysis for the foreign currency exposure was determined based on historical movements over the past two years.

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and short-term deposits. These deposits are held to fund the Group's ongoing and future drug development activities. Cash at bank and on hand of $1,186,344 earns interest at floating rates based on daily and "at call" bank deposit rates. Short term deposits of $1,626,957 are made for varying periods of between one to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates. Refer to Note 9 of the financial statements for details on the Group's cash and cash equivalents at June 30, 2015.

The following sensitivity analysis is based on the weighted average interest rates applicable to the Group's cash and short-term deposits in existence at the reporting date.

At June 30, 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post tax loss (Higher)/Lower		**Equity Higher/(Lower)**	
	2015	2014	2015	2014
Consolidated				
+ 0.5% (50 basis points) (2014 +0.5%)	14,067	27,981	14,067	27,981
- 1.0% (100 basis points) (2014: -1.0%)	(28,133)	(55,962)	(28,133)	(55,962)

The sensitivity in interest rates were determined based on historical movements over the past two years and management expectations of reasonable movements.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management of the Company maintain disclosure controls and procedures as such term is defined in Rules 13 a-15 (e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended (the "Exchange Act"), as amended, that are designed to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including the Executive Chairman and the Group Financial Accountant, as appropriate, to allow timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives.

Management has carried out an evaluation, under the supervision and with the participation of the Executive Chairman and the Group Financial Accountant, of the effectiveness of the disclosure controls and procedures as of June 30, 2015. Based on that evaluation, the Executive Chairman and Group Financial Accountant concluded that the Company's disclosure controls and procedures were effective as of June 30, 2015.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with international financial reporting standards (IFRS) as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with international financial reporting standards (IFRS) as issued by the International Accounting Standards Board and that receipts and expenditures of the company are being made only in accordance with authorizations of our Board of Directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In particular, the design of a control system must be considered relative to their costs. Additionally, the design of a control system is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all potential future conditions. Due to its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements to the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2015 based on the criteria set forth by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") (1992 Framework) Internal Control-Integrated Framework. Based on this assessment, management concluded that the Company's internal control over financial reporting is effective as of June 30, 2015 under the COSO 1992 Framework.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to amendments made by the enactment of the Dodd-Frank bill that permit the Company to provide only management's annual report on internal control over financial reporting in this Annual Report.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect internal control over financial reporting during the period covered by this Annual Report.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Company's board of directors has determined that audit committee chairman Mr. Indrajit Solomon Arulampalam is an "audit committee financial expert" as defined under the rules and regulations of the Securities and Exchange Commission and applicable listing rules.

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics that applies to our executive directors and chief financial officer. A copy of this Code of Ethics is available on the Company's website at www.progen-pharma.com.

No waivers to this Code of Ethics were granted to our executive directors or chief financial officer during the fiscal year ended June 30, 2015.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The aggregate fees and expenses for professional services rendered by our independent registered public accounting firm, BDO East Coast Partnership ("BDO") (formerly known as PKF East Coast Practice) and other auditors (PKF O'Connor Davies), for the audit of our annual financial statements for the years ended June 30, 2015 and 2014 for other listed services rendered in those years are set forth in the following table:

	2015	2014
BDO East Coast Partnership		
Audit Fees	$ 63,000	$ 55,000
Other non-audit services (1)	$ 63,943	$ 53,917
PKF O'Connor Davies		
Audit Fees	$ 37,883	$ 28,000
Ernst & Young		
Other non-audit services (2)	-	3,605
Total Fees	**$ 164,826**	**$ 140,522**

(1) Non-audit services received from BDO for tax services

(2) During the year, the Group received audit services from Ernst & Young in relation to the re-issuance of 2013 auditor's opinion as required under the US 20-F annual reporting purposes.

Audit Committee Pre-Approval Policies and Procedures

All audit and non-audit services performed by our independent auditors must be specifically pre-approved by our audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Progen Pharmaceuticals Limited (the Company) is a dual listed Australian company. Our primary listing is on the Australian Securities Exchange (ASX) and securities are also traded on the U.S. OTCQB Market (OTCQB).

The Board has the ultimate responsibility for the strategy and performance of the Company on behalf of the shareholders to whom they are accountable. The Board is committed to achieving and demonstrating the highest standard of corporate governance through setting values and policies which underlie business activities ensuring transparency and protecting stakeholders' interests.

In setting these values and policies, the Company has considered the ASX Corporate Governance Council's Principles and Recommendations (2nd Edition) (ASX Recommendations) and relevant U.S. requirements arising from our SEC registration and continuously strives to develop and improve corporate governance processes and standards.

Formal written policies and/or disclosure practices have been disseminated throughout the organization and measures are in place to achieve compliance. Further information concerning our corporate governance practices and compliance with the ASX recommendations is available on the Company's website.

ITEM 16H. MINE SAFETY DISCLOSURE

Not Applicable

ITEM 17. FINANCIAL STATEMENTS

Not Applicable.

ITEM 18. FINANCIAL STATEMENTS

Financial Statements - Index to Financial Statements

ITEM 19. EXHIBITS

Exhibit Number	Description
4(a) (1)	Global TransBiotech Inc. License agreement with PharmaSynth (+)
4(a) (2)	License and Collaboration Agreement between Medigen Biotechnology Corp. and Progen Pharmaceuticals Limited (*)
4(a) (3)	License Agreement with Medigen Biotechnology Corp.- PG545 (1)(***)
4(d)	2011 Lease 2806 Ipswich Road Darra (**)
6(e)	Progen Pharmaceuticals Limited Directors and Employee Option Incentive Plan Rules for the directors and employees incentive scheme approved by a resolution of shareholders at the annual general meeting of the Company held on November 16, 2010 (*)
7(a)	Deeds of Settlement and Release – Section 606 litigation (+)
12.1	Certification of Executive Chairman and Group Financial Accountant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (1)
12.2	Certification of Group Financial Accountant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (1)
13	Certification of Indrajit Arulampalam and Generosa Hipona under Section 1350 of Chapter 63 of Title 18 of the United States Code (1), as adopted, pursuant to Section 906 of the Sarbanes–Oxley Act of 2002

14	2014 Lease Suite 4, Level 18, 101 Collins Street, Melbourne 3000,VIC, Australia (****)
15	Share Sale and Purchase Agreement (SSPA) between Progen Pharmaceuticals Ltd and Medigen Biotechnology Corp. (1)

(1) Filed herewith.
Incorporated by reference to exhibits filed with the Annual Report on Form 20-F, filed on December 18, 2007.
(+) Incorporated by reference to exhibits filed with the Annual Report on Form 20-F, filed on December 30, 2009.
(*) Incorporated by reference to exhibits filed with the Annual Report on Form 20-F, filed on December 27, 2010.
(**) Incorporated by reference to exhibits filed with the Annual Report on Form 20-F, filed on November 29, 2012.
(***) Incorporated by reference to exhibits filed with the Annual Report on Form 20-F filed on insert date, 2013. Certain provisions of this exhibit have been omitted and filed separately with the Commission pursuant to an application for confidential treatment under Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.
(****) Incorporated by reference to exhibits filed with the Annual Report on Form 20-F, filed on November 12, 2014.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

PROGEN PHARMACEUTICALS LIMITED

/s/ Generosa Hipona

Generosa Hipona
Group Financial Accountant
Dated: October 27, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
of Progen Pharmaceuticals Limited

We have audited the accompanying consolidated statement of financial position of Progen Pharmaceuticals Limited (the "Company") as of June 30, 2015 and 2014 and the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for each of the three years in the period ended June 30, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Progen Pharmaceuticals Limited at June 30, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2015, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As described in note 2, for the year ended June 30, 2015, the Company incurred a net loss of $4,684,104 and will be required to raise additional funds to continue as a going concern. These conditions, along with other matters identified in note 2, raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management's plans in regard to these matters are also discussed in note 2.

/s/ PKF O'Connor Davies
a division of O'Connor Davies, LLP
New York, NY

October 27, 2015

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Progen Pharmaceuticals Limited
Consolidated Statement of Comprehensive Income (Loss)
For the year ended 30 June 2015

	Note	2015 $	2014 $	2013 $
REVENUE	4 (a)	**3,443,201**	5,753,570	3,510,103
COST OF SALES				
Cost of Sales		**2,266,445**	2,591,968	2,272,807
Gross Profit		**1,176,756**	3,161,602	1,237,296
Other income	4 (b)	**925,848**	694,888	858,987
EXPENSES				
Research and development expenses		**1,776,189**	1,394,409	940,161
Manufacturing facility expenses		**2,835,480**	2,103,622	1,240,079
Administrative and corporate expenses		**2,173,084**	2,141,309	1,750,134
Finance costs		**-**	-	5,115
Other expenses	4 (g)	**1,955**	24,095	252,928
		6,786,708	5,663,435	4,188,417
LOSS BEFORE INCOME TAX		**(4,684,104)**	(1,806,945)	(2,092,134)
PROVISION FOR INCOME TAX	6	**-**	-	-
NET LOSS FOR YEAR		**(4,684,104)**	(1,806,945)	(2,092,134)
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation	16	**411**	(178)	(244)
TOTAL COMPREHENSIVE INCOME (LOSS) LOSS FOR THE YEAR		**(4,683,693)**	(1,807,123)	(2,092,378)
Basic and diluted loss per share (cents per share)	7	**(8.5)**	(3.3)	(7.5)

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

The functional and presentation currency of Progen Pharmaceuticals Limited is Australian dollars ($).

Progen Pharmaceuticals Limited
Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	**2,813,301**	2,981,215
Held to maturity investments	9	**-**	2,615,000
Trade and other receivables	10	**1,369,629**	3,147,934
Prepayments and other current assets		**405,913**	334,578
Total Current Assets		**4,588,843**	9,078,727
Non-current Assets			
Other assets		**24,400**	24,400
Prepayments		**-**	25,998
Plant and equipment	11	**443,422**	539,095
Total Non-current Assets		**467,822**	589,493
TOTAL ASSETS		**5,056,665**	9,668,220
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**913,022**	1,028,815
Provisions	14	**639,392**	576,001
Total Current Liabilities		**1,552,414**	1,604,816
Non-current Liabilities			
Provisions	14	**42,499**	49,482
Total Non-current Liabilities		**42,499**	49,482
TOTAL LIABILITIES		**1,594,913**	1,654,298
NET ASSETS		**3,461,752**	8,013,922
EQUITY			
Contributed equity	15	**158,320,862**	158,320,862
Reserves	16	**3,828,388**	3,696,454
Accumulated losses	16	**(158,687,498)**	(154,003,394)
TOTAL EQUITY		**3,461,752**	8,013,922

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

The functional and presentation currency of Progen Pharmaceuticals Limited is Australian dollars ($).

Progen Pharmaceuticals Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Number of ordinary shares	Contributed equity $	Accumulated losses $	Other reserves $	Foreign currency translation reserve $	Total $
At 1 July 2012	**24,709,097**	**152,217,594**	**(150,104,315)**	**3,488,752**	**70,971**	**5,673,002**
Loss for the year	-	-	(2,092,134)	-	-	(2,092,134)
Other comprehensive income	-	-	-	-	(244)	(244)
Total comprehensive income for the year	-	-	**(2,092,134)**	**-**	**(244)**	**(2,092,378)**
Transactions with owners in their capacity as owners:						
Rights issue	24,709,097	5,188,910	-	-	-	5,188,910
Share placement	5,867,121	1,232,095	-	-	-	1,232,095
Transaction costs on issue of shares	-	(317,737)	-	-	-	(317,737)
Share-based payments to employees	-	-	-	(7,395)	-	(7,395)
Share-based payments to underwriter	-	-	-	46,014	-	46,014
At 30 June 2013	**55,285,315**	**158,320,862**	**(152,196,449)**	**3,527,371**	**70,727**	**9,722,511**

	Number of ordinary shares	Contributed equity $	Accumulated losses $	Other reserves $	Foreign currency translation reserve $	Total $
At 1 July 2013	**55,285,315**	**158,320,862**	**(152,196,449)**	**3,527,371**	**70,727**	**9,722,511**
Loss for the year	-	-	(1,806,945)	-	-	(1,806,945)
Other comprehensive income	-	-	-	-	(178)	(178)
Total comprehensive income for the year	-	-	**(1,806,945)**	**-**	**(178)**	**(1,807,123)**
Share-based payments to employees	-	-	-	98,534	-	98,534
At 30 June 2014	**55,285,315**	**158,320,862**	**(154,003,394)**	**3,625,905**	**70,549**	**8,013,922**

Progen Pharmaceuticals Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Number of ordinary shares	Contributed equity $	Accumulated losses $	Other reserves $	Foreign currency translation reserve $	Total $
At 1 July 2014	**55,285,315**	**158,320,862**	**(154,003,394)**	**3,625,905**	**70,549**	**8,013,922**
Loss for the year	-	-	(4,684,104)	-	-	(4,684,104)
Other comprehensive income	-	-	-	-	411	411
Total comprehensive income for the year	-	-	**(4,684,104)**	**-**	**411**	**(4,683,693)**
Cost of share-based payments	-	-	-	131,523	-	131,523
At 30 June 2015	**55,285,315**	**158,320,862**	**(158,687,498)**	**3,757,428**	**70,960**	**3,461,752**

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

The functional and presentation currency of Progen Pharmaceuticals Limited is Australian dollars ($).

Progen Pharmaceuticals Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		**5,643,798**	4,413,443	2,736,034
Payments to suppliers, employees and others		**(9,081,637)**	(7,761,105)	(6,255,931)
Research and development income tax refund received		**853,771**	613,503	723,278
Interest received		**108,035**	241,069	241,358
Finance costs		**(5,706)**	(5,384)	(5,115)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	9	**(2,481,739)**	(2,498,474)	(2,560,376)
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption (purchase) of short-term investments		**2,615,000**	4,500,000	(3,926,312)
Purchase of plant & equipment	11	**(302,186)**	(467,907)	(49,318)
Proceeds from disposal of plant & equipment		**600**	-	300
NET CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES		**2,313,414**	4,032,093	(3,975,330)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from rights issue		**-**	-	5,188,910
Proceeds from share placement		**-**	-	1,232,095
Transaction costs from shares issuance		**-**	-	(271,723)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-	6,149,282
NET (DECREASE) / INCREASE IN CASH HELD		**(168,325)**	1,533,619	(386,424)
Net foreign exchange differences		**411**	(178)	(244)
Cash and cash equivalents at beginning of period		**2,981,215**	1,447,774	1,834,442
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9	**2,813,301**	2,981,215	1,447,774

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

The functional and presentation currency of Progen Pharmaceuticals Limited is Australian dollars ($)

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

1. CORPORATE INFORMATION

The consolidated financial report of Progen Pharmaceuticals Limited (the Group) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 27 October 2015.

Progen Pharmaceuticals Limited (the parent) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX) and the United States OTCQB Market. The nature of the operations and principal activities of the Group are described in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

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

Going Concern
The Group incurred a net loss of $4,684,104 for the year ended 30 June 2015. As at 30 June 2015 the consolidated entity has cash reserves of $2,813,301, net current assets of $3,036,429 and net assets of $3,461,752. The Group is currently active in the discovery, research and development of pharmaceutical therapeutics for the treatment of human diseases.

Current cash inflows are not sufficient to continue to fund operations and based on current and projected expenditure levels management may contemplate a capital raising to continue to fund operations. The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Group to raise additional capital funding in the form of equity and/or government sponsored research;
- the continued support of the current shareholders;
- the ability to successfully develop and extract value from its projects that are under development; and/ or
- The ability to spin-off or cease operations in non-core areas of the Group.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

In the past, the Group has been able to raise funds in order to meet its capital requirements and the directors will continue to explore ways to obtain the needed funding for the continuity and further development of the Group's assets.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the consolidated entity has funded its activities through issuance of equity securities and it is expected that the consolidated entity will be able to fund its future activities through further issuances of equity securities; and
- The directors believe there is sufficient cash available for the consolidated entity to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Going Concern (cont'd)
Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

Historical cost convention
The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities, by which the carrying value approximate fair value.

Authorisation of financial report

The financial report was authorised for issue on 27 October 2015.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for 30 June 2015 reporting period.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

New standards and interpretations issued but not yet effective
Australian Accounting Standards (including IFRS not yet issued as Australian Accounting Standards) that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2015.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Group will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the Group.

IFRS 15 Revenue from Contracts with Customers

This standard establishes a single revenue recognition framework and supersedes *IAS 11 Construction Contracts, IAS 18 Revenue, Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, and Interpretation 131 Revenue – Barter Transaction Involving Advertising Services.* This standard is applicable to annual reporting periods

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New standards and interpretations issued but not yet effective (cont'd)

IFRS 15 Revenue from Contracts with Customers (cont'd)
beginning on or after 1 January 2018, with early adoption permitted once approved by the AASB in Australia. Under the new standard, an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Hence, the revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently in IAS 18 Revenue. This new standard requires the use of either method using retrospective application to each reporting period in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, or retrospective application with the cumulative effect of initially applying IFRS 15 recognised directly in equity. The Group is currently assessing the impact of this standard.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 5.

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries held by the Group are accounted for at cost in the separate financial statements of the parent entity.

Business combinations and asset acquisitions
The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the statement of comprehensive income/(loss), but only after a reassessment of the identification and measurement of the net assets acquired.

Acquisitions of entities that do not meet the definition of a business contained in AASB 3 *Business Combinations* (IFRS 3) are not accounted for as business combinations. In such cases the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in AASB 138 *Intangible Assets* (IAS 38) and liabilities assumed. The cost of the group of net assets is then allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant accounting judgements, estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Revenue recognition
The Group recognises contract manufacturing services revenue by reference to the stage of completion. This is based on the actual costs incurred to date as a percentage of total actual and estimated costs to complete. Should the actual costs to complete differ from the estimated costs to complete this may impact the revenue and related assets recognised at balance date.

(ii) Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

(iii) Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Revenue recognition – refer note 4
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services
Revenue from the provision of contract manufacturing services is recognised by reference to the stage of completion. Stage of completion is measured by reference to the outcome achieved to date as a percentage of the total outcome required for each contract.

(ii) Interest income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Government grants

Government grants are recognised as revenue when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When grants are received prior to being earned, they are recognised as a liability in the statement of financial position.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the costs that correspond to the income received are prior year costs, the grant received is immediately recognised in the income statement.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition – refer note 4 (cont'd)

(iv) Other income

Other income is recognised when it is probable that the economic benefits associated to the transaction will flow to the entity and the revenue can be reliably measured.

When the income relates to an asset item, it is recognised as income in the period to which the related costs will be recognised in the income statement.

When the income relates to a liability, the fair value is credited to a deferred income account and is released to the income statement when the related revenue is realised.

Leases – refer note 4 and note 18
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives are recognised in the statement of comprehensive income/(loss) as an integral part of the total lease expense. There are no finance leases.

Cash and cash equivalents / held to maturity investments – refer note 9
Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Held to maturity investments – refer note 9
Held to maturity investments in the statement of financial position include term deposits with an original maturity between 3 and 12 months.

Restricted short-term deposits
As at 30 June 2015 restricted term deposits totalling $24,400 (2014: $24,400) were held under bank guarantees relating to the Group's leased premises.

Trade and other receivables – refer note 10
Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Foreign currency translation

(i) Functional and presentation currency
The functional and presentation currency of the parent is Australian dollars ($). The United States subsidiaries' functional currency is United States dollars which is translated to presentation currency (see below).

(ii) Transactions & balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation (cont'd)

(ii) Transactions & balances (cont'd)
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies functional currency to presentation currency
The results of the United States subsidiary are translated into Australian dollars at a rate that approximates the exchange rates at the dates of the transactions, for example an average rate for the monthly period. Assets and liabilities are translated at exchange rates prevailing at the relevant balance date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

Income tax – refer note 6
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, and the timing or the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Plant and equipment – refer note 11
Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.
Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment (years)	5 to 10
Office furniture and equipment (years)	3 to 10
Leasehold improvements (years)	3 to 6

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(ii) Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Research and development costs
Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability or resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project. There are no capitalised development costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Trade and other payables – refer note 13
Trade payables and other payables are carried at amortised cost and their fair value approximates their carrying value due to their short term nature. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Provisions – refer note 14
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income/(loss) net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Make good provision
Provision is made for the anticipated costs of future restoration of our leased manufacturing and corporate premises. The provision includes future cost estimates associated with the restoration of these premises to their original condition at the end of the lease term. These future cost estimates are discounted to their present value.

Employee leave benefits
(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. Annual leave accrued and expected to be settled within 12 months of the reporting date is recognised in current provisions. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions – refer note 12
(i) Equity-settled transactions:
The Group provides benefits to employees (including senior executives) and consultants of the Group in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a binomial, or other appropriate model, further details of which are given in note 12. The fair value of shares is determined by the market value of the Group's shares at grant date.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions) if applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based payment transactions – refer note 12 (cont'd)

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects
(i) the extent to which the vesting period has expired; and
(ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Contributed equity – refer note 15
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share – refer note 7
Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the Group, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the Group, adjusted for:
- costs of servicing equity;
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Operating segments – refer note 3
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

Reclassification

Certain information contained in the fiscal 2013 and 2014 consolidated statement of comprehensive income (loss) have been classified to conform to the fiscal 2015 presentation.

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

3. OPERATING SEGMENTS

The Group operates in the biotechnology industry. The Group's activities comprise the research, development, and manufacture of biopharmaceuticals. The operating segments are identified by executive management (chief operating decision maker) based on the nature of the activity.

The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. There are no intersegment transactions.

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $2,622,585 (2014: $2,464,787), and the total revenue from external customers in other countries is $820,616 (2014: $3,288,783). Segment revenues are allocated based on the country in which the customer is located. Revenues of $1,015,339 (2014: $1,139,299) were derived from a single external customer in Australia. This revenue is attributable to the Australian manufacturing segment. There are no intersegment transactions.

All non-current assets are located in Australia for 2015 and 2014.

Operating segments 2015	**Research & Development $**	**Manufacturing $**	**Total $**
Operating revenue			
Sales to external customers	-	3,341,107	3,341,107
Total segment revenue	-	3,341,107	3,341,107
Interest income	-	-	102,094
Total revenue			3,443,201
Segment result	**(922,418)**	**(1,760,818)**	**(2,683,236)**
Unallocated other income			174,170
Corporate and administrative costs			(1,869,595)
Other expenses			(305,443)
Net loss			**(4,684,104)**
Assets			
Segment assets	90,396	1,727,496	1,817,892
Cash and cash equivalents			2,813,301
Other assets			425,472
Total assets			5,056,665
Liabilities			
Segment liabilities	439,898	390,221	830,119
Unallocated liabilities			764,794
Total liabilities			1,594,913
Other segment information			
Acquisition of plant & equipment, and other non-current assets	4,568	295,603	300,171
Unallocated acquisition of plant & equipment, and other non-current assets	-	-	2,015
Depreciation and amortisation	11,866	380,746	392,612
Unallocated depreciation and amortisation	-	-	4,456

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

3. OPERATING SEGMENTS

Operating segments 2014	Research & Development $	Manufacturing $	Total $
Operating revenue			
Sales to external customers	-	5,410,951	5,410,951
Total segment revenue	-	5,410,951	5,410,951
Unallocated revenues			
License fee income	-	-	120,000
Interest income	-	-	222,619
Total revenue			5,753,570
Segment result	**(780,906)**	**715,361**	**(65,545)**
Unallocated other income			424,005
Corporate and administrative costs			(1,901,778)
Other expenses			(263,627)
Net loss			**(1,806,945)**
Assets			
Segment assets	99,881	3,575,150	3,675,031
Cash, cash equivalents and held to maturity investments			5,596,215
Other assets			396,974
Total assets			9,668,220
Liabilities			
Segment liabilities	228,453	666,302	894,755
Unallocated liabilities			759,543
Total liabilities			1,654,298
Other segment information			
Acquisition of plant & equipment, and other non-current assets	3,614	453,245	456,859
Unallocated acquisition of plant & equipment, and other non-current assets			157,380
Depreciation and amortisation	31,558	87,391	118,949
Unallocated depreciation and amortisation			151,355

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

3. OPERATING SEGMENTS (cont'd)

Operating segments 2013	Research & Development $	Manufacturing $	Total $
Operating revenue			
Sales to external customers	-	2,816,281	2,816,281
Total segment revenue	-	2,816,281	2,816,281
Unallocated revenues			
License fee income	-	-	500,000
Interest income	-	-	193,822
Total revenue			3,510,103
Segment result	**(216,884)**	**(696,604)**	**(913,488)**
Unallocated other income			858,987
Corporate and administrative costs			(1,743,651)
Other expenses			(293,982)
Net loss			**(2,092,134)**
Assets			
Segment assets	74,477	1,635,544	1,710,021
Cash, cash equivalents and held to maturity investments			8,562,774
Other assets			281,843
Total assets			10,554,638
Liabilities			
Segment liabilities	86,607	252,692	399,299
Unallocated liabilities			492,828
Total liabilities			832,127
Other segment information			
Acquisition of plant & equipment, and other non-current assets	14,757	27,290	42,047
Unallocated acquisition of plant & equipment, and other non-current assets			7,271
Depreciation and amortisation	42,072	91,474	133,546
Unallocated depreciation and amortisation			5,373

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

4. REVENUE AND EXPENSES

	2015	2014	2013
	$	$	$
(a) Revenue			
Manufacturing services revenue	**3,341,107**	5,410,951	2,816,281
License fee revenue	**-**	120,000	500,000
Interest revenue	**102,094**	222,619	193,822
Total revenue from continuing operations	**3,443,201**	5,753,570	3,510,103
(b) Other income			
Research and development tax refund	**853,771**	613,503	723,278
Other	**72,077**	81,385	135,709
Total other income	**925,848**	694,888	858,987
(c) Depreciation, amortisation, and foreign exchange differences			
Depreciation	**397,068**	270,304	138,919
Net foreign exchange loss / (gain)	**(3,793)**	14,547	(13,679)
(d) Lease payments			
Minimum lease payments – operating leases	**221,959**	152,279	115,019
(e) Employee benefit expenses			
Wages and salaries	**2,791,833**	2,640,236	989,078
Long service leave provision	**71,811**	30,090	28,541
Share-based payments expenses	**131,523**	98,534	(7,395)
(f) Finance Costs			
Bank charges	**5,706**	5,384	5,115
(g) Other expenses			
Bad debt expense	**1,955**	24,095	252,928

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

5. PARENT ENTITY DISCLOSURE

Parent entity information required to be disclosed in accordance with the Corporations Act 2001:

	Parent		
	2015	2014	2013
	$	$	$
Current assets	**4,376,189**	8,767,187	10,108,140
Total assets	**4,404,387**	8,805,916	10,168,788
Current liabilities	**1,048,138**	775,761	295,632
Total liabilities	**1,076,382**	794,605	436,411
Shareholders' equity			
Contributed equity	**158,320,862**	158,320,862	158,320,862
Options reserve	**3,757,428**	3,625,905	3,527,371
Accumulated losses	**(158,750,285)**	(153,935,456)	(152,115,856)
	3,328,005	8,011,311	9,732,377
Net loss for the year	**(4,814,829)**	(1,819,600)	(2,339,807)
Total comprehensive loss	**(4,814,829)**	(1,819,600)	(2,339,807)

The parent entity has no contingent assets, contingent liabilities or contractual commitments relating to the purchase of plant or equipment.

6. INCOME TAX

	Consolidated		
	2015	2014	2013
	$	$	$
The prima facie tax, using tax rates applicable in the country of operation, on loss before income tax differs from the income tax provided in the financial statements as follows:			
Prima facie tax on loss before income tax @ 30%	**(1,405,231)**	(726,135)	(844,624)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
- Non deductible items	**(209,200)**	33,700	1,048
Foreign tax rate adjustment	**(102,004)**	(108,542)	(111,189)
Under/ over provision	**203,548**	98,195	(82,418)
Deferred tax assets not recognised	**1,512,887**	702,782	1,037,183
Income tax benefit	**-**	-	-

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

6. INCOME TAX (cont'd)

	2015	2014	2013
	$	$	$
Deferred income tax			
Deferred income tax at 30 June relates to the following:			
Deferred tax liabilities			
Interest on short-term investments	**(882)**	(2,665)	(8,202)
Work in progress	**(183,475)**	(632,763)	(222,353)
Prepayment and other asset	**(414)**	(740)	(532)
Other	**(2,583)**	-	(2,940)
Deferred tax assets			
Unrealised foreign currency loss			
Bad debts provision	**-**	116,076	119,149
Unearned revenue	**4,725**	56,899	7,050
Sundry creditors and accruals	**54,296**	71,913	36,040
Depreciation	**73,466**	97,522	115,135
Employee entitlements	**122,067**	105,145	83,225
Make good obligation	**82,500**	82,500	38,600
Share issue costs, legal and management consulting fees	**40,718**	87,515	134,311
Patent costs	**109,315**	106,211	141,448
Losses available for offset against future taxable income	**50,780,089**	49,479,322	48,875,861
Deferred tax asset	**51,079,822**	49,566,935	49,316,792
Net deferred tax asset not recognised	**(51,079,822)**	(49,566,935)	(49,316,792)
Net deferred income tax assets	**-**	-	-

The benefit of the deferred tax asset will only be obtained if:
(i) future assessable income of a nature and of an amount sufficient to enable the benefit to be realised is generated;
(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(iii) no changes in tax legislation adversely affect the Group in realising the benefit.

The Group has tax losses arising in Australia of $154,936,532 (2014: $153,612,141) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose, subject to satisfying the relevant income tax loss carry forward rules.

The Company has US federal and state net operating loss carry-forwards of approximately US$8,296,000 (2014: US$8,296,000) and US$63,000 (2014: US$63,000), which have a carry forward period between 2028 – 2029 and are available for a maximum of 20 years, subject to a continuity of ownership test.

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

7. EARNINGS/(LOSS) PER SHARE

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	Consolidated		
	2015	2014	2013
	$	$	$
Loss used in calculating basic and diluted loss per share	**(4,684,104)**	(1,806,945)	(2,092,134)
	Number of Shares	**Number of Shares**	**Number of Shares**
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	55,285,315	55,285,315	27,895,773
Basic and diluted earnings/(loss) per share (cents per share)	(8.5)	(3.3)	(7.5)

Basic loss per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

There are 2,019,200 (2014: 1,831,200) options that have been excluded because the loss position makes any potential ordinary share anti-dilutive**.**

8. DIVIDENDS PAID AND PROPOSED

The entity has not declared or paid dividends and does not anticipate declaring or paying any dividends in the immediate term.

9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS / HELD TO MATURITY INVESTMENTS

	Consolidated	
	2015	2014
Cash and cash equivalents	**$**	$
Cash at bank and on hand	**1,186,344**	1,981,215
Short-term deposits	**1,626,957**	1,000,000
Cash and cash equivalents	**2,813,301**	2,981,215

	Consolidated	
	2015	2014
	$	$
Held to maturity investments		
Term deposit (> than 3 months maturity)	**-**	2,615,000
	-	2,615,000

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS / HELD TO MATURITY INVESTMENTS (cont'd)

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one month and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Held to maturity investments are made for periods of 3 to 6 months depending on the cash requirements of the Group and consideration of term deposit rates.

	Consolidated		
	2015	2014	2013
	$	$	$
Reconciliation of net loss after tax to net cash flows from operations			
Net loss	**(4,684,104)**	(1,806,945)	(2,092,134)
Adjustments for:			
Depreciation	**397,068**	270,304	138,919
Share options expensed	**131,523**	98,534	(7,395)
Loss on disposal of plant and equipment	**191**	-	5,402
Changes in operating assets and liabilities			
(Increase)/Decrease in trade and other receivables	**1,778,305**	(1,570,241)	259,422
(Increase)/Decrease in prepayments and other assets	**(45,337)**	(165,965)	6,253
Increase /(Decrease) in trade and other payables	**(115,793)**	602,771	(929,634)
Increase in provisions	**56,408**	73,068	58,791
Net cash used in operating activities	**(2,481,739)**	(2,498,474)	(2,560,376)

10. TRADE AND OTHER RECEIVABLES

Current	Consolidated	
	2015	2014
	$	$
Trade receivables	**677,270**	957,583
Other receivables (i)	**692,359**	2,577,271
Provision for impairment of receivables (a)	**-**	(386,920)
Total current trade and other receivables	**1,369,629**	3,147,934

(i) Other receivables are non-interest bearing and are generally on 30-90 day terms. Balance includes accrued sales not yet billed which account for $584,294 (2014: $1,936,362).

(a) Impaired trade and other receivables
As at 30 June 2015 there were no impaired current trade and other receivables (2014: $386,920). The amount of the impairment recognised in the 2015 year was $1,955 (2014: $24,095). This relates to expenses paid on behalf of the group's associate, EPI Pharmaceuticals Inc. following its complete dissolution on 31 July 2014.

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

10. TRADE AND OTHER RECEIVABLES (Cont')

a) Impaired trade and other receivables (cont'd)

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2015	**2014**
	$	**$**
At 1 July	**386,920**	397,165
Provision for impairment recognised during the year	**1,955**	24,095
Receivables written off during the year as uncollectible	**(388,875)**	(34,340)
Unused amount reversed	**-**	-
At 30 June	**-**	386,920

The creation and release of the provision for impaired receivables has been included in 'other expenses' in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As at 30 June 2015, trade receivables of $94,050 (2014: $634,555) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2015	**2014**
	$	**$**
Up to 3 months	**94,050**	634,555
3 – 6 months	**-**	-
over 6 months	**-**	-
	94,050	634,555

Based on the credit history, it is expected that these amounts will be received within the next twelve months. The Group does not hold any collateral in relation to these receivables.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(c) Concentration of credit risk

The Group's concentration of credit risk relates to its receivable from Zoetis Group of $319,239 (2014: $325,808), and Medigen Biotechnology Co (Taiwan) amounting to $175,000 (2014: $267,794). These receivables represent 73% of the trade receivables balance (2014: 62%).

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

11. NON-CURRENT ASSETS - PLANT & EQUIPMENT

	1 July 2014 $	Transfer $	Additions $	Disposals $	Consolidated Depreciation $	Impairment $	30 June 2015 $
Plant & equipment							
At cost	4,671,550	50,266	288,361	(79,260)	-	-	4,930,917
Accumulated depreciation	(4,480,113)	(7,121)	-	79,260	(101,772)	-	(4,509,746)
	191,437	43,145	288,361	-	(101,772)	-	421,171
Office equipment							
At cost	170,580	-	9,395	(3,331)	-	-	176,644
Accumulated depreciation	(140,544)	-	-	2,540	(16,389)	-	(154,393)
	30,036	-	9,395	(791)	(16,389)	-	22,251
Leasehold improvements							
At cost	1,121,497	(50,266)	4,430	(146,332)	-	-	929,329
Accumulated depreciation	(803,875)	7,121	-	146,332	(278,907)	-	(929,329)
	317,622	(43,145)	4,430	-	(278,907)	-	-
TOTAL	**539,095**	**-**	**302,186**	**(791)**	**(397,068)**	**-**	**443,422**

Progen Pharmaceuticals Limited
Notes to the Financial Statements
For the year ended 30 June 2015

11. NON-CURRENT ASSETS - PLANT & EQUIPMENT (cont'd)

	Consolidated						
	1 July 2013 $	Translation Adjustment $	Additions $	Disposals $	Depreciation $	Impairment $	30 June 2014 $
Plant & equipment							
At cost	4,566,666	-	104,884	-	-	-	4,671,550
Accumulated depreciation	(4,392,531)	-	-	-	(87,582)	-	(4,480,113)
	174,135	-	104,884	-	(87,582)	-	191,437
Office equipment							
At cost	146,479	-	24,101	-	-	-	170,580
Accumulated depreciation	(125,454)	-	-		(15,090)	-	(140,544)
	21,025	-	24,101	-	(15,090)	-	30,036
Leasehold improvements							
At cost	637,154	-	485,254	(911)	-	-	1,121,497
Accumulated depreciation	(637,154)	-	-	911	(167,632)	-	(803,875)
	-	-	485,254	-	(167,632)	-	317,622
TOTAL	**195,160**	**-**	**614,239**	**-**	**(270,304)**	**-**	**539,095**

12. SHARE BASED PAYMENTS

(a) Employee option plan
The Progen Directors and Employee Option Incentive Plan ("the Employee Plan") was last approved by shareholders at the 2010 annual general meeting.

Options granted to Company employees are issued under the Employee Plan. Options are granted under the Employee Plan for no consideration and once capable of exercise entitle the holder to subscribe for one fully-paid ordinary share upon exercise at the exercise price. The exercise price is based on the weighted average closing price at which the Group's shares traded on the Australian Securities Exchange during the five trading days immediately before they are granted.

Options granted under the Employee Plan that have not vested at the time an option holder becomes ineligible (i.e. no longer an employee), are forfeited and not capable of exercise. When an option holder becomes ineligible and the options have already vested then the option holder has 3 months to exercise or they expire. Options must be exercised by the expiry dates or they lapse. The vesting period of the most recent options granted during the year ranges from 1 to 13 months of service from the grant date.

At 30 June 2015 there were 989,200 employee options outstanding (2014:831,200).

(b) Consultant option plan
On 16 February 2005 the Directors approved the Progen Consultants and Advisors Option Incentive Plan ('the Consultant Plan"). The Consultant Plan rules are consistent with the Employee Plan rules, in that the consultants provide similar services to employees so the awards are accounted for in the same way as employee awards and the options vest over 12 months. The vesting period of the most recent options granted during the year ranges from 1 to 11 months of service from the grant date.

At 30 June 2015 there were 30,000 consultant options outstanding (2014: nil).

(c) Mercer Capital options
Under the terms of the Underwriting Agreement dated 15 March 2013, Progen issued Mercer Capital 1,000,000 unlisted options ("Options") on 22 May 2013 as part of the Rights Issue underwriting fee. The options have an exercise price of $0.30 and expire on 13 March 2016. The grant date fair value of each option was $0.05.

At 30 June 2015 there were a total of 1,000,000 unlisted options over shares issued to Mercer Capital (2014: 1,000,000).

The following table summarises information about all options outstanding at 30 June 2015:

2015

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed during year	Balance at end of year	Vested and exercisable at end of year
1	1 Jan 2011	1 Jan 2016	$ 0.29	90,000	-	-	-	90,000	90,000
2	15 Mar 2013	13 Mar 2016	$ 0.30	1,000,000	-	-	-	1,000,000	1,000,000
3	19 Aug 2013	25 Sep 2018	$ 0.21	30,000	-	-	-	30,000	30,000
4	1 Apr 2014	1 Apr 2018	$ 1.20	142,800	-	-	-	142,800	142,800
5	1 Apr 2014	1 Jan 2018	$ 1.30	285,600	-	-	(26,000)	259,600	259,600
6	1 Apr 2014	1 Oct 2018	$ 1.50	282,800	-	(30,000)	(26,000)	226,800	-
7	7 Nov 2014	1 Dec 2018	$ 1.20	-	270,000	-	(150,000)	120,000	120,000
8	7 Nov 2014	1 Jun 2018	$ 1.30	-	270,000	(150,000)	-	120,000	120,000
9	7 Nov 2014	1 Dec 2018	$ 1.50	-	150,000	(150,000)	-	-	-
10	7 Nov 2014	1 Apr 2018	$ 1.20	-	14,000	-	(8,000)	6,000	6,000
11	7 Nov 2014	1 Jan 2018	$ 1.30	-	28,000	-	(16,000)	12,000	12,000
12	7 Nov 2014	1 Oct 2018	$ 1.50	-	28,000	-	(16,000)	12,000	-
				1,831,200	760,000	(330,000)	(242,000)	2,019,200	1,780,400
Weighted average exercise price				0.71	1.31	1.41	1.27	0.75	0.65
Weighted average share price at date of exercise				-	-	-	-	-	-

12. SHARE BASED PAYMENTS (cont'd)

2014

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed during year	Balance at end of year	Vested and exercisable at end of year
1	1 Jan 2011	1 Jan 2016	$ 0.29	90,000	-	-	-	90,000	90,000
2	15 Mar 2013	13 Mar 2016	$ 0.30	1,000,000	-	-	-	1,000,000	1,000,000
3	19 Aug 2013	25 Sep 2018	$ 0.21	-	30,000	-	-	30,000	30,000
4	1 Apr 2014	1 Apr 2018	$ 1.20	-	142,800	-	-	142,800	142,800
5	1 Apr 2014	1 Jan 2018	$ 1.30	-	285,600	-	-	285,600	-
6	1 Apr 2014	1 Oct 2018	$ 1.50	-	282,800	-	-	282,800	-
				1,090,000	741,200	-	-	1,831,200	1,262,800
Weighted average exercise price				0.30	1.31	-	-	0.71	0.40
Weighted average share price at date of exercise				-	-	-	-	-	-

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.30 years (2014: 2.57 years).
The weighted average fair value of options granted during the year was $0.07 (2014: $0.31).

Fair value of options granted

The fair value of the equity-settled share options is estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used in the valuation of the options:

	2015	**2014**
Expected volatility	112%	43%
Risk-free rate average	2.62% to 2.85%	3.40%
Expected life average (years)	3 to 4	4.4
Dividend yield	-	-
Weighted average exercise price ($)	1.20 to 1.50	1.31
Share price at grant date ($)	0.17	1.03 to 1.07

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were $131,523 (2014 credits: $98,534).

13. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2015	**2014**
	$	**$**
Trade creditors [(i)]	**587,504**	359,696
Unearned income[(ii)]	**15,750**	189,664
Other creditors [(iii)]	**309,768**	479,455
	913,022	1,028,815

Australian dollar equivalents
Australian dollar equivalent of amounts payable in foreign currencies (US$) - $92,573 (2014: $100,058).

Terms and conditions
Terms and conditions relating to the above financial instruments:
(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.
(ii) Unearned income mainly include payments received in advance for materials to be purchased in contract manufacturing projects from Medigen of $15,750 (2014: $76,820).
(iii) Other creditors are non-interest bearing and have a term between 30 days and 12 months

14. PROVISIONS

Make good provision
In accordance with the lease agreement terms, the Group must restore its leased premises situated at Darra, Brisbane to its original condition at the end of the lease term. There was no increase in the make good provision recognised in the 2015 financial year (2014 increase: $146,332) as the provision has reached the full estimated cost to restore the facility, i.e. $275,000.

Due to the long-term nature of the Darra premises make good liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred.

	Consolidated	
	2015	2014
	$	$
Make good provision	**275,000**	275,000
Employee benefits provision		
Long service leave	**235,734**	187,275
Annual leave	**171,157**	163,208
	406,891	350,483
	681,891	625,483

Movement in provision

	Make good provision	Annual leave	Long service leave	Total
	$	**$**	**$**	**$**
Consolidated				
At 1 July 2014	275,000	163,208	187,275	625,483
Arising during the year	-	219,518	71,811	291,329
Utilised	-	(211,569)	(23,352)	(234,921)
At 30 June 2015	**275,000**	**171,157**	**235,734**	**681,891**
Current 2015	275,000	171,157	193,235	639,392
Non-current 2015	-	-	42,499	42,499
	275,000	**171,157**	**235,734**	**681,891**
Current 2014	275,000	163,208	137,793	576,001
Non-current 2014	-	-	49,482	49,482
	275,000	**163,208**	**187,275**	**625,483**

15. CONTRIBUTED EQUITY

	Consolidated	
	2015	2014
	$	$
a) Issued and paid up capital		
Ordinary shares fully paid	**158,320,862**	**158,320,862**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

15. CONTRIBUTED EQUITY (cont'd)

b) Movements in shares on issue

	2015		2014	
	Number of shares	**Amount $**	**Number of shares**	**Amount $**
Beginning of the financial year	**55,285,315**	**158,320,862**	**55,285,315**	**158,320,862**
Issued during the year:	-	-	-	-
End of the financial year	**55,285,315**	**158,320,862**	**55,285,315**	**158,320,862**

c) Share options

At 30 June 2015 there were a total of 2,019,200 (2014: 1,831,200) unissued ordinary shares in respect of which options were outstanding.

Refer to note 12 for more details on unlisted options.

d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

16. ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movement in accumulated losses were as follows:

	Consolidated	
	2015 $	2014 $
Balance 1 July	**(154,003,394)**	(152,196,449)
Net loss	**(4,684,104)**	(1,806,945)
Balance 30 June	**(158,687,498)**	(154,003,394)

Reserves

Employee reserve

The employee reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration.

	Consolidated	
Employee reserve	**2015 $**	2014 $
Balance 1 July	3,625,905	3,527,371
Employee option expense	131,523	98,534
Balance 30 June	**3,757,428**	3,625,905

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

16. ACCUMULATED LOSSES AND RESERVES (cont'd)

Foreign currency translation reserve (cont'd)

	Consolidated	
	2015	2014
Foreign currency translation reserve	**$**	$
Balance 1 July	70,549	70,727
Foreign currency translation	411	(178)
Balance 30 June	**70,960**	**70,549**
Total Reserves	**3,828,388**	**3,696,454**

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, held- to maturity investments, trade and other receivables and trade and other payables.

The Group manages its exposure to key financial risks, including market risk (interest rate and currency risk) credit risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Depending on cash flow, the Group may simply procure the required amount of foreign currency to mitigate the risk of future obligations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange rates and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses is undertaken to manage credit risk.

The Board reviews and agrees policies for managing each of these risks which are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Credit risk
The Group trades only with recognised, creditworthy third parties. All receivables, including other receivables, are current.

All the Group's material cash balances are with a large national Australian bank. Although there is a significant concentration of risk with one bank, it has a strong credit rating.

Refer to note 10 for further details on trade and other receivables.

Liquidity risk
The Group's objective is to maintain a balance between continuity of project research utilising an optimal combination of equity funding and available credit lines. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Group has no financial liabilities due after twelve months.

Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk (cont'd)
The table below reflects all financial liabilities as of 30 June 2015. Financial liabilities are presented at their undiscounted cash flows. Cash flows for financial liabilities without fixed amounts or timing are based on the conditions existing at 30 June 2015. The Group had no derivative financial instruments at 30 June 2015.

The remaining contractual maturities of the Group's financial liabilities are:

	Consolidated	
	2015	2014
	$	$
1 year or less	**913,022**	1,028,815

Foreign currency risk

At 30 June 2015, the Group held US$2,289 (2014: US$149,923) in cash deposits.

At 30 June 2015, the Group had the following exposure to US$ currency shown in AU$:

	Consolidated	
	2015	2014
	$	$
Financial assets		
Cash and cash equivalents	**2,989**	158,834
Financial liabilities		
Trade and other payables	**92,573**	100,058
Net exposure	**(89,584)**	58,776

At 30 June 2015, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post tax loss (Higher)/Lower		Equity Higher/(Lower)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Consolidated				
AUD/USD + 15% (2014: +10%)	**11,685**	(5,343)	**11,685**	(5,343)
AUD/USD - 15% (2014: - 10%)	**(15,809)**	6,531	**(15,809)**	6,531

The sensitivity analysis for the foreign currency exposure was determined based on historical movements over the past two years.

Interest rate risk
The Group's exposure to market interest rates relates primarily to the Group's cash and short-term deposits. These deposits are held to fund the Group's ongoing and future drug development activities. Cash at bank and on hand of $1,186,344 earns interest at floating rates based on daily and "at call" bank deposit rates. Short term deposits of $1,626,957 are made for varying periods of between one to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates. Refer to note 9 for details on the Group's cash and cash equivalents at 30 June 2015.

The following sensitivity analysis is based on the weighted average interest rates applicable to the Group's cash and short-term deposits in existence at the reporting date.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Interest rate risk (cont'd)

	Post tax loss (Higher)/Lower		Equity Higher/(Lower)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Consolidated				
+ 0.5% / 50 basis points (2014: + 0.5%)	**14,067**	27,981	**14,067**	27,981
- 1.0% / 100 basis points (2014: - 1.0%)	**(28,133)**	(55,962)	**(28,133)**	(55,962)

The sensitivity in interest rates were determined based on historical movements over the past two years and management expectations of reasonable movements.

Investments
Investments are made in accordance with a Board approved Investment Policy. Investments are typically in bank bills and held to maturity investments. Policy stipulates the type of investment able to be made. The objective of the policy is to maximise interest income within agreed upon creditworthiness criteria.

Maturity analysis of financial assets and liabilities based on management's expectation
The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and receivables are considered in the Group's overall liquidity risk.

Consolidated **Financial instruments 2015**	**6 months or less** **$**	**6 to 12 months** **$**	**More than 12 months** **$**	**Total carrying amount as per the statement of financial position** **$**	**Weighted average effective interest rates** **$**
Consolidated financial assets					
Cash and cash equivalents	2,813,301	-	-	2,813,301	1.50%
Held-to maturity investments	-	-	-	-	0.0%
Trade and other receivables	1,369,629	-	-	1,369,629	0.0%
Security deposit	-	-	24,400	24,400	2.75%
	4,182,930	-	24,400	4,207,330	
Consolidated financial liabilities					
Trade and other payables	913,022	-	-	913,022	0.0%
	913,022	-	-	913,022	
Net maturity	**3,269,908**	**-**	**24,400**	**3,294,308**	

Consolidated **Financial instruments 2014**	**6 months or less** **$**	**6 to 12 months** **$**	**More than 12 months** **$**	**Total carrying amount as per the statement of financial position** **$**	**Weighted average effective interest rates** **$**
Consolidated financial assets					
Cash and cash equivalents	1,981,215	-	-	1,981,215	0.0%
Held-to maturity investments	1,000,000	-	2,615,000	3,615,000	3.5%
Trade and other receivables	3,147,934	-	-	3,147,934	0.0%
Security deposit	-	-	24,400	24,400	3.4%
	6,129,149	-	2,639,400	8,768,549	
Consolidated financial liabilities					
Trade and other payables	1,028,815	-	-	1,028,815	
	1,028,815	-	-	1,028,815	0.0%
Net maturity	**5,100,334**	**-**	**2,639,400**	**7,739,734**	

18. EXPENDITURE COMMITMENTS

	Consolidated	
	2015	2014
Non-cancellable operating lease commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
Minimum lease payments		
Total not later than one year	**83,711**	12,250
- later than one and not longer than five years:	**3,285**	697
- aggregate lease expenditure contracted for at balance date	**86,996**	**12,947**

19. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

	Consolidated	
	2015	2014
The aggregate employee entitlement liability is comprised of:		
Accrued wages, salaries and on-costs	**104,269**	117,741
Provisions (current)	**364,392**	301,001
Provisions (non-current)	**42,499**	49,482
	511,160	468,224

Superannuation
The parent makes no superannuation contributions other than the statutory superannuation guarantee levy. The Group does not operate a defined benefit plan on behalf of its employees.

The Group contributed $345,082 on behalf of employees to superannuation funds (considered a related party) for the year ended 2015 (2014: $289,314).

20. CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or contingent assets at 30 June 2015 that require disclosure in the financial report.

21. SUBSEQUENT EVENTS

Proposed acquisition of TBG and Strategic Review

On 1 May 2015, Progen announced that it has signed a Binding Term Sheet to acquire the company TBG Inc. (“TBG”) (the “Strategic Transaction”) from Medigen Biotechnology Corporation, subject to due diligence, ASX, US OTC, ASIC, Taipei Exchange (“TPEx”), regulatory and shareholder approvals.

On 16 October 2015, the Company announced that it has now signed a share sale and purchase agreement (SSPA) with Medigen Biotechnology Corporation. Pursuant to the share sale and purchase agreement (SSPA), Progen has agreed to issue 101,722,974 new ordinary shares (being 64.8% of the total expanded capital base) to Medigen in consideration of its acquisition of 100% of the issued share capital of TBG.

The completion of the TBG Acquisition is subject to the satisfaction or waiver by the parties of the following outstanding conditions precedent:

1. the Company obtaining all necessary Shareholder approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to complete the matters contemplated by the TBG Acquisition including, without limitation, for the issue of the consideration as specified above;

21. SUBSEQUENT EVENTS (cont'd)

Proposed acquisition of TBG and Strategic Review (cont'd)

2. the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law required to allow the parties to lawfully complete the matters set out in the SSPA;

3. the Company completing a raising under a prospectus of not less than $10 million (up to a maximum of $14.5 million) at $0.21 per Share;

4. ASX conditionally confirming that it will re-admit the Company to the Official List; and

5. to the extent required by the ASX or the ASX Listing Rules, Medigen entering into a restriction agreement with the Company in relation to the Consideration Shares.

If the conditions are not satisfied (or waived) (or become incapable of being satisfied and are not waived) on or before 5.00pm AEST on 30 November 2015 (or such other date as the parties approve in writing), then either the Company or Medigen may terminate the SSPA by written notice to the other party.

Progen has also commenced a review of whether to retain, demerge or divest some or all of its current activities in light of the proposed acquisition of TBG (the "Strategic Review"). Progen is currently conducting clinical stage drug development activities with the Phase 1 clinical trial of PG545 directed at testing the safety and tolerability of this drug for use in oncology, and owns a contract manufacturing biopharmaceutical company, PharmaSynth Pty Limited. Progen has determined that it will retain the asset PI-88 and this will not form part of the Strategic Review. The Strategic Review will consider a variety of options with the objective of maximising value for all of the Company's shareholders. Initially, the Company indicated that it anticipates the Strategic Review will take approximately 2 to 4 months from 1 May 2015, the date of announcement. However, a final decision has not yet been undertaken at this stage.

22. AUDITORS' REMUNERATION

	Consolidated	
	2015	2014
(a) Amounts received or due and receivable by BDO for:		
Audit or review of the financial reports of the entity		
- The Australian financial reports of the entity	**63,000**	55,000
(b) Amounts received or due and receivable by PKF O'Connor Davies for:		
Audit or review of the financial reports of the entity		
- The US financial report of the entity	**37,883**	28,000
	100,883	83,000
(c) Other non-audit services in relation to the entity[1]	**63,943**	53,917
(d) Other audit services performed by other auditor[2]	**-**	3,605
	164,826	**140,522**

[1] Non-audit services received from BDO for tax services
[2] During the prior year, the Group received audit services from Ernst & Young in relation to the re-issuance of 2013 auditor's opinion as required under the US 20-F annual reporting purposes.

23. DIRECTOR AND EXECUTIVE AND RELATED PARTY DISCLOSURES

(a) Remuneration of directors and other key management personnel

	2015 $	2014 $
Short term benefits	**1,009,384**	1,004,699
Long term benefits	**18,449**	6,224
Post-employment benefits	**86,856**	75,144
Share-based payments	**71,400**	24,801
Termination payments	**-**	-
Total key management personnel compensation	**1,186,089**	**1,110,868**

(i) ***Details of remuneration of key management personnel***

Table 1: Directors' remuneration for the year ended 30 June 2015

		Short term			Post employment	Long term benefits	Share-based payment		
Directors		**Salary and fees[5] $**	**Cash bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Long service leave[6] $**	**Options $**	**Total $**	**Options Remune-ration %**
Stuart James[1]	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2014	94,375	-	-	-	-	-	94,375	-
Indrajit Arulampalam	**2015**	**80,000**	**-**	**-**	**-**		**8,703**	**88,703**	**9.8**
	2014	75,906	-	-	-	-	-	75,906	-
Woei-Jia Jiang[2]	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2014	3,360	-	-	311	-	-	3,671	-
Heng Tang[3]	**2015**	**140,729**	**-**	**-**	**13,727**	**(225)**	**11,790**	**166,021**	**7.1**
	2014	177,771	-	-	15,804	225	-	193,800	-
Hongjen Chang	**2015**	**60,000**	**-**	**-**	**-**	**-**	**8,703**	**68,703**	**12.7**
	2014	35,231	-	-	-	-	-	35,231	-
Christopher Harvey[4]	**2015**	**17,500**	**-**	**-**	**-**	**-**	**-**	**17,500**	**-**
	2014	-	-	-	-	-	-	-	-
Total – Executive and Non-Executive Directors	**2015**	**298,229**	**-**	**-**	**13,727**	**(225)**	**29,196**	**340,927**	**8.6**
	2014	386,643	-	-	16,115	225	-	402,983	-

[1] Retired 28 November 2013
[2] Resigned 12 July 2013
[3] Resigned 13 March 2015
[4] Appointed 16 March 2015
[5] Includes changes in accruals for annual leave
[6] This pertains to the movements in long service leave provision

23. DIRECTOR AND EXECUTIVE AND RELATED PARTY DISCLOSURES (cont'd)

(a) Remuneration of directors and other key management personnel (cont'd)

(i) Details of remuneration of key management (cont'd)

Table 2: Remuneration for the other key management personnel for the year ended 30 June 2015.

		Short term			Post employment	Long term benefits	Share-based payment		
Other key management personnel		**Salary and fees[4] $**	**Cash bonus $**	**Non monetary benefits $**	**Super-annuation $**	**Long service leave[5] $**	**Options $**	**Total $**	**Options Remune-ration %**
Fleur Lankesheer	**2015**	**185,272**	**-**	**-**	**25,507**	**2,751**	**9,109**	**222,639**	**4.1**
	2014	167,642	-	-	24,314	1,790	5,722	199,468	2.9
Leslie Tillack	**2015**	**169,313**	**-**	**-**	**15,200**	**13,610**	**18,219**	**216,342**	**8.4**
	2014	140,828	5,484[3]	-	12,450	3,997	11,444	174,203	6.57
Blair Lucas	**2015**	**59,000**	**-**	**-**	**-**	**-**	**1,672**	**60,672**	**2.8**
	2014	45,727	-	-	-		-	45,727	-
Lee Horobin[1]	**2015**	**57,466**	-	-	-	-	**2,531**	**59,997**	4.2
	2014	104,089	-	-	-		-	104,089	-
Keith Dredge	**2015**	**186,118**	**-**	**-**	**25,473**	**801**	**9,109**	**221,501**	**4.1**
	2014	154,286	-	-	22,265	212	7,635	184,398	4.1
Generosa Hipona[2]	**2015**	**53,986**	**-**	**-**	**6,949**	**1,512**	**1,564**	**64,011**	**2.4**
	2014	-	-	-	-	-	-	-	-
Total - Other key management personnel	**2015**	**711,155**	**-**	**-**	**73,129**	**18,674**	**42,204**	**845,162**	5.0
	2014	615,272	5,484	-	59,029	5,999	24,801	707,885	3.5

[1] Contract finished 1 December 2014
[2] Became KMP 1 December 2014
[3] Incentive bonus granted on 9 December 2013 based on the achievement of certain non-financial objectives. 100% of the bonus vested and was paid in the 2014 financial year. The bonus paid to Leslie Tillack represents 20% of the available bonus.
[4] Includes changes in accrual for annual leave
[5] This pertains to the movements in long service leave provision

23. DIRECTOR AND EXECUTIVE AND RELATED PARTY DISCLOSURES (cont'd)

(a) Remuneration of directors and other key management personnel (cont'd)

(ii) Key management personnel equity holdings

Option holdings of key management personnel

2015	Balance at beginning of period	Granted as remuner-ation	Options forfeited	Options lapsed	Balance at end of period	At 30 June 2015	
Directors	1 July 2014				30 June 2015	Total Vested	Total Non-Vested
I.S. Arulampalam	-	120,000	-	-	120,000	120,000	-
H. Chang	-	120,000	-	-	120,000	120,000	-
H. Tang[1]	-	450,000	(300,000)[5]	(150,000)[6]	-	-	-
C. Harvey[2]	-	-	-	-	-	-	-
Executives							
F. Lankesheer	80,000	-	-	-	80,000	60,000	20,000
L. Tillack	100,000	-	-	-	100,000	60,000	40,000
B. Lucas	-	30,000	-	-	30,000	18,000	12,000
L. Horobin[3]	-	40,000	-	(40,000)[7]	-	-	-
K. Dredge	80,000	-	-	-	80,000	60,000	20,000
G. Hipona[4]	45,000	-	-	-	45,000	35,000	10,000
Total	**305,000**	**760,000**	**(300,000)**	**(190,000)**	**575,000**	**473,000**	**102,000**

[1] Resigned 13 March 2015
[2] Appointed 16 March 2015
[3] Finished contract 1 December 2014
[4] Became KMP 1 December 2014
[5] Options forfeited 13 March 2015 due to resignation
[6] Options lapsed 13 June 2015 due to non-exercise
[7] Options lapsed 1 June 2015 due to non-exercise

2014	Balance at beginning of period	Granted as remuner-ation	Options forfeited	Options expired	Balance at end of period	At 30 June 2014	
Directors	1 July 2013				30 June 2014	Total Vested	Total Non-Vested
WJ Jiang[1]	-	-	-	-	-	-	-
S. B. James[2]	-	-	-	-	-	-	-
H. Tang	-	-	-	-	-	-	-
I.S. Arulampalam	-	-	-	-	-	-	-
H. Chang[3]	-	-	-	-	-	-	-
Executives							
F. Lankesheer	30,000	50,000	-	-	80,000	40,000	40,000
L. Tillack	-	100,000	-		100,000	20,000	80,000
B. Lucas	-	-	-	-	-	-	-
L. Horobin	-	-	-	-	-	-	-
K. Dredge[4]	-	80,000	-	-	80,000	40,000	40,000
Total	**30,000**	**230,000**	**-**	**-**	**260,000**	**100,000**	**160,000**

[1] Resigned 12 July 2013
[2] Retired 28 November 2013
[3] Appointed 29 November 2013
[4] Commenced 19 August 2013

23. DIRECTOR AND EXECUTIVE AND RELATED PARTY DISCLOSURES (cont'd)

(a) Remuneration of directors and other key management personnel (cont'd)

(iii) Key management personnel equity holdings (cont'd)

Shareholdings of key management personnel

Ordinary shares held in Progen Pharmaceuticals Limited	Balance 1 July 14	On exercise of options	Net change other	Balance 30 June 15
Directors				
I. S. Arulampalam	40,000	-		40,000
H. Chang	-	-	-	-
H. Tang[1]	117,354	-	(117,354)	-
C. Harvey[2]	-	-	-	-
Executives				
F. Lankesheer	-	-	-	-
L. Tillack	-	-	-	-
B. Lucas	-	-	-	-
L. Horobin[3]	-	-	-	-
K. Dredge	-	-	-	-
G. Hipona[4]	-	-	-	-
Total	**157,354**	**-**	**(117,354)**	**40,000**

[1] Resigned 13 March 2015
[2] Appointed 16 March 2015
[3] Finished contract 1 December 2014
[4] Became KMP 1 December 2014

Ordinary shares held in Progen Pharmaceuticals Limited	Balance 1 July 13	On exercise of options	Net change other	Balance 30 June 14
Directors				
WJ Jiang[1]	483,800	-	(483,800)	-
S. B. James[2]	-	-	-	-
H. Tang	64,354	-	53,000	117,354
I. S. Arulampalam	-	-	40,000	40,000
H. Chang[3]	-	-	-	-
Executives				
F. Lankesheer	-	-	-	-
L. Tillack	-	-	-	-
B. Lucas	-	-	-	-
L. Horobin	-	-	-	-
K. Dredge[4]	-	-	-	-
Total	**548,154**	**-**	**(390,800)**	**157,354**

[1] Resigned 12 July 2013
[2] Retired 28 November 2013
[3] Appointed 29 November 2013
[4] Commenced 19 August 2013

23. DIRECTOR AND EXECUTIVE AND RELATED PARTY DISCLOSURES (cont'd)

(c) Subsidiaries

The consolidated financial statements include the financial statements of Progen Pharmaceuticals Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest	
		2015	2014
Progen Pharmaceuticals Inc.	United States	100	100
PharmaSynth Pty Ltd	Australia	100	100
Darra Investment Holdings Pty Ltd	Australia	100	-

EXHIBIT 12.1

CERTIFICATIONS

I, Indrajit Arulampalam, certify that:

1. I have reviewed this annual report on Form 20-F of Progen Pharmaceuticals Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d -15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: October 27, 2015

/s/ Indrajit Arulampalam
Executive Chairman

EXHIBIT 12.2

CERTIFICATIONS

I, Generosa Hipona, certify that:

1. I have reviewed this annual report on Form 20-F of Progen Pharmaceuticals Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods presented in this report; and

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d -15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: October 27, 2015

/s/ Generosa Hipona
Group Financial Accountant

EXHIBIT 13

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350 of title 18, United States Code), each of the undersigned officers of Progen Pharmaceuticals Limited, a company organized under the laws of the State of Queensland, Australia (the "Company"), does hereby certify to such officer's knowledge that:

The Annual Report on Form 20-F for the year ended June 30, 2015 (the "Form 20-F") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Progen Pharmaceuticals Limited and will be retained by Progen Pharmaceuticals Limited and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: October 27, 2015

/s/ Indrajit Arulampalam
Executive Chairman

Dated: October 27, 2015

/s/ Generosa Hipona
Group Financial Accountant

Exhibit 15

Share sale and purchase agreement

Medigen Biotechnology Corporation (**MBC**)

Progen Pharmaceuticals Limited (**PGL**)

The Fuse contact for this document is:

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Contents

This Agreement is made on ___, October, 2015.

Parties

1. **Medigen Biotechnology Corporation, 70760897**
a Taiwanese corporation with its registered office located at 14F, No. 3 Park St, Nangang District, Taipei City 11503 Taiwan
(**MBC**)

2. **Progen Pharmaceuticals Limited, ACN 010 975 612**an Australian corporation with its principal place of business at 2806 Ipswich Road, Darra, Queensland 4076 Australia(**PGL**)

Background

A. MBC is the registered holder and beneficial owner of the Sale Shares.

B. MBC has agreed to sell the Sale Shares to the PGL, and PGL has agreed to buy the Sale Shares from MBC, on the terms of this Agreement.

It is agreed as follows:

1. Defined terms and interpretation

1.1 Defined terms

The meanings of the terms used in this document are set out below:

Term	Meaning
Advisers	In relation to a party, its legal, financial and other expert advisers and agents.
Agreement	This agreement including the background, any schedules and any annexures.
Assets	The property of the TBG Group including (without limitation): 1 the Intellectual Property Rights; 2 the Equipment Leases; 3 the Goodwill; 4 the Records; 5 the Contracts;

	6 the Plant and Equipment; 7 the Real Property Leases; and 8 all other tangible assets owned by the TBG Group and used in the TBG Group Business.
ASIC	Australian Securities and Investments Commission.
Associate	In relation to a party, has the meaning given to that term in section 9 of the Corporations Act.
Associated Entity	Has the meaning given to that term in section 50AAA of the Corporations Act.
ASX	ASX Limited or the stock exchange conducted by ASX Limited (as the context requires).
ASX Listing Rules	The official listing rules of ASX as from time to time amended or waive in their application to PGL.
Business Day	A day which is not a Saturday, Sunday or public holiday in Melbourne, Australia or Taipei, Taiwan.
Capital Raising	The issue of the Offer Shares under the Prospectus.
Claim	Any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature whatsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.
Cleansing Notice	A notice which complies with section 708A(6) of the Corporations Act.
Company	TBG Inc, an exempt company incorporated in the Cayman Islands with limited liability and having its registered office at Scotia Centre, 4th Floor, PO Box 2804, George Town, Grand Cayman, Cayman Islands.
Completion	Completion of the sale and purchase of the Sale Shares, the issue and allotment of the Consideration Shares,
Completion Date	The date which is three (3) Business Days after all the Conditions Precedent have been satisfied or duly waived in accordance with this Agreement or such other date as may be agreed by the parties in writing.
Conditions Precedent	The conditions precedent to Completion as set out in in clause 2.1.
Consideration Shares	101,722,974 PGL Shares issued or to be issued at the Issue Price under clause 4.3.

Consideration Share Issue Date	The date on which the Consideration Shares are issued under this Agreement.
Contracts	All contracts and commitments entered into by the TBG Group with its customers, suppliers or otherwise, in the ordinary course of business before the Completion Date which are not fully performed as a the Completion Date but excludes: 1 the Real Property Leases; and 2 the Equipment Leases.
Control	Any situation where a person or persons (each a **Controlling Person**) has, or is entitled to acquire, the right or power to secure whether directly or indirectly, that the affairs of another person are conducted in accordance with the wishes of the Controlling Person.
Corporations Act	*Corporations Act 2001* (Cth).
Data Room	The electronic data room located in the Dropbox folder named "TBG DD Folder" managed under the Fuse Advisory account as at the date of this Agreement.
Disclosure Materials	The Due Diligence Documentation.
Due Diligence Documentation	All the documents relating to the TBG Group and the TBG Group Business disclosed to PGL or its advisers by or on behalf of MBC prior to the date of this Agreement contained in the Data Room.
Duty	Any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes, but is not limited to, any interest, fine, penalty, charge or other amount imposed in respect of the above but excludes any Tax.
Employees	The persons employed by the TBG Group, the details of whom are set out in the Due Diligence Documentation.
Encumbrance	An encumbrance or security interest, including but not limited to a mortgage, a fixed charge, a floating charge, a pledge, lien, conditional sale agreement, hire or hire purchase agreement, option, restriction as to transfer, use or possession, easement, or a subordination to a right of a person.
End Date	30 November 2015 or such other date as the parties may agree in writing.
Equipment Leases	The agreements under which the Lease Equipment is leased by the TBG Group.

General Meeting	The general meeting of the members of PGL to be held on or before 30 November 2015 under the Notice of General Meeting to consider and vote on: 1 the PGL Resolutions; 2 a special resolution to change the name of PGL to 'TBG Diagnostics Limited"; and 3 any other resolution which may be agreed in writing between the parties. (and any adjournment of that meeting).
Goodwill	The goodwill of the TBG Group Business.
Governmental Agency	A government or governmental, semi-governmental or judicial entity or authority. It also includes a self-regulatory organisation established under statute or a stock exchange.
Independent Expert	William Buck or such other independent expert the parties agree will be responsible for preparing the Independent Expert Report.
Independent Expert Report	An independent experts report by the Independent Expert, stating whether or not in their opinion the Proposal is fair and reasonable to the non-associated shareholders of PGL and setting out their reasons for that opinion in accordance with Regulatory Guide 111 issued by ASIC.
Insolvency Event	In relation to a body corporate means: 1 it is insolvent within the meaning of the Corporations Act or it has failed to comply with a statutory demand as provided in section 459F(1) of the Corporations Act; 2 a meeting is convened to place it into voluntary liquidation or to appoint an administrator; 3 it, or any other person, makes an application to a court for its winding up, being an application that is not stayed, withdrawn or dismissed within 7 days; 4 an order is made for it to be wound up; 5 the appointment of a controlled (as defined in section 9 of the Corporations Act) of any of its assets is made; 6 it proposed to enter into or enters into any form of arrangement (formal or informal) with its creditors or any of them, including a deed of company arrangement; or 7 it becomes an insolvent under administration as defined in section 9 of the Corporations Act.
Issue Price	$0.21 per PGL Share.

Intellectual Property Rights	All intellectual property and proprietary rights (whether registered or unregistered) including: 1 business names; 2 trade or service marks; 3 any right to have information (including confidential information) kept confidential; 4 patents, patent applications, drawings, discoveries, inventions, improvements, trade secrets, technical data, formulae, computer programs, data bases, know-how, logos, designs, design rights, copyright and similar industrial or intellectual property rights, and includes (but is not limited to) the Intellectual Property Rights specified in Schedule 5.
Leased Equipment	The leased plant and equipment used in the TBG Group Business as at the Completion Date with a list of the material items of such equipment as at the date of this Agreement being included in the Data Room.
Liability	All liabilities (whether actual, contingent or prospective), losses, damages, costs and expenses of whatever description.
Material Adverse Change	In relation to the TBG Group or PGL, one or more occurrences or matters which individually, or when aggregated with all such events, has had or is reasonably likely to have a material adverse effect on the business, assets, liabilities, operations, financial or trading position or performance and prospects of that group taken as a whole.
Material Contracts	The Contracts identified as such copies of which are included in the Data Room.
MBC Warranties	The representations and warranties given by MBC set out in Schedule 2.
Notice of General Meeting	The notice of general meeting (including the Independent Experts Report annexed to it) sent or to be send to PGL Shareholders.
Offer	The invitation or offer for the subscription of the Offer Shares at the Issue Price under the Prospectus to raise not less than $10,000,000 and not more than $14,500,000 (before costs).
Offer Shares	Not less than 47,619,047 and not more than 69,047,620 PGL Shares to be offered under the Prospectus.
Officer	In relation to an entity, its directors and officers.

PGL Group	PGL and its Related Entities.
PGL Information	All information contained in the Prospectus and Notice of Meeting and all information provided by or on behalf of PGL to the Independent Expert to enable the Independent Expert's Report to be prepared and completed, but does not include the TBG Group Information and the Independent Expert's Report prepared by the Independent Expert.
PGL Resolutions	the resolutions specified in clause 2.1(b).
PGL Share	A fully paid ordinary share in the capital of PGL.
PGL Shareholder	Each holder of a PGL Share.
PGL Warranties	The warranties given by PGL as set out in Schedule 3.
Plant and Equipment	All fixed and loose plant, equipment, machinery, furniture, fixtures and fittings, computer hardware, vehicles, and all other tangible assets owned by the TBG Group.
Proposal	The proposed acquisition by PGL of all of the Sale Shares on issue and Capital Raising on the terms and condition set out in this Agreement.
Prospectus	The prospectus in respect of the Offer to be lodged with ASIC and where the context requires includes any replacement or supplementary prospectus that may be lodged under the Corporations Act.
Prospectus Lodgement Date	1 November 2015 or such later date as may be agreed in writing between the parties.
Purchase Price	Has the meaning given to that term in clause 4.3.
Real Property Leases	All leases, licences and other correspondence relating to real property occupied by the TBG Group set out in the Due Diligence Documentation.
Records	All original or copy records, sales brochures, catalogues, lists of customers and suppliers, documents, books, files, reports, accounts, plans, corporate accounting and statutory records,. and correspondence belonging to or used by the TBG Group in the conduct of the TBG Group Business and whether kept in hard or electronic form.
Related Body Corporate	Has the meaning given in section 9 of the Corporations Act.
Related Entity	In relation to a party, any entity which is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity as defined in any approved Australian accounting standard) that is controlled by that party.

Related Person	In relation to a party, each director, officer, employee, advisor, agent or representative of that party or Related Body Corporate.
Relevant Interest	Has the meaning given in sections 608 and 609 of the Corporations Act.
Restricted Securities	Has the same meaning as in the ASX Listing Rules.
Restriction Agreement	An agreement in the form of Appendix 9A of the ASX listing Rules.
Sale Shares	101,722,974 ordinary shares in the capital of the Company together with all benefits of all rights (including dividend rights) attached or accruing to those shares as at the date of this Agreement.
Tax	Any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, which is assessed, levied, imposed or collected by any Government Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above but excludes Duty.
TBG Group	The Company and each other entity referred to in the diagram in Schedule 4 (each a **TBG Group Member**).
TBG Group Business	The business carried on by the TBG Group as at the date of this Agreement, including: 1 developing Nucleic Acid Test (NAT) products; 2 developing HLA typing reagents based on NAT technologies; 3 developing automation systems for NAT operations; 4 development, manufacture and marketing of IVD related NAT kits and services.
TBG Group Information	Such information regarding the TBG Group and MBC provided by or on behalf of MBC to PGL or the Independent Expert to enable the Independent Expert's Report, Notice of Meeting or the Prospectus to be prepared and completed.
Warranty	A MBC Warranty or a PGL Warranty.

1.2 Interpretation

The following rules of interpretation apply unless the context requires otherwise.

(a) Headings are for convenience only and do not affect interpretation.

(b) Mentioning anything after *includes*, *including*, *for example*, or similar expression does not limit what else might be included.

(c) Nothing in this agreement is to be interpreted against a party solely on the ground that the party put forward this agreement or a relevant part of it.

(d) The singular includes the plural, and the converse also applies.

(e) A gender includes all genders.

(f) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.

(g) A reference to a *person* includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.

(h) A reference to a clause is a reference to a clause of this Agreement.

(i) A reference to a party to this Agreement or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representative).

(j) A reference to an agreement or document (include a reference to this Agreement) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Agreement or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.

(k) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

(l) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form.

(m) A reference to a *right* or *obligation* of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a preference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).

(n) A reference to a day means a day in the jurisdiction where the relevant obligation is to be performed.

(o) A reference to *dollars* or *$* is to the currency of Australia, unless otherwise stated.

(p) A reference to time is to Melbourne time in Australia.

(q) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the preceding Business Day.

2. Conditions for Completion

2.1 Conditions Precedent

Completion is subject to the satisfaction or (if applicable) waiver in accordance with clause 2.4 of the following conditions precedent:

(a) (**Independent Expert's Report**) the receipt by PGL of the Independent Expert's Report in which the Independent Expert concludes that the Proposal is fair and reasonable to non-associated PGL Shareholders on or before 1 October 2015 or such other date as may be agreed in writing by the parties.

(b) (**PGL Shareholder approvals**): all resolutions as may be necessary under the Corporations Act and the ASX Listing Rules to give effect to the Proposal and the Capital Raising being passed by the necessary majorities of PGL Shareholders at the General Meeting on or before 30 November 2015 or such other date as may be agreed in writing by the parties;

(c) (**Regulatory Approvals**): all approvals, consents or other action required from any Government Agency to give effect to the Proposal and the Capital Raising are obtained by, and have not been withdrawn before, Completion;

(d) (**Capital Raising**) completion of the Capital Raising.

2.2 Parties must co-operate

Each party must co-operate with the other and do all things reasonably necessary to procure that the Conditions Precedent are fulfilled as soon as reasonably possible.

2.3 Notice

The parties must promptly notify each other in writing if any Condition Precedent is satisfied or cannot be satisfied (including without limitation if any MBC Warranty or PGL Warranty (as the case may be) is or becomes false, misleading or incorrect).

2.4 Waiver

The Conditions Precedent in clause 2.1 may only be waived by PGL.

2.5 End Date

If all Conditions Precedent are not satisfied or waived in accordance with this Agreement on or before the End Date or such date as agreed by the parties in writing, or a Condition Precedent becomes incapable of being satisfied, either party may, by not less than 2 Business Days writing notice to the other party, terminate this Agreement.

2.6 Rights after termination

(a) If this Agreement is terminated under clause 2.5 then, in addition to any other rights, powers or remedies under law and subject to paragraph 2.6(b):

(1) each party is released from its obligations under this Agreement; and

(2) each party retains the rights it has against any other party concerning a past material breach including, but not limited to, a breach of the PGL Warranties or MBC Warranties (as the case may be).

(b) Clause 2.6(a) does not apply to a party's obligations under clause 9.

3. Period before Completion

3.1 Ordinary course of Business

Until Completion or the date of termination of this Agreement, in accordance with this Agreement (whichever is sooner), MBC will cause the TBG Group Business to be carried on in the usual and ordinary manner.

3.2 No Material Adverse Change

(a) MBC must procure that no Material Adverse Change occurs in relation to the TBG Group Business between the date of this Agreement and Completion without the express prior written approval of PGL.

(b) PGL must procure that no Material Adverse Change occurs in relation to the PGL Group between the date of this Agreement and Completion without the express prior written approval of MBC.

3.3 Standstill

PGL must not, without the prior written consent of MBC, issue or agree to issue any equity securities (as defined in the ASX Listing Rules (other than in connection with the Capital Raising)) during the period from the execution of this Agreement to the earlier of:

(a) termination of this Agreement; and

(b) Completion.

3.4 Prospectus

PGL agrees to:

(a) prepare the Prospectus as soon as practicable after the date of this Agreement in compliance with all applicable laws, including the Corporations Act, the ASX Listing Rules and all relevant policy statements and other guidelines of ASIC and make available to MBC drafts of the Prospectus, consult with MBC in relation to the content of those drafts and consider in good faith, for the purpose of amending those drafts, any comments from MBC in relation to the TBG Group Information in those drafts; and

(b) cause the Prospectus to be lodged with ASIC prior to the Prospectus Lodgement Date.

4. Sale and purchase of the Sale Shares

4.1 Sale and purchase

MBC agrees to sell the Sale Shares to PGL and PGL agrees to purchase the Sale Shares at Completion:

(a) free from all Encumbrances;

(b) with all rights, including dividend and voting rights, attached or accrued on and from the date of this Agreement; and

(c) in accordance with this Agreement.

4.2 Title, property and risk

Beneficial title to the Sale Shares, and property and risk in them, passes to PGL on Completion.

4.3 Purchase Price

(a) The purchase price for the Sale Shares is the issue of one PGL Share for each Sale Share, such that the total number of PGL Shares issued to MBC at Completion is 101,722,974 (the **Consideration Shares**). The Consideration Shares are deemed to have been issued at the Issue Price.

(b) By agreeing to the issue of the Consideration Shares under this Agreement, MBC agrees to become a member of PGL and to be bound by the constitution of PGL as from the date of issue of the Consideration Shares to MBC.

4.4 Consideration Shares

(a) (**Restricted Securities**): The parties acknowledge that prior to Completion the ASX may require that all or some of the Consideration Shares must be Restricted Securities for such escrow period as the ASX specifies. MBC agrees that it will enter into a Restriction Agreement in respect of such of the Consideration Shares to be issued to it and for such escrow period as the ASX may specify (**Compulsory Restricted Securities**).

(b) (**Ranking**): Except for the restrictions imposed in respect of the Consideration Shares under clauses 4.4(a) or **Error! Reference source not found.**, the Consideration Shares will rank equally with all other PGL Shares on issue as from the Consideration Share Issue Date.

(c) (**Official Quotation**): PGL must apply to ASX for official quotation of the Unrestricted Consideration Shares as soon as practicable after the Consideration Share Issue Date and, in any event, not later than 5 Business Days after that date by lodging a duly completed Appendix 3B in the corresponding form set out in the ASX Listing Rules in relation to the Unrestricted Consideration Shares.

(d) (**On-sale of Unrestricted Consideration Shares**): If the exemption from the disclosure requirements under Part 6D.2 of the Corporations Act for an offer for sale of securities within 12 months of their issue under sub-section 709A(11) of the Corporations Act does not apply at any relevant time, MBC agrees not to make an offer for sale or invite offers to purchase the Unrestricted Consideration Shares before the expiration of 12 months after the Consideration Share Issue Date except by way of an offer that does not need disclosure to investors under Part 6D.2 of the Corporations Act.

5. Completion

5.1 Time for Completion

Completion must take place on the Completion Date.

5.2 Completion Steps

(a) On or before Completion, each party must carry out the Completion Steps referrable to it in accordance with Schedule 1.

(b) Completion is taken to have occurred when each party has performed all its obligations under Schedule 1.

5.3 Post Completion

Immediately following Completion, PGL and MBC must procure that the relevant corporate or other forms are lodged with the applicable Government Agencies to reflect the actions taken under .

5.4 Completion simultaneous

(a) The actions to take place as contemplated by this clause 5 and Schedule 1 are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:

(1) there is no obligation on any party to undertake or perform any of the other actions; and

(2) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and

(3) MBC and PGL must each return to the other all documents delivered to it under clause 5.2(a) and Schedule 1 and must each repay to the other all payments (if any) received by it under clause 5.2(a) and Schedule 1, without prejudice to any other rights any party may have in respect of that failure.

(b) PGL may, in its sole discretion, waive any or all of the actions that MBC is required to perform under clause 1.1 of Schedule 1 and MBC may, in their sole discretion, waive any or all of the actions that PGL is required to perform under clause 1.2 of Schedule 1.

6. Warranties

6.1 Giving of Warranties

(a) Subject only to the disclosures referred to in 6.1(b):

(1) PGL represents warrants and undertakes in favour of MBC that each of the PGL Warranties is accrued and not misleading as at the date of this Agreement and, except as expressly stated, will be accurate and not misleading for each date up to and including Completion by reference to the facts and circumstances then existing;

(2) MBC represents warrants and undertakes in favour of PGL that each of the MBC Warranties is accurate and not misleading as at the date of this Agreement and, except as expressly stated, will be accurate and not misleading for each date up to and including Completion by reference to the facts and circumstances then existing.

(b) Each Warranty is given subject to and qualified by any matter, information or document:

(1) provided for or disclosed in this Agreement (including the Schedules and Annexures);

(2) in the case of an MBC Warranty, fairly disclosed in the Disclosure Materials; and

(3) in the case of a PGL Warranty, fairly disclosed in writing by or on behalf of PGL to MBC before the date of this Agreement,

which is contrary to or inconsistent with the Warranty, and the giver of the Warranty will not be liable for or in connection with a breach of the Warranty due to the matter, information or document contradicting or being inconsistent with the Warranty.

6.2 Investigation by MBC

Any investigation, whether before or after the date of this Agreement, made by or for MBC in respect of PGL, does not affect the PGL Warranties unless:

(a) MBC has given a specific written waiver or release;

(b) the Claim relates to a matter which is fairly disclosed in the disclosures referred to in clause 6.1(b)(3); or

(c) the Claim relates to a thing done or not done after the date of this Agreement at the written request, or with the written approval of, PGL.

6.3 Investigation by PGL

Any investigation, whether before or after the date of this Agreement, made by or for PGL in respect of TBG Group or MBC, does not affect the MBC Warranties unless:

(a) PGL has given a specific written waiver or release;

(b) the Claim relates to a matter which is fairly disclosed in the Disclosure Materials; or

(c) the Claim relates to a thing done or not done after the date of this Agreement at the written request, or with the written approval of, MBC.

6.4 Independent Warranties

(a) Each of the PGL Warranties is to be construed independently of the others and is not limited by reference to any other PGL Warranty.

(b) Each of the MBC Warranties is to be construed independently of the others and is not limited by reference to any other MBC Warranty.

6.5 Reliance

(a) MBC has entered into this Agreement in reliance on the PGL Warranties.

(b) PGL has entered into this Agreement in reliance on the MBC Warranties.

(c) Each party acknowledges that, in entering into this Agreement and any documents referred to in it, it is not relying on, and shall have no right or remedy in respect of, any statement, misrepresentation, assurance or warranty (whether of fact or of law and whether made innocently or negligently) of any person other than as expressly set out in this Agreement or those documents.

6.6 No merger and survival Warranties

(a) Neither the MBC Warranties or PGL Warranties, nor any other provision of this Agreement, merges on Completion.

(b) The MBC Warranties and the PGL Warranties each survive Completion of this Agreement.

6.7 Breach of Warranty

(a) If at any time prior to Completion it becomes apparent that a Warranty has been breached, is untrue or misleading or that MBC (on the one hand) or PGL (on the other hand) has breached any other term of this Agreement that in either case is material to the sale of the Sale Shares or the issue of the Consideration Shares (as the case may be), the other party or parties may (without prejudice to any other rights it many have in relation to the breach):

(1) rescind this Agreement by notice to the other parties; or

(2) proceed to Completion.

(b) PGL warrants that is has no knowledge of any fact which might lead to a Claim against MBC or any of them.

(c) MBC warrant that is has no knowledge of any fact which might lead to a Claim against PGL.

6.8 Knowledge of the Warrantor

If a representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge, information or belief of the party giving the representation or warranty (or any similar expression), then the party giving the warranty confirms that it has made due and diligent inquiry about the matters that are the subject of the representation or warranty.

7. Limitation of liability

7.1 No liability – PGL

Despite anything to the contrary contained in this Agreement, PGL will not be liable for any Claim by MBC:

(a) (**MBC's own actions**): where, but only to the extent that, the Claim relates to loss or damage caused by any negligent act or omission of, or violation of any applicable law by, MBC before or after the Completion Date;

(b) (**legislation**): to the extent that the Claim solely and directly results from any legislation not in force at the date of this Agreement and which takes effect after the date of this Agreement; or

(c) (**time limits**): unless MBC has given written notice to PGL setting out specific details of the Claim within 12 months after the Completion Date or such lesser period prescribed by law for the bringing of the relevant legal proceedings and within 6 months after the end of such period the Claim has been admitted or satisfied by PGL or settled between MBC and PGL or MBC has instituted and served legal proceedings in respect of the Claim.

7.2 No liability – MBC

Despite anything to the contrary in this Agreement, MBC will not be liable for any Claim by PGL:

(a) (**PGL's own action**): where, but only to the extent that, the Claim relates to loss or damage caused by any negligent act or omission of, or violation of any applicable law, by PGL before or after the Completion Date;

(b) (**legislation**): to the extent that the Claim solely and directly results from any legislation not in force at the date of this Agreement and which takes effect after the date of this Agreement; or

(c) (**time limits**): unless PGL has given written notice to MBC setting out specific details of the Claim within 12 months after the Completion Date or such lesser period prescribed by law for the bringing of the relevant legal proceedings and within 6 months after the end of such period the Claim has been admitted or satisfied by MBC or settled between PGL and MBC or PGL has instituted and served legal proceedings in respect of the Claim.

7.3 Minimum amounts of Claims

Despite anything to the contrary in this Agreement:

(a) MBC will not be able to claim against PGL for a breach of any of the PGL Warranties; and

(b) PGL will not be able to claim against MBC for a breach of any of the MBC Warranties,

an amount in respect of any Claim unless:

(c) the amount of each Claim (or Claims arising from the same facts or circumstances) is in excess of $100,000 (each a **Qualifying Claim**), in which case the party making the Claim may, subject to this Agreement, recover all amounts claimed and not just the excess over $100,000; and

(d) the aggregate of all Qualifying Claims is in excess of $250,000, in which case the party making the Claim may, subject to this Agreement, recover all amounts claimed and not just the excess over $250,000.

7.4 Maximum liability for Claims

The maximum aggregate amount which PGL may recover from MBC in respect of all Claims under this Agreement is the Purchase Price.

7.5 Reduction of Purchase Price

If any payment or allowance is made by MBC for, or in respect of, a breach of any of the MBC Warranties, the payment or allowance is to be treated as a reduction in the Purchase Price.

7.6 Reimbursement for amounts recovered

(a) MBC will reimburse PGL for any amount paid by PGL to MBC in respect of any Claim to the extent to which the amount is subsequently recovered by MBC from any third party, including but not limited to insurers.

(b) PGL will reimburse MBC for any amount paid by MBC to PGL in respect of any Claim to the extent to which the amount is subsequently recovered by PGL from any third party, including but not limited to insurers.

7.7 Third Party Claims

If any Claim is made or instituted after the Completion Date against PGL or the TBG Group in respect of which PGL may seek to make any Claim against MBC under this Agreement (**Third Party Claim**), the following procedure will apply:

(a) PGL will give written notice of the Third Party Claim to MBC;

(b) PGL will not admit, compromise, settle or pay any Third Party Claim without the prior written consent of MBC, except as may be reasonably required in order to prevent judgment from being entered against PGL;

(c) MBC may, within 30 days of receipt of the notice referred to in clause 7.7(a), with the prior written consent of PGL (such consent not to be unreasonable withheld or delayed) and at MBC's expense, elect to take such reasonable action in the name of PGL to defend or otherwise settle a Third Party Claim as MBC may reasonably require;

(d) if MBC does not elect to take action in the name of PGL to defend or otherwise settle a Third Party Claim under clause 7.7(c), upon proof of intentional breach by MBC, PGL may defend or otherwise settle any Third Party Claim at MBC's expense; and

(e) PGL will ensure that MBC and their legal representatives are given reasonable access to such of the documents and records of PGL as may be reasonably required by MBC in relation to any action taken or proposed to be taken by MBC under clause 7.7(c) and vice versa for PGL in relation to any action taken or proposed to be taken by PGL under clause 7.7(d).

7.8 Non-excludable terms

Where any legislation implies in this Agreement any term, condition or warranty, and that legislation prohibits provisions in a contract excluding or modifying the application or exercise of or liability under any such term, condition or warranty, such implied terms, conditions or warranties as are not so permitted to be excluded shall be deemed to be included in this Agreement but, where permitted by the relevant law, shall be limited at the option of PGL or MBC (as the case may be) to the extent permitted by that law.

8. Termination

8.1 Right to terminate

(a) If at any time up to Completion an Insolvency Event occurs:

(1) in relation to PGL, then MBC may, by giving written notice to PGL before or at Completion, elect to terminate this Agreement.

(2) in relation to MBC or any TBG Group Member, then PGL may, by giving written notice to MBC before or at Completion, elect to terminate this Agreement.

(b) If at any time up to Completion a Material Adverse Change occurs:

(1) in relation to PGL, then MBC may, by giving written notice to PGL before or at Completion, elect to termination this Agreement

(2) in relation to any TBG Group Member, then PGL may, by giving written notice to MBC before or at Completion, elect to terminate this Agreement.

(c) Upon termination under this clause 8.1, this Agreement will have no further force or effect and no party is liable to the other except:

(1) under clauses 0 and 9; and

(2) in respect of any breach of this Agreement occurring before termination.

8.2 PGL's right to terminate – breach

PGL may terminate this Agreement by written notice to MBC with immediate effect if at any time up to Completion MBC breaches this Agreement (including any of the MBC Warranties) and, if the breach is capable of rectification, MBC has not rectified the breach within 5 Business Days after receipt of a notice from PGL specifying the breach and requiring it to be rectified.

8.3 MBC's right to terminate – breach

MBC may terminate this Agreement by written notice to PGL with immediate effect if at any time up to Completion PGL breaches this Agreement (including any of the PGL Warranties) and, if the breach is capable of rectification, PGL has not rectified the breach within 5 Business Days after receipt of a notice from MBC specifying the breach and requiring it to be rectified.

9. Confidentiality

9.1 Defined terms

In this clause 9, unless the context otherwise requires:

Term	Meaning
Approved Purpose	The purposes of the Proposal, Capital Raising and this Agreement.
Confidential Information	Information of every kind: 1 concerning or in any way connected with: (a)this Agreement; (b)the subject matter of this Agreement; (c)the TBG Group; (d)the Disclosing Party; or (e)any Related Body Corporate of the Disclosing Party; or 2 which is the property of the TBG Group or of the Disclosing Party or any Related Body Corporate of the Disclosing Party, and which: 3 is disclosed in writing, orally or by any other means by the Disclosing Party to the Receiving Party or by any person on behalf of the Disclosing Party to the Receiving Party or any employee, officer or agent of the Receiving Party; or 4 comes to the knowledge of the Receiving Party or an employee, officer or agent of the Receiving Party by any means.

Disclosing Party	a person (including a party to this Agreement and a TBG Group Member) by whom Confidential Information is supplied to the Receiving Party.
Notes	Notes which relate to, summaries and copies of and extracts from any Confidential Information whether in documentary, visual, machine readable or other form.
Receiving Party	PGL, MBC or a TBG Group Member which receives Confidential Information.

9.2 Obligations of Receiving Party

The Receiving Party must:

(a) maintain and take all steps necessary to maintain all Confidential Information and all Notes in strictest confidence;

(b) ensure that proper and secure storage is provided for the Confidential Information and all Notes while in the possession or under the control of the Receiving Party;

(c) take all precautions necessary to prevent accidental disclosure of any of the Confidential Information or any of the Notes;

(d) not disclose any of the Confidential Information or Notes to any person other than those of the Receiving Party's employees, officers, agents and legal or financial advisors who are required to receive and consider the Confidential Information in the course of (and solely for) the Approved Purpose;

(e) use Confidential Information and Notes solely for the Approved Purpose;

(f) not make Notes or allow Notes to be made except as necessary in connection with the Approved Purpose;

(g) keep confidential the fact that Confidential Information has been provided by the Disclosing Party to the Receiving Party; and

(h) not expressly or impliedly disclose the existence of Confidential Information or Notes.

9.3 Exceptions

Clause 9.2 does not impose obligations on the Receiving Party concerning Confidential Information which the Receiving Party proves to the reasonable satisfaction of the Disclosing Party:

(a) at the date of this Agreement is publicly available;

(b) subsequent to the date of this Agreement becomes publicly available without breach of this Agreement;

(c) the Receiving Party obtained from a third party without breach by that third party of any obligation of confidence concerning that Confidential Information;

(d) was already in the Receiving Party's possession (as evidence by written records) when provided by or on behalf of the Disclosing Party; or

(e) is disclosed in a prospectus issued or to be issued by a party.

9.4 Obligations to disclose

It is not a breach of clause 9.2 for the Receiving Party to disclose Confidential Information which it is obliged by law to disclose to the person to whom it is disclosed or which, following Completion, is information disclosed by PGL or a Related Body Corporate concerning a Disclosing Party that is a then subsidiary of PGL, being information reasonably disclosed in the usual course of PGL's or the Related Body Corporate's business.

9.5 Receiving Party to use best endeavours

The Receiving Party must use its best endeavours to cause all of its employees, officers, agents and legal or financial advisors who receive or have access to Confidential Information or Notes to observe all of the Receiving Party's obligations and undertakings contained in this clause 9.

9.6 Return of all Confidential Information

The Receiving Party must return all documents and other media which contain Confidential Information and deliver all Notes to the Disclosing Party:

(a) immediately when requested by the Disclosing Party to do so;

(b) when this Agreement terminates,

whichever is the earliest.

9.7 Receiving Party's obligations continue

The Receiving Party's obligations and undertakings, and the Disclosing Party's rights, under this clause 9 continue for one year after Completion or termination for any reason of this Agreement.

9.8 MBC to ensure compliance

MBC must ensure that the TBG Group complies with its obligations so far as is possible identical with those obligations placed upon them by this clause 9.

10. Announcements

10.1 Restrictions on Announcements

A party must not make an announcement relating to the subject matter of this Agreement without the prior written consent of the other party.

10.2 Permitted disclosure

A party may disclose anything in respect of this Agreement

(a) as required by law, rules or orders of any Governmental Agency;

(b) if disclosure is made by way of a written announcement the terms of which have been agreed in writing by the parties prior to the making of the announcement;

(c) if the disclosure is reasonably required to enable a party to perform its obligations under this Agreement; or

(d) where the matter has come into the public domain otherwise than as a result of a breach of any party of this Agreement.

10.3 Obligation to consult

If a party is required to make an announcement in accordance with clause 10.2(a), 10.2(c) or 10.2(d), it must use all reasonable endeavours, to the extent practical and lawful, to consult with the other party prior to making the relevant disclosure.

11. Notices

11.1 Method of giving notice

A notice, consent or communication under this Agreement is only effective if it is:

(a) in writing in English, signed by or on behalf of the person giving it;

(b) addressed to the person to whom it is to be given; and

(c) given as follows:

(1) delivered by hand to the person's address;

(2) sent to that person's address by prepaid mail or by prepaid airmail, if the address is overseas;

(3) sent by fax to that person's fax number where the sender receives a transmission confirmation report from the despatching machine indicating the transmission was made without error and showing the relevant number of pages and the correct destination fax number or name of recipient; or

(4) sent by email to that person's email address where the sender does not receive a report that the email was not delivered.

11.2 When is notice given

A notice, consent or communication given under clause 11.1 is given and received on the corresponding day set out in the table below. The time expressed in the table is the local time in the place of receipt.

In a notice is	**It is given and received on**
Delivered by hand, sent by fax or sent by email	1 that day, if delivered by 5.00pm on a Business Day; or 2 the next Business Day, in any other case.
Sent by post	1 three Business Days after posting, if sent within Australia; or 2 seven Business Days after posting, if sent to or from a place outside Australia.

11.3 Address for notices

A person's address, fax number and email address are those set out below, or as the person notifies the sender:

Name	Medigen Biotechnology Corporation.
Attention	CEO
Address	14F., No. 3, Park St., Nangang District, Taipei, Taiwan
Fax	+886 2 2785-6120
Email	sscchang@medigen.com.tw

Name	Progen Pharmaceuticals Limited
Attention	Executive Chairman
Address	Level 18, 101 Collins Street, Melbourne Victoria 3000 Australia
Fax	+61 7 3375 1168
Email	chairman@progen-pharma.com.au

12. Substantial Holdings Notices

The parties acknowledge that this Agreement may need to be disclosed to ASX in order to comply with the substantial notice provisions of the Corporations Act.

13. General

13.1 Entire agreement

This Agreement contains the entire agreement between the parties with respect to its subject matter. It sets out the only conduct, representations, warranties, covenants, conditions, agreements or understandings (collectively **Conduct**) relied on by the parties and supersedes all earlier Conduct by or between the parties in connection with its subject matter. Neither party has relied on or is relying on any other Conduct in entering into this Agreement and complete the transactions contemplated by it.

13.2 Amendment

This Agreement may be amended only by another agreement in writing executed by all the parties.

13.3 Assignment

Neither party can assign, charge, create security interest over, encumber or otherwise deal with any of its rights or obligations under this Agreement, or attempt or purport to do so, without the prior written consent of the other party.

13.4 No waiver

(a) No acquiescence, waiver or other indulgence granted by either party to any other party will in any way discharge or relieve that other party from any of its other obligations under this Agreement.

(b) A failure to exercise or a delay in exercising any right, power or remedy under this Agreement does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing. For the avoidance of doubt, the doctrine of affirmation by election will not apply to any failure by a party to exercise, or delay by a party in exercising, any right, power or remedy under this Agreement.

13.5 Costs and duty

Each party must bear its own costs arising out of the negotiations, preparation and execution of this Agreement. All duty (including fines, penalties and interest) payable on or in connection with this Agreement and any instrument executed under or any transaction evidenced by this Agreement must be borne by PGL.

13.6 Covenants – joint and several

Any covenant, indemnity or agreement by 2 or more persons binds them collectively and individually.

13.7 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will be ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That will not invalidate the remaining provisions of this Agreement nor affect the validity or enforceability of that provision in any other jurisdiction.

13.8 Further assurances

Each party must do anything necessary (including executing agreements and documents) to give full effect to this Agreement and the transactions contemplated by it.

13.9 Governing law and jurisdiction

This Agreement and, to the extent permitted by law, all related matters including non-contractual matters is governed by the laws of Victoria, Australia. In relation to such matters each party irrevocably accepts the non-exclusive jurisdiction of courts with jurisdiction there and waives any rights to object to the venue on any ground.

13.10 Counterparts

This Agreement may be executed in any number of counterparts. All counterparts will be taken to constitute one instrument.

Schedules

Table of contents

Schedule 1 – Completion Steps

1. Completion

1.1 MBC's obligations at Completion

(a) At Completion, MBC must give to PGL the following documents, each duly executed by MBC or each other relevant person (other than PGL):

(1) (**share transfers**) completed share transfers of the Sale Shares to PGL, executed by or on behalf of MBC;

(2) (**share certificates**) share certificates for the Sale Shares and any other documents necessary to establish PGL's title to the Sale Shares and that may be required by the Company for the registration of the transfer of the Sale Shares to PGL;

(3) (**powers of attorney**) if applicable, powers of attorney executed by MBC authorising its attorney to execute the transfer on behalf of the MBC;

(4) (**application form**) an application form for the Consideration Shares, substantially in the form in Schedule 6, executed by MBC;

(5) (**Restriction Agreement – Compulsory Restricted Securities**) if applicable, a duly executed counterpart of a Restriction Agreement required to be entered into by MBC under clause 4.4(a); and

(b) At Completion, MBC must make available to PGL (including by leaving such documents at the Company's business premises):

(1) (**title documents, etc**) all documents of title in the possession or under the control of the TBG Group relating to the ownership of the Assets and all documents, agreements, correspondence in relation to them;

(2) (**Records**) the Records, at the places which they are usually located in the normal course of operation of the TBG Group Business;

(3) (**corporate documents**) the original certificates of incorporation, common seal, duplicate seal, all prescribed registers, all statutory, minute and any other business records of the TBG Group, including any unused share certificate forms of the TBG Group;

(4) (**other information**) any other information regarding the TBG Group or the TBG Group Business reasonably required by PGL as set out in a notice in writing given to MBC by PGL not less than 10 Business Days before the Completion Date.

1.2 PGL's obligations at Completion

(a) At Completion, PGL must:

(1) (**share transfer**) execute and deliver to the Company the share transfers in respect of the Sale Shares;

(2) (**Consideration Share issue**) issue the Consideration Shares to MBC; and

(3) (**Restriction Agreements**) if applicable, deliver to MBC a duly executed counterpart of all Restriction Agreements required pursuant to clauses 4.4(a) and **Error! Reference source not found.**.

(4) (**Assistance**) if applicable, provide necessary assistance and information to MBC to achieve the purpose of Completion.

1.3 Approvals

(a) On or before Completion, MBC must ensure that a meeting of the directors of the Company is convened and approves, subject to Completion:

(1) the registration of PGL as the holder of the Sale Shares in its register of shareholders; and

(2) the issue of new share certificates for the Sale Shares in the name of PGL.

(b) On or before Completion, PGL must procure that a meeting of directors of PGL is convened and approves, subject to Completion:

(1) the issue of the Consideration Shares to MBC; and

(2) the registration of MBC as the holder of the Consideration Shares in its register of shareholders.

2. Post Completion actions

Immediately following Completion, PGL and MBC must procure that relevant corporate or other forms are lodged with the applicable Government Agencies to reflect the actions taken under this Schedule 1.

Schedule 2 – MBC Warranties

1. Ownership

1.1 Ownership

At Completion:

(a) MBC is the legal owner of the Sale Shares; and

(b) the Sale Shares comprises all of the issued share capital in the Company; and

(c) PGL will acquire the full legal and beneficial ownership of the Sale Shares from MBC.

1.2 No Encumbrances or other arrangements

MBC represents and warrants that:

(a) at Completion all of its Sale Shares are free and clear of all Encumbrances;

(b) its Sale Shares can be sold and transferred free of any competing rights, including pre-emptive rights or rights of first refusal;

(c) the Sale Shares are fully paid and no money is owing in respect of them;

(d) the Company and it are not under an obligation to issue or transfer, and no person has the right to call for the issue or transfer of, any Sale Shares or any other securities convertible into Sale Shares at any time;

(e) there is no voting agreements or arrangements with respect to its Sale Shares.

2. Power and Authority

2.1 No legal impediment

The execution, delivery and performance of MBC of this Agreement complies with its constitution or other constituent documents.

3. TBG Group

3.1 Corporate existence

Each entity in the TBG Group:

(a) has the power to own its own assets and carry on its business as it is now being conducted; and

(b) is not required to be registered in any place as a foreign company except where it is registered or where the failure to be so would not have a material adverse effect.

3.2 Compliance with constituent documents

The TBG Group Business has been conducted in accordance with the constitution and other constituent documents of each entity of the TBG Group.

3.3 Records

To the knowledge of MBC, all Records:

(a) are materially complete and accurate;

(b) have been prepared and maintained in accordance with all relevant laws and applicable accounting standards; and

(c) are in possession and control of the TBG Group.

3.4 Confidential information

To the knowledge of MBC, TBG Group:

(a) has not disclosed to any person any Confidential Information, except in the normal course of conduct of the TBG Group Business and subject to an agreement under which the recipient is obliged to maintain the confidentiality of the information and is restrained from using it other than for the purpose of purposes for which it was disclosed;

(b) is not aware of any actual or alleged misuse by any person of any Confidential Information; and

(c) does not use any processes and is not engaged in any activities which involve the misuse of any Confidential Information of any third party.

3.5 Due diligence documents

The documents included in the Data Room are accurate and complete in all material respects and not misleading in all material respects, as at the date of which they are made up or updated and each copy document is a complete copy in all material respects of the document of which it purports to be a copy.

4. Accounts and taxation

4.1 Basic of preparation

The TBG Group accounts have:

(a) been prepared in accordance with all relevant laws and applicable accounting standards; and

(b) show a true and fair view of the financial position and the assets and liabilities of the TBG Group and of the income, expenses and results of the operations of the TBG Group.

4.2 Taxes and Duties

(a) All taxation returns, reports and other information required to be lodged with any Government Agency, or provided to any other person, by the TBG Group for Tax (including all associated computations, notices, claims, elections, reports, statements and summaries):

(1) have been lodged with the appropriate Government Agency;

(2) have been assessed without adjustment; and

(3) were materially accurate, complete, made with true and full disclosure of relevant matters and not misleading and prepared under all laws and published rulings at the time of lodgement on or before the Completion Date.

(b) Any Tax or Duty payable by the TBG Group has been paid or provided for in the TBG accounts.

(c) All amounts required to be deducted, withheld or remitted to a taxation authority have been so deducted, remitted or withheld.

(d) During the period of three years prior to the date of this Agreement, there have been no material adverse reports made by accountants or by financial or management consultants concerning the TBG Group or the whole or a substantial part of the TBG Group Business.

4.3 No Tax proceedings

For the last three years, the TBG Group:

(a) Is not and has not been the subject of any Tax audit;

(b) Is not a party to any action or proceeding for the assessment or collection of Tax;

(c) has not had any dispute or disagreement with any Government Agency for Tax; and

(d) has not made any agreement with or undertaking to any Government Agency for Tax,

and there is no fact or matter known to MBC which might give rise to any of the above.

4.4 Agreements or extension of time

The TBG Group has not entered into any agreement which now or in the future may extend the period of assessment or collection of any Tax.

4.5 All Tax paid

(a) The TBG Group has paid all Tax which is assessable or due and payable on the due date for payment and it is not under any liability to pay any penalty or interest in connection with any Tax.

(b) The TBG Group has deducted all Tax required to be deducted from any payments made by it including interest, royalties, remuneration payable to employees or contractors or payments to a non-resident.

(c) The TBG Group liabilities for any payroll or employment related tax have been paid in full and properly accounted for in the TBG accounts.

4.6 Adequate provision in accounts for Tax

Full provision or reserve has been made in the TBG accounts for all Tax for all accounting periods ending on or before the Completion Date for which the TBG Group has or may become liable.

4.7 Stamp duty

All documents to which the TBG group is a party or may be interested in the enforcement of, and all transfers of any issued shares (other than as contemplated by this Agreement), have been properly stamped under applicable stamp duty legislation.

4.8 Liabilities

All Liabilities of the TBG Group as at the Completion Date which are due and payable, have been paid in the ordinary course of business.

4.9 Conduct of TBG Group Business

To the knowledge of MBC:

(a) the TBG Group has conducted (and will continue to conduct to the Completion Date) the TBG Group Business in accordance with all laws and in the ordinary and usual course so as to maintain it as a going concern and in a proper and efficient manner;

(b) prior to the Completion Date, there has been (and will be) no material adverse change effecting the TBG Group Business or the assets of the TBG Group, or the financial and trading position or prospects of the TBG Group as compared with the position disclosed in the TBG Group financial accounts;

(c) the TBG Group has maintained and will continue to maintain the TBG Group Business intact and as a going concern and has preserved and will continue to preserve the goodwill of its suppliers, employees, customers and others having commercial dealings with it;

(d) the TBG Group has not introduced and will not introduce any method of management of operation for the TBG Group Business except in a manner consistent with prior practice; and

(e) the TBG Group has not cancelled or waived or released or discounted in whole or in part any debt, suit, demand, Claim or right otherwise than in the ordinary course of business and will not do so prior to Completion.

5. Assets

5.1 Title and possession etc

All the Assets other than the Leased Equipment are or will be on Completion:

(a) fully paid for;

(b) in the possession or under the control of the TBG Group;

(c) the absolute property of TBG Group free of all Encumbrances and other third party rights.

5.2 Possession and use

All of the Assets are or will be on Completion in the possession or under the control of, and used solely by, the TBG Group.

5.3 Use of Assets generally

(a) There are no outstanding proposals of, or notices, orders or directions given by, any Government Agency about the Assets or their use.

(b) There are no facts or circumstances known to the TBG Group which may:

(1) result in any order, notice, direction or proposal; or

(2) impair, prevent, or otherwise interfere with the TBG Group's use of the Assets prior to or after Completion.

5.4 Plant and Equipment

(a) All Plant and Equipment:

(1) is in the possession or control of TBG Group; and

(2) while owned or used by the TBG Group, has been maintained and serviced under manufacturers' or suppliers' recommendations and in compliance with all laws.

(b) The TBG Group has not made any claim which remains outstanding in connection with any defect in any Plant and Equipment.

5.5 Receivables

All of the Receivables are collectable within 120 days for their full amounts and are not subject to any counterclaim or set-off.

Receivables means the trade debts arising in the ordinary course of ordinary business of the TBG Group and owed to the TBG Group at Completion.

6. Intellectual Property Rights

6.1 Ownership

TBG Group beneficially owns the Intellectual Property Rights.

6.2 No third party claims

To the knowledge of MBC, no person has any right to or may benefit from any Intellectual Property Rights, other than the TBG Group or a licensor of the TBG Group.

6.3 Registration

All the Intellectual Property Rights which are either capable of registration or capable of being recorded or required to be registered or recorded, will be registered in the name of a TBG Group Member.

6.4 Non-competition

Except the information which is has been disclosed to PGL, the TBG Group is not at the date of this Agreement whether solely or jointly with any other person or persons, directly or indirectly, and whether as principal, agency, director, executive officer, employee, shareholders, partner, joint venturer, adviser, consultant or otherwise engaged in any other business or concerned or interested in any way in any other business of a similar nature to or competitive with that carried on by the TBG Group, except for a non-material interest in a listed company.

6.5 Sufficiency

To the knowledge of MBC, the Intellectual Property Rights comprise all the Intellectual Property Rights necessary or convenient for the carrying on of the TBG Group Business fully and effectively in which it is presently conducted.

7. Contracts

7.1 Material Contracts

The TBG Group has no material contracts other than the Material Contracts.

7.2 General issues

Each of the Material Contracts:

(a) Is to the knowledge of MBC, valid, binding and enforceable against the parties to it;

(b) other than as disclosed in writing by MBC, is at arm's length and within the ordinary course of conduct of the TBG Group Business;

(c) is to the knowledge of MBC, being properly performed by the TBG Group and all other parties to it;

(d) is currently not open to being rescinded, avoided, repudiate or terminated by any party to it for any reason, including because of the sale of the Sale Shares, and the TBG Group and MBC have not given or received any notice of termination; and

(e) does not breach any restrictive trade practices or other applicable laws in the relevant jurisdiction to which performance of the Material Contract relates.

7.3 No restrictive covenants

(a) To the knowledge of MBC and subject to the restriction disclosed in (b) below, the TBG Group is not party to any material agreement which materially restricts its freedom to engage in any activity or business in any area.

(b) It is acknowledged that the TBG Group has entered into an "Equity Transfer Agreement" dated November 9, 2012 with PerkinElmer Holding Luxembourg (the "Equity Transfer Agreement") to sell its equity of Shanghai Haoyuan Biotech Co., Ltd. (**上海浩源科技有限公司**) to PerkinElmer Holding Luxembourg. According to the Equity Transfer Agreement, before November 9, 2016, MBC and TBG Group shall not, and shall cause their affiliates not to, directly or indirectly, in any way participate or engage in the manufacturing, marketing, research and development or other exploit of diagnosis reagents with respect to infectious disease clinical diagnostics or blood testing in each case for any strain of human hepatitis in any area of the world except Taiwan.

7.4 Change in control

Except as previously disclosed in writing, no party to any of the Material Contracts is entitled or likely, as a result of a change in ownership or control of the TBG Group or on completion of the acquisition of the Sale Shares by PGL to:

(a) terminate that contract; or

(b) require the adoption of terms which are less favourable to the TBG Group than the current terms.

To the extent required, the TBG Group has obtained these necessary consents.

7.5 No default

No party to any Material Contract is in material default under it or would be in material default, but for the requirements of notice of lapse of time.

7.6 No notices

The TBG Group has not received any notice which might affect any of its rights or the exercise of any rights by the TBG Group in respect of any Material Contract.

8. Compliance with legislation

8.1 Restrictive trade practices

To the knowledge of MBC, the TBG Group is not a party to any agreement, contract, arrangement or understanding whether legally enforceable or not which is in breach of any restrictive trade practices or anti-trust legislation and has not engaged in any conduct or practice in breach of that legislation.

8.2 Licenses obtained

To the knowledge of MBC, TBG Group has all necessary licences, consents, permissions, authorities and permits required to conduct its business and has paid all fees due in relation to them and complied with all conditions under them.

9. Litigation

9.1 No litigation pending or threatened

To the knowledge of MBC, no investigation, prosecution, litigation, proceeding or any other form of mediation or dispute resolution is pending or threatened regarding the TBG Group, or any person for whom it is or may be liable.

9.2 No circumstances

To the knowledge of MBC, there are no circumstances which might give rise to any investigation, prosecution, litigation, proceeding or any other form of mediation or dispute resolution regarding the TBG Group Business.

9.3 Outstanding settlements

(a) There are no outstanding settlements, judgements, decrees, awards, orders or other decisions of any court, quasi-judicial body or Government Agency (including any competition authority) made against the TBG Group that will, or would reasonably be likely, to have a material adverse effect on the TBG Group Business;

(b) In relation to the TBG Group Business, the TBG Group has not given an undertaking or written assurance (whether legally binding or not) to any court or Government Agency (including any competition authority) under any anti-trust or similar legislation in any jurisdiction.

9.4 No offence or breach

To the knowledge of MBC, neither MBC, the TBG Group or any of its officers have committed any criminal offence or any tort or any breach of the requirements or conditions of any law or any breach of any other party's rights or any other requirement relating to such companies, the conduct of the TBG Group Business.

10. Solvency

10.1 No Insolvency Event.

No Insolvency Event has occurred in relation to MBC or any TBG Group Member.

10.2 Solvency

MBC and TBG Group is:

(a) able to pay its debts as and when they fall due;

(b) not insolvent or presumed to be insolvency under any law; and

(c) not insolvent under administration or has not taken any action which could result in that event.

11. Employees

11.1 General

The Data Room contains:

(a) the names and generic employment details of all Employees of the TBG Group as at the date of this Agreement;

(b) subject to privacy restrictions, details of remuneration and other arrangements and benefits payable to all Employees of the TBG Group; and

(c) particulars of accrued leave and other like entitlements owing to all Employees.

11.2 Material employment terms

To the knowledge of MBC, the TBG Group has no:

(a) obligations to reinstate or reemploy any ex-officer or ex-employee of the TBG Group; or

(b) policy, practice or obligation regarding severance payments to Employees which would be in breach of any relevant law.

(c) employment arrangements with any Employees which cannot be terminated by three months' notice or less without giving rise to a Claim for damages or compensation.

12. Insurance

12.1 Claims

To the knowledge of MBC, there are no Claims outstanding, pending, threatened or capable of arising against the TBG Group in respect of any accident or injury which are not fully covered by insurance.

13. Property Interests

13.1 Premises

(a) All of the Real Property Leases relating to premises leaded, licensed or occupied by the TBG Group (**Leasehold Premises**), including the comment dates, term, option periods and rental, are set out in the Due Diligence Documentation.

(b) Other than as otherwise disclosed in this Agreement or the Due Diligence Documentation, the TBG Group has no interest in any real property.

(c) Each Real Property Lease:

(1) is properly dated;

(2) is property registered (if necessary);

(3) is valid, binding and enforceable against the parties to it;

(4) contains no unusual or onerous provisions; and

(5) where applicable, contains a re-instatement provision(s) that reflects typical commercial terms and that there is no Real Property Lease which is likely to give rise to a liability on the part of the TBG Group to make good in excess of $100,000.

(d) To the knowledge of MBC, the TBG Group is not in any material breach of any obligation under, or in default of any of the Real Property Leases, or any covenant affecting any of the Leasehold Premises, and as far as MBC is aware there are no facts or circumstances which may result in a breach of any of the Real Property Leases.

(e) The TBG Group has not received any notice from any third party in respect of any of the Leasehold Premises:

(1) in respect of the compulsory acquisition or resumption of any part of any of the Leasehold Premises;

(2) asserting that the use of the Leasehold Premises breaches the requirements of any relevant law, policy or scheme; or

(3) which would or is likely to have a material adverse effect on the use of the Leasehold Premises.

(f) The TBG Group has exclusive occupation and quiet enjoyment of the Leasehold Premises, and holds all rights, interests and privileges necessary or appropriate for the conduct of the TBG Group Business.

(g) All buildings or other improvements on the Leasehold Premises are in good condition and state of repair.

(h) None of the Leasehold Premises is subject to any material defect or other thing that will or might materially decrease its ability to be used in the TBG Group Business.

14. Related party transactions

14.1 Arm's length terms

Any contract, arrangement or understanding between the TBG Group and any related party, shareholder or officer of the TBG Group is on terms that would be reasonable in the circumstances if the relevant parties were dealing at arm's length and on commercial terms.

14.2 Shareholder and intercompany loans

At Completion, no outstanding loan or other form of debt or financial accommodation or security interest will exist which has been provided or agreed to be provided between the TBG Group and MBC, any related party, previous shareholder or officer of the TBG Group.

Schedule 3 – PGL Warranties

1. Warranties

PGL provides the following Warranties:

(a) (**status**) PGL, and each of its Related Entities, is a body corporate duly incorporated under the laws of its jurisdiction of incorporation or formation;

(b) (**power for business**) PGL, and each of its Relate Entities, has the power to own its assets and to carry out its business as now conducted or contemplated;

(c) (**power for Agreement**) PGL has the corporate power to enter into and perform or cause to be performed its obligations under this Agreement and to carry out the transactions contemplated by this Agreement;

(d) (**corporate authorisation**) PGL has taken all necessary corporate action to authorise the entry into and performance of this Agreement and to carry out the transactions contemplated by this Agreement;

(e) (**Agreement binding**) this Agreement is a valid and binding obligation of PGL enforceable in accordance with its terms, subject to any necessary stamping.

(f) (**transaction permitted**) the execution and performance by PGL of this Agreement and each transaction contemplated by this Agreement does not and will not:

(1) violate in any respect a provision of a law (including the ASX Listing Rules) or treaty or judgement, ruling, order or decree of a Regulatory Authority binding on PGL, or its constitution or any other document or agreement that is binding on PGL or its assets; or

(2) give to any person any rights of termination, amendment, acceleration or cancellation of any agreement or undertaking by which PGL or any of its Related Entities or any of their respective assets are bound.

(g) (**disclosure to MBC**):

(1) PGL has complied with its obligations under Chapter 3 of the ASX Listing Rules (Continuous Disclosure) and, subject to the release of any announcement required in respect to this Agreement and the transactions contemplated by it, is not withholding any information from disclosure to ASX on reliance of an exception to ASX Listing Rule 3.1 and the information disclosed to ASX and MBC is true and correct in all material respects and is not misleading in any material respect (including by way of any omission);

(2) PGL is not aware of any information relating to PGL or any of its Related Entities or their respective businesses or operations that has not been disclosed to MBC or their Advisers prior to the date of this Agreement, disclosure of which might reasonably be expected to have resulted in MBC not entering into this Agreement or entering into it on materially different terms.

(h) (**provision of PGL Information**) the PGL Information:

(1) will be provided or included in the Notice of Meeting and the Prospectus in good faith; and

(2) will comply in all respect with the requirements of the Corporations Act, the ASX Listing Rules and all relevant policy statements, practice notes and other guidelines and requirements of ASIC;

(i) (**securities**) as at the date of this Agreement, PGL's issued securities comprise 55,285,315 fully paid ordinary shares and 2,019,200 unissued shares under option and neither PGL nor any of its Related Entities is under any obligation to issue any shares or securities convertible into shares to any person and no other options (other than those disclosed above) exist nor is PGL or any of its Related Entities subject to any actual or contingent obligation to issue or convert securities expect under this Agreement.

(j) (**solvency**) PGL is:

(1) able to pay its debts as and when they fall due;

(2) not insolvent or presumed to be insolvent under any law; and

(3) not insolvent under administration and has not taken any action which could result in that event.

(k) (**compliance with laws**) PGL and its Related Entities have complied in all material respects with all applicable laws and regulations which apply to them and their business and operations;

(l) (**no litigation pending or threatened**) to the knowledge of PGL, no investigation, prosecution, litigation, proceeding or any other form of mediation or dispute resolution is pending or threatened regarding PGL and its Related Entities, or any person from who it is or may be liable;

(m) (**no circumstances**) to the knowledge of PGL, there are no circumstances which might give rise to any no investigation, prosecution, litigation, proceeding or any other form of mediation or dispute resolution regarding its business.

(n) (**outstanding settlements**):

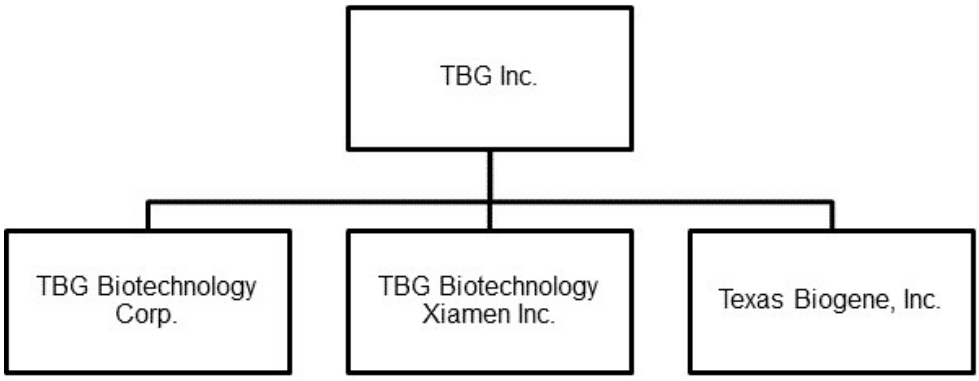
(1) there are no outstanding settlements, judgements, decrees, awards, orders or other decisions of any court, quasi-judicial body or Government Agency (including any competition authority) made against PGL or its Related Entities that will, or would reasonably be likely, to have a material adverse effect on its business or assets;

(2) in relation to PGL's business, PGL has not given an undertaking or written assurance (whether legally binding or not) to any court or Government Agency (including any competition authority) under any anti-trust or similar legislation in any jurisdiction.

(o) (**no offence or breach**) to the knowledge of PGL, neither PGL nor any of its officers have committed any criminal offence or any tort or any breach of the requirements or conditions of any law or any breach of any other party's rights or any other requirement relating to such companies, the conduct of its business.

(p) (**PGL letter**) to the knowledge of PGL, the letter issued by PGL to MBC dated 9 September 2015 (a copy of which is enclosed as **Error! Reference source not found.**) in respect to the options relating to PG545 and Pharmasynth is accurate and all the suggestions or comments stated in the letter is practicable and legal.

Schedule 4 – TBG Group structure



TBG Inc. is a 100% controlling company of:

- TBG Biotechnology Corp. (a company incorporated in Taiwan)
- TBG Biotechnology Xiamen Inc. (a company with limited liability wholly owned by foreign enterprise (TBG Inc.) incorporated in China)
- Texas Biogene, Inc.(a company incorporated in the State of Texas, USA)

Schedule 5 – Intellectual Property Rights

1. Trade marks

Trademark	Country	Application Number Application Date	Issue Number Issue Date Expiry Date	Exclusive Right Term
	USA Class 1 and Class 5	78,863,371 18/04/2006	Reg. No. 3,297,611	25/06/2007- 25/09/2017
	China Class5 Class42	the same as issue number 03/04/2006	Class5 review number: 526166 Class42 5261656 27/07/2009	Class05 21/12/2010- 20/12/2020 Class42 28/10/2009- 27/10/2019
	Turkey Class5	200814717	Mark No: 200814717	13/03/2008- 13/03/2018
	Taiwan Class5 Class42	100014320 24/03/2011	License number: 01504502 01/02/2012	01/02/2012- 31/01/2022
ChiTaS	CN Class 10	9606612 17/06/2011		Abandoned
HLAssure	CN Class 5	9606613 17/06/2011	9606613	14/08/2012- 13/08/2022
HLAssure	Italy	MI2011C006741 23/06/2011	1484833 12/04/2012	23/06/2011- 23/06/2021

2. Patents

Title	Country	Application Number Application Date	Publication Number Publication Date	Issue Number Issue Date Expiry Date	Priority Date	Original Assignee
A kind of human leukocyte antigen gene loci typing system and method based on sequencing(一種對人類白血球抗原基因位點進行以測序為基礎的分型系統及方法)	CN	201310116383.4 03/04/2013	CN10410285 5A 15/10/2014			TBG Biotechnology Corp. (Xiamen)
Specimen carrier for blood test device (血液檢測裝置之試體載置機構)	TW	100202492 2011/02/09		M409885 2011/08/21		Under the process of transfer to TBG Biotechnology Corp. (Taiwan) (Currently owned by Medigen Biotechnology Corp.)

Schedule 6 – Application for Consideration Shares

Application for Consideration Shares

To: Company Secretary
Progen Pharmaceuticals Limited (**Company**)

Medigen Biotechnology Corporation, in accordance with the terms of the Share Sale and Purchase Agreement dated ***[insert date]***:

1 applies to have issued to it 101,722,974 fully paid ordinary shares in the capital of the Company; and

2 agrees to hold the shares issued to it on and subject to the provisions of the constitution of the Company from time to time and to be bound by and observe such provisions.

Dated: ……..

Executed by **Medigen Biotechnology Corporation** by its authorised officers:	
…… Chairman signature	…… Director signature
Stanley Chang …… Print full name	Eugene Cheng …… Print full name

Executed as an agreement

Executed by **Medigen Biotechnology Corporation** by its authorised officers:	
…… Chairman signature	…… Director signature
Stanley Chang …… Print full name	Eugene Cheng …… Print full name

Executed by **Progen Pharmaceuticals Limited** by:	
…… Director signature	…… Director/Company Secretary signature
…… Print full name	…… Print full name