



Prospectus

INCITIVE LIMITED
ABN 68 115 712 162

Underwriter

Cygnnet Capital Pty Limited
ACN 103 488 606

A Non-renounceable pro rata rights issue of 1 New Share for every 1 Existing Share (including an offer of shortfall) at an issue price of 0.5 cents (\$0.005) per New Share to raise approximately \$783,907.

Last date for acceptance and payment: 5 pm (AWST) on 30 March 2009

This document is important and requires your immediate attention.
If after reading this Prospectus you have any questions about the
New Shares being offered pursuant to this Prospectus
or any other matter, then you should consult your professional adviser.

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IMPORTANT NOTICE

This Prospectus is dated 26 February 2009. A copy of this Prospectus was lodged with ASIC on 26 February 2009. ASIC and ASX and their respective officers take no responsibility for the contents of this Prospectus. The expiry date of this Prospectus is the date which is 13 months after the date of this Prospectus. No New Shares will be allotted on the basis of this Prospectus later than the expiry date. Application will be made within 7 days from the date of this Prospectus for quotation of the New Shares on ASX.

The Prospectus does not constitute an offer in any place where, or to any person to whom, it would not be lawful to make such an offer. The offer of New Shares under this Prospectus is made in New Zealand subject to, and in accordance with the conditions of, the New Zealand *Securities Act (Overseas Companies) Exemption Notice 2002* (SR2002/299 Amendment SR2003/204). The distribution of this Prospectus in jurisdictions outside the Commonwealth of Australia or New Zealand may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

This Prospectus provides information for Eligible Shareholders to decide if they wish to take up their Entitlement, and should be read in its entirety. If, after reading this Prospectus, you have any questions about the Issue please contact your stockbroker, accountant or other professional adviser.

If you are entitled as a Shareholder to apply for New Shares pursuant to the Offer, your personalised Entitlement and Acceptance Form accompanying this Prospectus shows the number of New Shares for which you are entitled to apply.

Persons may, during the Offer Period, obtain a paper copy of the Prospectus (free of charge) by telephoning the Company on (07) 3394 8351.

Applications for New Shares under the Offer may only be made by forwarding a complete personalised Entitlement and Acceptance Form to the Registry in accordance with the directions on your Entitlement and Acceptance Form. As the Offer is non-renounceable, Shareholders do not have the right to sell their Entitlements. Shareholders have the opportunity to subscribe for all, part or none of their Entitlement to New Shares under the Offer.

It is important that Shareholders intending to accept their Entitlement (or part thereof) take action as described in section 4.

The Offer is fully underwritten by Cygnet Capital Pty Limited.

Defined terms and abbreviations used in this Prospectus are explained in the Definitions section. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY. AN INVESTMENT IN INCITIVE LIMITED SHOULD BE CONSIDERED SPECULATIVE. A NON-EXHAUSTIVE LIST OF RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE COMPANY IS SET OUT IN SECTION 3.5 OF THIS PROSPECTUS.

SUMMARY OF THE OFFER

KEY DETAILS – OFFER

New Share Issue Price	0.5 cents (\$0.005) per New Share
Entitlement	1 New Share for every 1 Existing Share held
Number of New Shares to be issued	156,781,507 New Shares
Amount to be raised (before Offer Costs)	approx. \$783,907

KEY DATES FOR THE OFFER

Announcement of the Offer	26 February 2009
Ex Date*	4 March 2009
Record Date (for determining Entitlements to New Shares)	11 March 2009
Offer opens	12 March 2009
Prospectus despatched on or before	16 March 2009
Closing Date (latest time for payment in full for New Shares)	5 pm (AWST) 30 March 2009
Issue of New Shares	6 April 2009

* means the date from which Shares commence trading without the entitlement to participate in the Offer.

From the Chairman

Dear Shareholder,

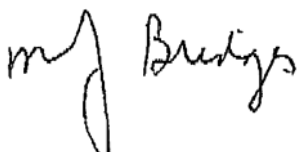
First of all I would like to thank you for your continued support of Incitive and the development of our drug discovery programs. Despite the challenges associated with the general economic downturn in 2008, Incitive continued to make significant progress with the animal model trials of its lead compound ICV0019 and its efficacy in the treatment of inflammatory bowel disease.

Notwithstanding such promising developments with our programs, the economic challenges present have caused us to refine our drug discovery strategy for 2009 and to focus on partnering our technology to appropriately resourced pharmaceutical and biotechnology companies. These discussions are ongoing, and the technology has been positively received by Australian and international companies alike.

In line with our partnering discussions, Incitive has made several Board changes to better equip the Company for the commercialisation of its technology through licensing, plus the ability to screen and identify new opportunities which may be of interest to Incitive.

The Rights Issue serves to further capitalise the Company and because of a scale back in research and development funding and general expenditure, will give the Company a cash balance to pursue its commercialisation discussions, maintain the technology in good standing and review alternative opportunities, both in the biotech and non biotech space.

As Chairman of Incitive, I commend your participation in this raising and look towards an active 2009 for the Company.

A handwritten signature in black ink, appearing to read 'Mel Bridges', with a stylized, cursive script.

Mel Bridges
Executive Chairman

1. OFFER SUMMARY

This summary is not intended to provide full details of the investment opportunity. Shareholders should read this Prospectus in full to make a fully informed investment decision. Details of recent announcements are set out at section 6.1 of this Prospectus.

1.1 Overview of the Offer

The following should be read subject to the more detailed information in this Prospectus. In particular, some of the key risk factors of an investment in Incitive are detailed in section 3.5.

- Opportunity to acquire New Shares in Incitive at 0.5 cents (\$0.005), a discount of 83.33% to the last traded price on 10 October 2008.
- Proceeds from the Offer will be used primarily to assist in maintaining the 'good standing' status of the Sarantis technology, including IP and patent protection, continue discussions and negotiations regarding the commercialisation of the technology and continue to evaluate and screen opportunities for Incitive in the biotech and non biotech space.
- No brokerage or stamp duty payable on the issue of New Shares.

Eligible Shareholders may apply for Additional Shares in excess of their Entitlement.

The Issue Price per New Share is 0.5 cents (\$0.005).

Effect on capital structure:

Shares on issue at the date of this Prospectus	156,781,507
New Shares offered under this Prospectus	156,781,507
Total number of Shares after Issue of New Shares [^]	313,563,014
Amount to be raised under the Offer (before Offer Costs)	approx. \$783,907
Market capitalisation of Shares and New Share at the Issue Price	approx. \$1,567,815

[^] includes New Shares issued under the Offer but excludes Shares issued to the Underwriter as part of the underwriting fee. The terms of the Underwriting Agreement are set out in section 6.2.

Important dates:

Announcement of Offer	26 February 2009
Ex Date*	4 March 2009
Record Date to determine Entitlement to New Shares	11 March 2009
Offer opens	12 March 2009
Prospectus and Entitlement and Acceptance Form despatched to Shareholders (on or before)	16 March 2009
Closing Date (last date for receipt of Entitlement and Acceptance Form and payment)	5 pm (AWST) 30 March 2009
Securities quoted on a deferred settlement basis	31 March 2009
Expected date for despatch of New Shares holding statements	6 April 2009
Expected date for commencement of normal trading and quotation of New Shares on ASX	6 April 2009

* means the date from which Shares commence trading without the entitlement to participate in the Offer.

These dates are indicative only. Incitive, in conjunction with the Underwriter, reserves the right, subject to the Corporations Act and Listing Rules, to vary the dates and times of the Issue, without prior notice, including closing the Issue before the scheduled Closing Date.

The Directors, in consultation with the Underwriter and in compliance with the Listing Rules, reserve the right to issue Shortfall Shares at their discretion.

Entitlement

The offer of New Shares under the Offer is restricted to Eligible Shareholders of the Company who are registered as Shareholders at the Record Date. The number of New Shares to which Shareholders are entitled is shown on the accompanying Entitlement and Acceptance Form.

Applications for New Shares under the Offer can only be made by completing the Entitlement and Acceptance Form in full, in accordance with the instructions on it, and sending it to Security Transfer Registrars.

The Offer is scheduled to close at 5 pm (AWST) on 30 March 2009. Entitlement and Acceptance Forms must be received by that time by Security Transfer Registrars, together with a cheque or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount of the Application.

Full details regarding how Eligible Shareholders can accept their Entitlement are set out in section 4 of this Prospectus.

Subject to the Listing Rules, the Directors, in consultation with the Underwriter, reserve the right to issue Shortfall Shares at their discretion.

1.2 Description of the Offer

The Company is offering 156,781,507 New Shares to Eligible Shareholders of the Company who are registered Shareholders at the Record Date.

The New Shares are being offered on the basis of 1 New Share for every 1 Existing Share held at the Record Date at an issue price of 0.5 cents (\$0.005) per New Share.

The number of New Shares to which you are entitled as an Eligible Shareholder is shown on the Entitlement and Acceptance Form accompanying this Prospectus.

Any New Shares which are not applied for by Eligible Shareholders by the Closing Date will become Shortfall Shares. In accordance with Listing Rule 7.2 Exception 3 (but subject to

section 723 of the Corporations Act), the Directors, in consultation with the Underwriter, reserve the right to issue Shortfall Shares at their discretion within 3 months of the Closing Date. The Shortfall Shares will be issued at a price of 0.5 cents (\$0.005) per Shortfall Share, as set out in section 1.5.

Up to \$783,907 will be raised under the Offer (before Offer Costs).

1.3 Application for Additional Shares beyond your Entitlement

New Shares not taken up by Eligible Shareholders pursuant to their Entitlement will comprise the Additional Shares under the Offer. Eligible Shareholders may, in addition to their Entitlement, apply for any number of Additional Shares, regardless of the size of their present holding.

By example, if an Eligible Shareholder owns 1,000 Existing Shares, the Shareholder will be entitled to apply for 1,000 New Shares under the Offer and may also apply for Additional Shares.

While there is no limitation on any Shareholder applying for Additional Shares, in the case of Applications exceeding the total number of New Shares available, the Directors will exercise their discretion to permit smaller Eligible Shareholders to increase their holding as a priority.

It is possible that there will be few or no Additional Shares available for issue. It is an express term that Eligible Shareholders applying for Additional Shares are bound to accept a lesser number of Additional Shares allotted to them than applied for and Applicants shall be bound to accept a refund of Application Monies in respect of the number of Additional Shares that may have been applied for, but not allotted.

No interest will be paid on any Application Monies refunded to Applicants in these circumstances.

1.4 What will happen if I do not accept my full Entitlement?

If you do not take up your full Entitlement under the Offer, your shareholding in Incitive will be diluted with respect to your rights to future earnings and net assets of Incitive.

As the Offer is non-renounceable, if you decide not to take up all of your Entitlement, that part of your Entitlement that is not taken up, will lapse on the Closing Date. If your Entitlement lapses, the New Shares that are not taken up will become Shortfall Shares and will be dealt with as set out in section 1.5.

1.5 Placement of Shortfall Shares

If Entitlements lapse, Cygnet Capital will (subject to the termination rights under the Underwriting Agreement) subscribe for, or procure subscribers for the New Shares the subject of those Entitlements, which will be Shortfall Shares.

The Directors reserve their right to place any Shortfall Shares at their discretion within 3 months of the Close Date, in accordance with Listing Rule 7.2.

No party will acquire a relevant interest in voting Shares exceeding 20% as a result of the Offer or placement of any Shortfall.

1.6 Optionholders

In order to take part in the Offer, existing Incitive Optionholders must exercise their Options before the Record Date. Of the 3,600,000 Options currently on issue, 2,600,000 are presently exercisable under the Incitive Limited Incentive Option Scheme. The 1,000,000 balance of Options were issued as part of a share placement. Further details regarding the employee options are set out in section 3.2.

1.7 Underwriting

The Offer has been fully underwritten by Cygnet Capital.

The Underwriting Agreement entered into between the Company and the Underwriter provides that the Underwriter may terminate the Underwriting Agreement in certain circumstances. The Underwriting Agreement is summarised in section 6.2 of this Prospectus.

1.8 Brokerage and stamp duty

No brokerage or stamp duty is payable by Applicants in relation to the Offer. However, you may have to pay brokerage on any subsequent trading of your New Shares on ASX after they have been quoted on ASX.

1.9 Handling fee

The Underwriter will pay a handling fee to ASX participating organisations of 1% on the value of all stamped Entitlement and Acceptance Forms.

1.10 Shareholders outside Australia or New Zealand

The Company will only extend the Offer to Eligible Shareholders with registered addresses in Australia or New Zealand. The Company considers it would be unreasonable to extend the Offer to Shareholders with registered addresses in other jurisdictions having regard to the small number of such Shareholders, the small number and value of securities that would be offered in such jurisdictions and the costs of complying with legal and regulatory requirements in those jurisdictions.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

1.11 Ranking of New Shares

The New Shares will be fully paid and rank equally with Existing Shares. The rights attaching to the New Shares will be the same as the rights attaching to the Existing Shares issued in Incitive.

1.12 Allotment

Incitive will make application within 7 days from the date of this Prospectus for quotation of the New Shares on ASX.

It is expected that allotment of the New Shares under the Offer.

If approval of ASX to the official quotation of the New Shares is not obtained within 3 months after the date of this Prospectus, all Application Monies will be repaid, without interest, in accordance with the Corporations Act.

Application Monies will be held by the Company on trust for Applicants in a trust account until the New Shares are allotted. No interest will be paid on Application Monies.

1.13 CHESS

The Company will apply to have the New Shares issued under this Prospectus admitted to participate in CHESS in accordance with the Listing Rules and the ASTC Settlement Rules. The Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the principal register of New Shares.

Certificates for the New Shares will not be issued. New Shareholders who elect to hold New Shares on the issuer-sponsored sub-register will be provided with a holding statement which will set out the number of New Shares allotted to each New Shareholder under this Prospectus. In the case of New Shareholders who elect to hold their New Shares on the CHESS sub-register, the Company will, on the allotment of New Shares under this Prospectus, issue advice to such New Shareholders which sets out the number of New Shares allotted to the New Shareholder under this Prospectus, and at the end of the month in which the allotment occurs, ASTC, on behalf of the Company, will provide the New Shareholders with a CHESS holding statement confirming the number of New Shares allotted.

A holding statement (whether issued by ASTC or the Company) will also provide details of the New Shareholder's holder identification number (HIN) (in the case of holdings on the CHESS sub-register) and the security holder reference number (SRN) (in the case of holdings on the issuer-sponsored sub-register). After these initial holding statements have been distributed to all New Shareholders, a holding statement will only be provided to the New Shareholder at the end of any subsequent month during which the balance of the New Shareholder's holding of New Shares has changed.

1.14 Application Money on trust

All Application Monies received before the New Shares are issued will be held by Incitive on trust in an account established solely for the purpose of depositing Application Monies received. Any interest that accrues in that account will be retained by Incitive. After the New Shares are issued to successful Applicants, the Application Monies held on trust will be payable to Incitive.

1.15 Market price of Incitive Shares on ASX

Incitive Shares have not traded on ASX during the 3 months immediately preceding the date of this Prospectus. The last traded price was 3 cents (\$0.03) on 10 October 2008.

1.16 Annual Report, quarterly cash flow report and Half-Yearly Report

A summary of the corporate focus, activities and financial information relating to the Company is contained in the 2008 Annual Report. A full copy of the Annual Report has been lodged with ASIC and announced via ASX on 30 September 2008.

The Company lodged its Quarterly Report (Appendix 4C) for the period ending 31 December 2008 with ASX on 28 January 2009.

The Company's Financial Report for the half year ended 31 December 2008 was lodged with ASX on 19 February 2009.

Any person who wishes to obtain a copy of the Annual Report, the Quarterly Report or the Half Yearly Report may request a copy from the Company. The Company will provide a copy of the Annual Report, the Quarterly Report or the Half Yearly Report free of charge to anyone who asks for it during the term of this Prospectus.

1.17 Summary only

This summary is not intended to provide full details of the investment opportunity. Shareholders should read this Prospectus in full to make a fully informed investment decision.

1.18 Enquiries

If you require advice as to whether to accept your Entitlement you should seek professional advice from your legal, investment or other adviser.

2. OVERVIEW OF INCITIVE

Incitive is developing compounds from Bromelain to treat a range of inflammatory and gastrointestinal diseases. These markets are large with Inflammatory Bowel Disease pharmaceutical treatments generating over US\$2.3 billion in sales globally each year.

Whilst Graft Versus Host Disease is a smaller market with an estimated US\$500 million in global sales, it is a more critical market with less competitors seeking to provide appropriate treatments.

Key drivers for both of these markets are to make available drugs that are orally administered, effective, with reduced side effects and increased patient compliance. ICV0019 has demonstrated these characteristics in the pre clinical studies to date.

Incitive's lead compound in the anti-inflammatory area is ICV0019, which has demonstrated positive results in animal models of both Inflammatory Bowel Disease and Graft Versus Host Disease. ICV0019 has completed most stages of the pre clinical development plan including manufacturing, preliminary toxicology, safety and efficacy. Further development of ICV0019, including additional toxicology and formulation/manufacturing, will be required prior to achieving approval to commence human trials.

ICV0019 has demonstrated positive results in an acute model of Inflammatory Bowel Disease. Animals pre treated with ICV0019 showed reductions in all clinical symptoms of the disease. Animals treated after the establishment of the disease also showed significant reduction in clinical symptoms when compared to the control untreated group.

In models of Graft Versus Host Disease a single treatment of ICV0019 was shown to significantly reduce the clinical score of treated animals compared to the control group. Ongoing studies are looking at the long term survival of animals treated with ICV0019 compared to animals treated with the current standard treatment program.

The manufacturing of ICV0019 has had extensive development and has reached a stage whereby large quantities of material can be produced for animal trials. The process of manufacturing is amenable to large scale manufacturing processes similar to those used to produce other protein based drugs. This process will need to meet current Australian Good Manufacturing Practice standards for material to be used in human clinical trials and for commercial sale.

In response to the current economic climate, Incitive has completed the current series of product development steps and is seeking to license out the technology in its current form. Whilst this is not the most appropriate stage of development to seek licensing partners, some partners have expressed interest in the programs and discussions are ongoing. The outcome of these discussions is uncertain and a licensing deal may or may not eventuate.

Having regard to the current economic environment, Incitive is actively pursuing available options to achieve a commercial outcome for its technology, the Company and its Shareholders.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Use of proceeds

The purpose of the Offer is to raise funds primarily to:

- assist in maintaining the 'good standing' status of the Sarantis technology;
- R&D program for Sarantis, including final payments for R&D;
- IP and patent protection costs;
- continue discussions and negotiations regarding the commercialisation of the Sarantis technology;
- assist in the evaluation and progression of growth opportunities for ICV in the biotech and non biotech sectors; and
- for general working capital and corporate overheads.

Incitive's cash and receivables position as at 31 December 2008 are set out in the Half Yearly Report for the period ended 31 December and announced to ASX on 19 February 2009.

Incitive's cash and receivables as at the date of this Prospectus are approximately \$258,000. The Directors believe the cash and receivables, and the proceeds of the Offer, will provide sufficient cash resources for the Company to continue its current and planned operations for in excess of 12 months from the date of this Prospectus.

The table below illustrates the intended application of funds raised under the Offer:

Item	\$
Sarantis R&D (including final payments for R&D)	\$108,774
Commercial, Patent and IP costs	\$83,900
Generation of new projects	\$195,225
Offer Costs	\$95,000
Working capital and Corporate overheads	\$301,101
Total	\$784,000

In the event the Company undertakes activities or a corporate transaction outside the existing operations, actual expenditure may vary from these estimates. For further details of the risks see section 3.5.

In addition to the funds raised under the Offer, Incitive potentially has access to other sources to meet its anticipated expenditure, including equity funding options available to it as an ASX listed company and potentially collaborative arrangements. As noted above, Incitive is actively pursuing negotiations for a potential license of its technology. These negotiations are ongoing, though they may not eventuate into a formal license arrangement, or may not eventuate into immediate revenues, if at all.

Subject to the commercial opportunities Incitive is able to secure, Incitive may seek to raise additional funds from time to time.

3.2 Principal effects

The principal effects on the Company of a fully subscribed Offer will be to:

- (a) place the Company in the financial position outlined in section 3.1 and 3.3 above;
and
- (b) increase the Company's issued Shares by up to approximately 156,781,507 additional Shares through the issue of New Shares.

The exact number of Additional Shares may be subject to adjustment for events occurring prior to the Record Date. There are 2,600,000 unquoted Options in Incitive that have been issued to Directors, members of senior management and certain employees, pursuant to the Incitive Limited Incentive Option Scheme. These Options are exercisable at \$0.20 and have varied expiry dates between 1 March 2010 and 10 August 2011.

In addition there are 1,000,000 unquoted Options in Incitive that have been issued to Cygnet Capital under a share placement. These Options are exercisable at \$0.10 before 18 December 2011.

The Board is of the opinion that, having regard to the exercise price of the Options while they are eligible for exercise, no Optionholder will elect to exercise any such Options before the close of the Offer.

3.3 Effect on the Company's financial position

The actual consolidated balance sheet and pro forma consolidated balance sheet for Incitive Limited at 31 December 2008 are set out below. The pro forma balance sheet is based on the actual balance sheet adjusted for the impacts of the Offer on cash assets and contributed capital after estimated Offer Costs as set out below. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

INCITIVE LIMITED CONSOLIDATED ACTUAL AND PRO FORMA BALANCE SHEETS AS AT 31 DECEMBER 2008

	<i>Notes</i>	<i>31 DEC 2008 Reviewed</i>	<i>Proforma adjustments</i>	<i>Proforma Unaudited</i>
		\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	1	110,825	688,960	799,785
Trade and other receivables		256,293		256,293
Prepayments		<u>2,646</u>		<u>2,646</u>
Total Current Assets		<u>369,764</u>		<u>1,058,724</u>
Non-Current Assets				
Plant and equipment		<u>1,440</u>		<u>1,440</u>
Total Non-current Assets		<u>1,440</u>		<u>1,440</u>
TOTAL ASSETS		<u>371,204</u>		<u>1,060,164</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	3aii	256,780	(54,494)	202,286
Converting loans	3ai	500,000	(500,000)	-
Provisions		<u>35,168</u>		<u>35,168</u>
Total Current Liabilities		<u>791,948</u>		<u>237,454</u>
TOTAL LIABILITIES		<u>791,948</u>		<u>237,454</u>
NET ASSETS/(LIABILITIES)		<u>(420,744)</u>		<u>822,710</u>
EQUITY				
Share capital	2	5,946,418	1,243,454	7,189,872
Reserves		367,657		367,657
Accumulated losses		<u>(6,734,819)</u>		<u>(6,734,819)</u>
TOTAL EQUITY		<u>(420,744)</u>		<u>822,710</u>

Note 1 Reconciliation of cash and cash equivalents	Notes	\$
Balance of cash and cash equivalents at 31 December 2008		110,825
Pro forma transactions;		
Completion of rights issue	3b	784,000
Underwriting fee	3c	(47,040)
Other costs of issue	3d	<u>(48,000)</u>
		<u>799,785</u>

Note 2 Reconciliation of Share capital	Notes	\$	Number of Shares
Balance of share capital at 31 December 2008		5,946,418	46,850,000
Pro forma transactions			
Rights issue	3b	784,000	156,781,507
Conversion of Converting loans	3ai	500,000	100,000,000
Placement fee for Converting loans and accrued interest	3aii	54,494	8,148,000
Issue of shares as part underwriting fee	3aiii	25,000	25,000,000
Costs of issue			
Underwriting fee by way of share issue	3aiii	(25,000)	
Cash underwriting fee	3c	(47,040)	
Other issue costs	3d	<u>(48,000)</u>	
		<u>7,189,872</u>	<u>336,779,507</u>

Note 3 Assumptions used in the preparation of the Pro Forma Consolidated Statement of Financial Position:

- (a) Following approvals at the Extraordinary General meeting of shareholders held on 20 February 2009:
- (i) Conversion of \$500,000 of Converting loans to share capital at 0.5 cents each.
- (ii) Issue of 5,000,000 ordinary shares at 0.775 cents each (\$38,750) in respect of the placement fee for the Converting loans and 3,148,800 ordinary shares at 0.5 cents each (\$15,744) in respect of the accrued interest on the loans as at 31 December 2008, totalling \$54,494.
- (iii) Issue of 25,000,000 ordinary shares at 0.1 cents each (\$25,000) in respect of part of the underwriting fee for the rights issue which will issued following the closing of the Offer (also see c below).
- (b) Completion of the underwritten rights issue to raise approximately \$784,000 by the issue of 156,781,507 at 0.5 cents each.
- (c) Payment of \$47,040 in respect of the 6% underwriting fee for the rights issue.
- (d) Payment of other costs of the issue of \$48,000.

3.4 Effect on capital structure

The effect of the Offer on the capital structure of Incitive is set out below:

Shares on issue at the date of this Prospectus	156,781,507
New Shares offered under this Prospectus	156,781,507
Total number of Shares after Issue of New Shares*^	313,563,014
Amount to be raised under the Issue (before Offer Costs)	\$784,000
Market capitalisation of Shares and New Share at the Issue Price*^	\$1,567,815

* Assumes that no Options in Incitive will be exercised prior to Record Date.

^ includes New Shares issued under the Offer but excludes Shares issued to the Underwriter as part of the underwriting fee. The terms of the Underwriting Agreement are set out in section 6.2.

3.5 Principal risk factors

General market risks

Shareholders should be aware that the market price of the Company's securities may be influenced by a number of factors. General movements in local and international stock markets, exchange rates, prevailing economic conditions, investor sentiment and interest rates could all affect the market price of the Company's securities. These risks apply generally to any investment on the stock market.

In addition to the general risks associated with investing in the stock market, there are risks specific to investing in any particular entity. Some of the risks may be mitigated by Incitive using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside Incitive's control and not capable of mitigation however. If you are in doubt about the general or specific risks associated with the Company's securities, you should seek advice from your professional advisers.

Company specific risks

A non-exhaustive analysis of some of the specific business risks facing Incitive in the conduct of its activities is shown below.

Development and Commercialisation of Intellectual Property

The Company is relying on its ability to develop and commercialise its intellectual property. A failure to successfully develop and commercialise intellectual property could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

Intellectual Property Rights

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value in the outcomes of biotechnology research and development. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Because the patent position of biotechnology companies can be highly uncertain and frequently involves complex legal and scientific evaluation, neither the breadth of claims allowed in biotechnology patents nor their enforceability can be predicted. There can be no assurance that any patents the Company may own, control or licence now and in the future will afford the Company commercially significant protection of the intellectual property, or that any of the projects that may arise from the intellectual property will be commercial applications.

Further, there is always a risk of third parties claiming involvement in technological and medical discoveries, and if any disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its intellectual property, there can be no assurance that these measures will be sufficient.

Research and Development

The Company can make no representation that any of its research into or development of its intellectual property will be successful, that development milestones will be achieved, or that the intellectual property will be developed into products that are commercially exploitable.

There are many risks inherent in the development of biotechnology products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

Commercialisation of products

Incitive has not yet commercialised its technology and as yet has no material revenues. There is no assurance that Incitive will generate significant revenues or that Incitive will ever achieve profitability.

There is also no assurance that Incitive will attract and retain appropriate strategic partners or that any such partners will perform and meet commercialisation goals or make licensing payments.

Commercial opportunities

There is no guarantee that Incitive will be able to identify appropriate commercial opportunities on favourable terms, including reasonable price, or to successfully pursue and effect such opportunities in accordance with the stated future strategy.

Need for additional funds

To fund operations, including the pursuit of commercial opportunities in and outside the biotechnology industry, and research, Incitive may need to issue additional shares, borrow additional funds, or enter into collaborative arrangements in order to access funding. The timing and amount of its future capital requirements will depend on a number of factors.

Incitive may not be able to raise funds as and when required. If Incitive is unsuccessful in obtaining funds when they are required, Incitive may:

- (a) delay or eliminate its research and development activities, or other aspects of its business;
- (b) have to license or sell its technologies on unfavourable terms;
- (c) need to further scale down or completely cease operations.

If Incitive raises funds by issuing shares or borrowing, the terms may not be favourable and may dilute the ownership of its Shareholders.

The current global economic climate may potentially make it difficult for Incitive to access additional funds in the future.

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Retention of key personnel and contract researchers

Because of the specialised nature of Incitive's business, Incitive is highly dependent upon qualified, scientific, technical and managerial personnel. In the current economic environment, Incitive is particularly dependent on the commercial and managerial skill of its management personnel to implement a commercial strategy for the sustainability of the company. There is significant competition for qualified personnel in Incitive's business.

Incitive and its collaborators may not be able to attract and retain the qualified personnel necessary for the development of its business. The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical, managerial and other personnel in a timely manner could harm Incitive's research and development programs and its business.

Industry Risks and Competition

The Company's current and future potential competitors include companies with substantially greater resources than it. There is no assurance that competitors will not

succeed in developing services and products that are more effective or economic than the services and products being developed by the Company or which would render the services and products obsolete and/or otherwise uncompetitive. In addition, the Company may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

Risk of Product Liability and Uninsured Risk

The Company's business exposes it to potential product liability risks that are inherent in the research and development, manufacturing, marketing and use of its products.

The Company's contracts with its clients will generally contain provisions drafted to limit the Company's exposure to product liability and other claims. However, the limitation of liability provisions may not be effective in certain jurisdictions. Hence there can be no assurance that the Company will not be subject to such claims.

The Company intends to carry what the Directors consider to be adequate product liability and professional indemnity insurance. However, there can be no assurance that adequate or necessary insurance coverage will continue to be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of the Company.

Uncertainty of Future Profitability

The Company's ability to operate profitably in the future will depend in part on its ability to commercialise its services and products with other organisations on commercial terms for onward sale to customers. This will depend on the ultimate demand for its services and products by consumers, which cannot be guaranteed. There is no certainty therefore that the Company can successfully commercialise its projects.

Other factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability is uncertain. Moreover, the level of such profitability cannot be predicted.

Regulatory Issues and Government Regulation

Products derived from the Company's research and development may be subject to numerous government regulatory approvals and controls throughout the world and these will affect both the timing and cost of bringing these products to the market.

Delays or failures in obtaining regulatory approval for a product would be likely to have a serious adverse effect on the value of the Company and have a consequent impact on the financial performance of the Company.

The Company's operations are also subject to laws, regulatory restrictions and certain government directives, recommendations and guidelines relating to, amongst other things, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury and environmental protection. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Company.

Competition

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Incitive's products may compete with existing alternative treatments that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that target the same conditions that Incitive is targeting. Some of these companies may have, or develop, technologies superior to Incitive's own technology.

Some competitors of Incitive may have substantially greater financial, technical and human resources than Incitive does. In addition, academic institutions, government agencies, and other public and private organisations conducting research may seek intellectual property protection with respect to potentially competitive products or technologies. These organisations may also establish exclusive collaborative or licensing relationships with Incitive's competitors. Incitive is also dependent upon its ability and the ability of third party collaborators or licensees, to sell and market its products and to develop and commercialise products based on Incitive's technology.

Investment Highly Speculative

The above list of risk factors is not exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specially referred to, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Shareholders should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to take up their Entitlement and apply for New Shares.

4. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

Important Notice

The Offer is non-renounceable which means that if Shareholders do not take up all of their Entitlement, their unaccepted Entitlement will lapse. Shareholders wishing to participate should either accept their Entitlement, in whole or in part, as outlined below. Eligible Shareholders do not need to take up their full Entitlement, although their proportional interest in the Company will be diluted if they choose not to do so.

4.1 New Share Entitlement

All persons registered as Eligible Shareholders on the Record Date will receive an Entitlement of 1 New Share for every 1 Share held on that date. The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form.

4.2 Issue Price

The Issue Price of New Shares is 0.5 cents (\$0.005) per New Share.

4.3 Entitlement and Acceptance Form

Each Prospectus sent to an Eligible Shareholder will include a personalised Entitlement and Acceptance Form.

4.4 Action required

If you wish to take up all of your Entitlement and/or Additional Shares

Complete the accompanying personalised Entitlement and Acceptance Form in accordance with the instructions on the Entitlement and Acceptance Form. If you have applied to take up all of your Entitlement to New Shares, you may apply for Additional Shares by completing the relevant section on the Entitlement and Acceptance Form.

Forward your completed Entitlement and Acceptance Form together with your cheque or bank draft for the amount shown on the form, in the reply paid envelope to the following address to be received **no later than 5 pm (AWST) on 30 March 2009**:

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153

Cheques should be made payable to 'Incitive Limited - Share Offer' and crossed 'Not Negotiable'.

4.5 Entitlements not accepted

If you decide not to accept all or part of your Entitlement, your unaccepted Entitlement will lapse. It is important that you take action to accept your Entitlement in accordance with the above instructions to avoid it lapsing and your shareholding being diluted by the issue of New Shares under the Offer.

4.6 Payment

Payments for the Offer will only be accepted in Australian dollars by:

- (a) cheque drawn on and payable by any Australian bank; and
- (b) bank draft drawn on and payable at any Australian bank or financial institution.

Other currency will not be accepted. Shareholders should not forward cash. Receipts for payments will not be issued.

Cheques should be made payable to 'Incitive Limited - Share Offer' and crossed 'Not Negotiable'.

4.7 Taxation considerations

General information only

It is your responsibility to satisfy yourself of the particular taxation treatment that applies to you by consulting your own professional tax advisor on your specific circumstances before taking up your Entitlements to New Shares.

Taxation consequences on your particular circumstances

Neither Incitive nor any of its officers, employees, agents and advisors accept any liability or responsibility in respect of the taxation consequences resulting from an investment in New Shares or dealing with an Entitlement in this Issue.

You should seek your own professional taxation advice.

The following comments are by way of general information only and are not to be taken to be specific advice to any person. You should obtain your own independent professional advice taking into account your own specific circumstances. The following comment does not address the taxation issues that arise where the Existing Shares and the Entitlements are held on revenue account.

Consequences of your Entitlement to acquire New Shares

Historically the accepted tax position has been that the receipt and acceptance by Eligible Shareholders of the Entitlements to acquire New Shares under this Prospectus, should not, of itself, give rise to income tax or capital gains tax (CGT) consequences for the Eligible Shareholder.

However, this position may have altered as a result of the decision of the High Court of Australia in *FCT v McNeil* [2007] HCA 5. In *McNeil's* case the High Court decided that the market value of sell-back rights granted to a shareholder constituted ordinary income for Australian income tax purposes.

In response to that case, the tax law was amended to restore the historic position for shareholders where:

- the taxpayer is granted rights because they are a shareholder;
- the shares are not revenue assets or trading stock at the time the rights are issued;
- the rights are not acquired under an employee share scheme;
- the shares are not traditional securities; and
- the shares are not convertible interests.

Accordingly, where an Eligible Shareholder satisfies all of the above conditions, the market value of their Entitlements, as at the time of issue, will be non-assessable non exempt income. That is, no amount will be included in the assessable income and subject to tax to the Eligible Holder as a result of acquisition of those entitlements.

An Eligible Shareholder who fails to satisfy any of the above conditions should seek their own professional tax advice to determine the tax consequences to them of the Entitlements. The balance of these tax comments are for shareholders that satisfy the above conditions and hold their shares on capital account.

The issue to Eligible Shareholders of such Entitlements by Incitive should not give rise to a dividend or distribution for income tax purposes.

Exercising the Entitlements

The acquisition of the New Shares by exercise of the Entitlements will not have any CGT consequences at the time of the acquisition. The New Shares will be taken to have been acquired at the time when the Entitlements are exercised.

The first element of the cost base of New Shares acquired should be equal to the amount paid to exercise the Entitlements of 0.5 cents (\$0.005) per share. The subsequent disposal of any New Shares may have CGT implications.

Lapse of Entitlements

There should be no taxation consequences for Eligible Shareholders who choose not to exercise the Entitlements and allow them to lapse.

Offer of Shortfall Shares

Eligible Shareholders may subsequently be entitled to an offer of Shortfall Shares. The tax consequences of the offer of Shortfall Shares, the acceptance of the offer and the lapse of the offer are the same as for the original Issue.

4.8 Enquiries

If you have any questions concerning your Entitlement or the Offer, you should contact the Company on (07) 3394 8351 or Security Transfer Registrars Pty Limited on (08) 9315 2333, or your stockbroker, financial or other professional adviser.

5. FINANCIAL INFORMATION

This financial information section consists of extracts from the Financial Statements for the half year ended 31 December 2008 lodged with ASX on 19 February 2009.. The accounting policies adopted are consistent with those detailed in the notes to the financial statements included in the Company's 2008 Annual Report .

INCITIVE LIMITED CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	31 DECEMBER 2008 \$	31 DECEMBER 2007 \$
Revenue and Other Income		
Interest income	6,885	42,230
Research and development tax concession	221,301	-
Expenses		
Research and development expenses	(300,171)	(337,454)
Corporate and administrative expenses	(535,359)	(374,426)
Finance costs	(54,524)	-
Loss before income tax	(661,868)	(669,650)
Income tax expense	-	-
Loss for the half-year	<u>(661,868)</u>	<u>(669,650)</u>
Loss is attributable to:		
Loss attributable to Members of the parent	(661,868)	(650,156)
Minority interest	-	(19,494)
	<u>(661,868)</u>	<u>(669,650)</u>
	<i>Cents</i>	<i>Cents</i>
Earnings per share for loss attributable to ordinary equity holders of the parent:		
- basic (loss)	(1.4)	(1.5)
- diluted (loss)	(1.4)	(1.5)

INCITIVE LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	<i>31 DEC 2008 Reviewed \$</i>	<i>30 JUNE 2008 Audited \$</i>
ASSETS		
Current Assets		
Cash and cash equivalents	110,825	338,965
Trade and other receivables	256,293	72,699
Prepayments	<u>2,646</u>	<u>52,522</u>
Total Current Assets	<u>369,764</u>	<u>464,186</u>
Non-Current Assets		
Plant and equipment	<u>1,440</u>	<u>7,916</u>
Total Non-current Assets	<u>1,440</u>	<u>7,916</u>
TOTAL ASSETS	<u>371,204</u>	<u>472,102</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	256,780	206,898
Converting loans	500,000	-
Provisions	<u>35,168</u>	<u>33,629</u>
Total Current Liabilities	<u>791,948</u>	<u>240,527</u>
TOTAL LIABILITIES	<u>791,948</u>	<u>240,527</u>
NET ASSETS/(LIABILITIES)	<u>(420,744)</u>	<u>231,575</u>
EQUITY		
Share capital	5,946,418	5,953,418
Reserves	367,657	351,108
Accumulated losses	<u>(6,734,819)</u>	<u>(6,072,951)</u>
TOTAL EQUITY	<u>(420,744)</u>	<u>231,575</u>

INCITIVE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	<i>31 DECEMBER</i> 2008 \$	<i>31 DECEMBER</i> 2007 \$
Cash flows from operating activities		
Interest received	6,885	42,230
Payments to suppliers and employees	<u>(735,025)</u>	<u>(758,376)</u>
Net cash flows used in operating activities	<u>(728,140)</u>	<u>(716,146)</u>
Cash flows from financing activities		
Proceeds from converting loans	500,000	-
Proceeds from issue of shares	-	600,000
Payments for share issue costs	<u>-</u>	<u>(30,000)</u>
Net cash flows from financing activities	<u>500,000</u>	<u>570,000</u>
Net decrease in cash and cash equivalents	(228,140)	(146,146)
Cash and cash equivalents at beginning of half-year	<u>338,965</u>	<u>1,486,343</u>
Cash and cash equivalents at end of half-year	<u><u>110,825</u></u>	<u><u>1,340,197</u></u>

6. MATERIAL INFORMATION

6.1 Continuous reporting and disclosure obligations

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

The Company is a 'disclosing entity' for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Incitive is subject to the Listing Rules which require continuous disclosure of any information the Company has to the ASX which a reasonable person would expect to have a material effect on the price or value of its Shares.

Copies of ASX announcements are available on the ASX website www.asx.com.au or the Company's website www.incitive ltd.com.

In addition, copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide free of charge, to any person who requests it during the application period under this Prospectus, a copy of the Annual Report and any continuous disclosure notices lodged by the Company from 31 December 2008 to the date of this Prospectus. The information in the Annual Report may be of interest to investors and their financial advisers.

The Directors rely upon section 712(3) of the Corporations Act with the inclusion by reference of material referred to above for full disclosure of relevant information to Shareholders for the purposes of section 711 of the Corporations Act, including the nature and extent of any directors' interests or of persons identified in section 711(4) of the Corporations Act.

Company announcements from 30 September 2008 to the date of this Prospectus:

Date	Announcements
25.02.2009	Change of Director's Interest Notice
24.02.2009	Appendix 3B
20.02.2009	Results of Extraordinary General Meeting
19.02.2009	Half Year Report and Accounts
16.02.2009	Change of Registered Office
16.02.2009	Appendix 3B
06.02.2009	Response to ASX Query
03.02.2009	Initial Director's Interest Notice
03.02.2009	Final Director's Interest Notice
30.01.2009	Director Appointment / resignation
28.01.2009	Appendix 4C - quarterly
22.01.2009	Notice of Extraordinary General Meeting / Proxy Form
21.01.2009	CEO resignation
23.12.2008	Prudent cost control measures announced
05.12.2008	Audit and Risk Committee Chair

Date	Announcements
26.11.2008	Appendix 3Z Director Resignation
26.11.2008	Appendix 3Z Director Resignation
26.11.2008	Director Resignation
20.11.2008	Results of Meeting
20.11.2008	CEO presentation to AGM
28.10.2008	Appendix 4C - quarterly
16.10.2008	Notice of Annual General Meeting/Proxy Form
16.10.2008	Appendix 3X Appointment of Director
16.10.2008	Director Appointment/Resignation
30.09.2008	Annual Report to shareholders

6.2 Key documents

The following is a summary of the agreements material to the Offer.

Underwriting Agreement

The Company and the Underwriter, Cygnet Capital, have entered into an underwriting agreement dated 30 January 2009 (**Underwriting Agreement**). The Underwriting Agreement reflects the entire understanding of the parties and supersedes all prior negotiations or commitments.

Underwriting

The Company appoints the Underwriter to fully underwrite the subscription of approximately 156,781,507 New Shares pursuant to the Offer. The Underwriter may appoint sub-underwriters to underwrite all or any of the underwritten Shares.

Applications and allotment

The Offer and subsequent allotment of New Shares must be carried out in accordance with the timetable, the Prospectus, the Corporations Act, the Listing Rules, the constitution of the Company and any other applicable law.

Payments

The Company must pay the Underwriter an underwriting commission of 6% of the amount to be raised pursuant to the Offer and issue the Underwriter with 25 million Shares (at a deemed issue price of \$0.001 per Share). The issue of these Shares was approved at an Extraordinary General Meeting on 20 February 2009.

In addition to the fees described above, the Company has agreed to pay the Underwriter for certain agreed costs and expenses incurred by the Underwriter in relation to the Offer.

Termination events

The Underwriter may terminate by notice to the Company at any time before Completion if the Underwriter becomes aware of the happening of any one or more events.

(Indices fall): the S&P ASX 200 Index is at any time after the date of this Agreement 15% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement.

(Prospectus): the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company.

(No Listing Approval): the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX within 7 days of the Lodgement Date.

(Supplementary prospectus):

- the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement, forms the view on reasonable grounds that a Supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a Supplementary Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
- the Company lodges a Supplementary Prospectus without the prior written agreement of the Underwriter.

(Non-compliance with disclosure requirements): it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:

- the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- the rights and liabilities attaching to the Underwritten Shares.

(Misleading Prospectus): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive.

(Restriction on allotment): the Company is prevented from allotting the Underwritten Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority.

(Withdrawal of consent to Prospectus): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent.

(ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn.

(ASIC hearing): ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the Corporations Act.

(Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel.

(Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.

(Authorisation): any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter.

(Indictable offence): a director or senior manager of the Company or its subsidiaries is charged with an indictable offence.

(Termination Events): any of the following events occurs:

- **(Default):** default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking;
- **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- **(Contravention of constitution or Act):** a contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or its subsidiaries including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- **(Error in Due Diligence Results):** it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them;
- **(Significant change):** a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
- **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company or its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- **(Official Quotation qualified):** the official quotation is qualified or conditional;
- **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- **(Prescribed Occurrence):** a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;
- **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- **(Event of Insolvency):** an Event of Insolvency occurs in respect of the Company or its subsidiaries;
- **(Judgment against the Company or its subsidiaries):** a judgment in an amount exceeding \$100,000.00 is obtained against the Company or its subsidiaries and is not set aside or satisfied within 7 days;

- **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against the Company or its subsidiaries, other than any claims foreshadowed in the Prospectus;
- **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Shares without the prior written consent of the Underwriter;
- **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or its subsidiaries;
- **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 5 Business Days;
- **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- **(Certain resolutions passed)**: the Company or its subsidiaries passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- **(Capital Structure)**: the Company or its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus;
- **(Breach of Material Contracts)**: any of the Contracts is terminated or substantially modified;
- **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company; or
- **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

Representations and warranties in the Underwriting Agreement

The Company has provided certain representations and warranties to the Underwriter in relation to the Prospectus, the Company and the Offer.

Company indemnity

The Company indemnifies the Underwriter, the officers, employees, related bodies corporate and advisers of the Underwriter. The indemnity relates to all claims, demands, damages, losses, costs, expenses and liabilities incurred directly or indirectly in relation to the Prospectus or the Offer, and in certain other related circumstances.

7. ADDITIONAL INFORMATION

7.1 Consents and disclaimers of responsibility

Each of the Directors of Incitive has consented to the lodgement of this Prospectus with ASIC.

McCullough Robertson has given, and has not withdrawn its written consent to being named as Lawyers to the Issue in the form and context in which it is named. McCullough Robertson has not caused or authorised the issue of this Prospectus and takes no responsibility for any part of this Prospectus.

Security Transfer Registrars Pty Limited has given, and has not withdrawn its written consent to being named in this Prospectus as Share Registry for the Company in the form and context in which it is named. Security Transfer Registrars Pty Limited has not caused or authorised the issue of this Prospectus and takes no responsibility for any part of this Prospectus.

Cygnets Capital has given, and has not withdrawn, its written consent to being named as the Underwriter to the Issue in the form and context in which it is named. Cygnets Capital has not caused or authorised the issue of this Prospectus and takes no responsibility for any part of this Prospectus.

Johnston Rorke has given, and has not withdrawn its written consent to being named as auditor for the Company in the form and context in which it is named. Johnston Rorke has not caused or authorised the issue of this Prospectus and takes no responsibility for any part of this Prospectus.

7.2 Experts' and advisers' interests

Other than as set out below or elsewhere in this Prospectus, no expert or any firm in which any expert is a partner has, or has had in the two years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by Incitive and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any expert (or to any firm in which he or she is or was a partner) for services rendered by the expert or the firm in connection with the promotion, or was a director of Incitive. No form of payment of any kind will be made or agreed to be made to any such expert or firm other than in cash.

McCullough Robertson has acted as Lawyers to the Issue and has performed certain work in relation to preparation of this Prospectus and due diligence enquiries, for which a maximum amount of \$30,000-35,000 (exclusive of GST) has been paid or has been agreed to be paid.

Cygnets Capital has acted as Underwriter to the Issue for which a maximum amount of \$45,540 (exclusive of GST), representing a 6% underwriting fee, has been paid or has been agreed to be paid. In addition, the Underwriter will receive 25 million Shares (with a deemed value of \$0.0001 per Share). The full terms of the Underwriting Agreement are set out in section 6.2.

Johnston Rorke completed the statutory audit of the financial statements for the year ended 30 June 2008 and the statutory review of the financial statements for the half year ended 31 December 2008. Incitive paid Johnston Rorke \$16,000 (exclusive of GST) and will pay approximately \$8,000 (exclusive of GST) in respect of these services.

7.3 Expenses of the Offer

All expenses connected with the Offer (Offer Costs) are payable by Incitive, including legal fees, underwriting fees, share registry fees, printing costs and other miscellaneous expenses. These Offer Costs are estimated at \$95,000.

7.4 Interests of Directors

Shareholdings

The Directors of Incitive, their associates or related parties have a relevant interest in the following shares and options in Incitive:

Director	Shares	Options	Entitlement to New Shares offered under this Prospectus
Mr Melvyn Bridges	300,000	100,000	300,000
Mr Winton Willesee*	5,255,113	-	5,255,113
Mr Eric De Mori	-	-	-

*Note: An entity associated with Winton Willesee received 5,255,113 Shares upon conversion of a Convertible Note and interest accrued thereon, which was approved at the EGM on 20 February 2009. The terms of the issue are disclosed in the Notice of EGM which was announced to ASX on 22 January 2009.

The Directors reserve the right to take up their Entitlement to New Shares offered under this Prospectus and to apply for Additional Shares.

Declaration

Other than set out above or elsewhere in this Prospectus:

- no Director or proposed Director of Incitive, and no firm in which a Director or proposed Director of Incitive is or was at the relevant time, or has had in the two years before the date of this Prospectus, any interest in the formation or promotion of, or in any property proposed to be acquired by Incitive; and
- no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of Incitive (or to any firm in which he is or was a partner) either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of Incitive, or in connection with the offer of securities in Incitive.

7.5 Privacy

Upon applying for New Shares in the Company, Applicants will be required to provide personal information to Incitive directly and/or via the Share Registry, such as name, address, telephone/fax numbers, tax file number and account details. The Company and the Share Registry collect, hold and use that personal information to assess Applications, provide facilities and services to Applicants and undertake appropriate administration. Access to information may be disclosed by the Company to its agents and service providers on the basis that they deal with such information in accordance with the *Privacy Act 1988* as amended. Applications which do not provide the information requested may not be processed. Under the *Privacy Act 1988* as amended, Applicants may request access to their personal information held by or on behalf of the Company by contacting the Share Registry as set out in the Corporate Directory.

8. DIRECTORS' STATEMENT

The Directors report that, after due enquiry by them, they have not become aware of any circumstances which, in their opinion, will materially affect the assets and liabilities, financial position and performance, profits and losses or the prospects of Incitive other than as disclosed in this Prospectus. The Directors have authorised the issue of this Prospectus.

Dated 26 February 2009

A handwritten signature in black ink, appearing to read 'Mel Bridges', written in a cursive style.

Signed for and on behalf of
Incitive Limited

Mel Bridges
Chairman

9. DEFINITIONS

\$	Australian dollars.
ABN	Australian Business Number.
Additional Shares	extra shares a Shareholder may apply for in excess of their Entitlement.
AWST	Australian Western Standard Time, being the time applicable in Perth, Western Australia.
Annual Report	The Annual Report of the Company for the financial year ended 30 June 2008 which includes audited financial statements for the financial year ended 30 June 2008 and the auditor's report which was lodged with ASX and ASIC on 30 September 2008.
Applicant	a person or entity who submits an Entitlement and Acceptance Form.
Application	an application to subscribe for New Shares under this Prospectus.
Application Monies	the Issue Price multiplied by the number of New Shares applied for.
ASIC	Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532.
ASX	ASX Limited ABN 98 008 624 691.
Board	the Board of directors of the Company.
Business Day	a day on which the ASX is open for trading.
CHESS	Clearing House Electronic Subregister System, operated by ASTC.
Closing Date	the date on which the Offer closes, being 5pm (AWST) on 30 March 2009. This date may be varied without prior notice by the Company in conjunction with the Underwriter.
Company or Incitive	Incitive Limited ABN 68 115 712 162.
Conditions of Issue	the conditions on which the New Shares are issued, as set out in this Prospectus.
Constitution	means the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Directors	the directors of Incitive.
Eligible Shareholders	eligible shareholders with registered addresses in Australia and New Zealand to whom the Offer will be made.
Entitlement	the right to subscribe for New Shares at an issue price of 0.5 cents (\$0.005) per New Share under the Offer.
Entitlement and Acceptance Form	a Shareholder's personalised Entitlement and Acceptance Form accompanying this Prospectus.
Existing Shares	the shares already on issue in Incitive as at the Record Date.
Issue	the allotment and issue of New Shares pursuant to this Prospectus.

<i>Issue Price</i>	0.5 cents (\$0.005) per New Share.
<i>Listing Rules</i>	the listing rules of ASX.
<i>Offer</i>	the non-renounceable entitlement offer of approximately 156,781,507 New Shares, made under this Prospectus to persons who are registered or entitled to be registered as a holder of Shares as at the Record Date, on the basis of 1 New Share for every 1 Existing Share at an Issue Price of 0.5 cents (\$0.005) per New Share.
<i>Offer Costs</i>	direct costs of the Offer including fees paid to the Underwriter, advisers and consultants and to providers of specific services to cover share registry, printing and postage costs.
<i>Offer Period</i>	means the period of time between the Open Date and the Closing Date.
<i>Options</i>	the existing unquoted options over fully paid ordinary shares in the Company.
<i>Prospectus</i>	this prospectus.
<i>R&D</i>	research and development.
<i>Record Date</i>	11 March 2009.
<i>Registry, or Share Registry</i>	Security Transfer Registrars Pty Limited ABN 95 008 894 488.
<i>SCH</i>	Securities Clearing House.
<i>Shareholder</i>	any person holding Shares in the Company.
<i>Shares</i>	the existing fully paid ordinary shares in the Company.
<i>Shortfall Shares</i>	pursuant to section 1.5, unallocated Shares the Board reserves the right to place within 3 months.
<i>Underwriter or Cygnet Capital</i>	Cygnet Capital Pty Limited ABN 88 103 488 606
<i>Underwriting Agreement</i>	means the underwriting agreement between the Company and the Underwriter dated 30 January 2009.

10. CORPORATE DIRECTORY

COMPANY

Incitive Limited
ABN 68 115 712 162

www.incitive.com

REGISTERED OFFICE

c/ Vincents
Level 21, 300 Queen Street
Brisbane QLD 4000
Tel (07) 3394 8351
Fax (07) 3319 6002

DIRECTORS

Mr Mel Bridges (Chairman)
Mr Winton Willesee (Non Executive Director)
Mr Eric De Mori (Non Executive Director)

COMPANY SECRETARY

Mr Russell Brown

SHARE REGISTRY

Security Transfer Registrars Pty Limited
ABN 95 008 894 488
770 Canning Highway
Applecross WA 6153
Tel (08) 9315 2333

www.securitytransfer.com.au

UNDERWRITER

Cygnnet Capital Pty Limited
ABN 88 103 488 606
Level 10, 63 Exhibition Street
Melbourne VIC 3000
Tel (03) 9669 1900

www.cygnnetcapital.com.au

LAWYERS

McCullough Robertson
Level 11 Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

www.mccullough.com.au

AUDITOR

Johnston Rorke
Level 30 Central Plaza One
345 Queen Street
Brisbane QLD 4000

www.jr.com.au

ENTITLEMENT AND ACCEPTANCE FORM