27 October 2017

NOTICE OF ANNUAL GENERAL MEETING

The attached documents including the Notice of Annual General Meeting incorporating Explanatory Notes, Proxy Form and Annual Report are being dispatched to shareholders today.

Yours sincerely

Mark Diamond
Managing Director

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ANTISENSE THERAPEUTICS LIMITED ABN 41 095 060 745

NOTICE OF
ANNUAL GENERAL MEETING

Including Explanatory Notes and Proxy Form

To be held on:
Wednesday, 29 November 2017

1.00 pm (AEDT)
(registration commencing 15 minutes earlier)

At:
Boardroom Pty Ltd
Level 7, 333 Collins Street
Melbourne, Victoria, 3000
Australia

This is an important document. It should be read in its entirety.
If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

ANTISENSE THERAPEUTICS LIMITED

ACN 095 060 745

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Antisense Therapeutics Limited ACN 095 060 745 (**Company**) will be held at Boardroom Pty Limited, Level 7, 333 Collins Street, Melbourne, Victoria, 3000, Australia on Wednesday, 29 November 2017 at 1.00 pm (AEDT), for the purposes of considering and, if thought fit, passing each of the resolutions referred to in this Notice of Meeting.

The Explanatory Notes and proxy form accompanying this Notice of Meeting are hereby incorporated in, and comprise part of, this Notice of Meeting.

Please read this Notice of Meeting carefully and consider directing your proxy on how to vote on each resolution by marking the appropriate box on the proxy form included with this Notice of Meeting. Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should have regard to the important information below under the heading "Appointing the chair as your proxy".

BUSINESS OF THE MEETING

2017 Annual Financial Report

To receive and consider the Annual Financial Report of the Company for the year ended 30 June 2017 (**2017 Annual Report**), comprising the Financial Report, the Directors' Report, and the Auditor's Report. At the Meeting, a representative of the Company's auditor, Ernst & Young will be available to answer any questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 1: Non-binding resolution to adopt the 2017 Remuneration Report

To consider, and if thought fit, pass the following resolution as an advisory and non-binding ordinary resolution:

"That for the purposes of Section 250R(2) of the Corporations Act, the Remuneration Report for the financial year ended 30 June 2017 as disclosed in the Directors' Report is adopted."

Voting Exclusion and Restriction Statement

The Company will disregard all votes cast on Resolution 1 by, or on behalf of:

(a) a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2017; or

(b) a closely related party of a KMP;

whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast on Resolution 1 by a KMP or a closely related party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a closely related party of a KMP and either:

(a) the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 1; or

(b) the proxy is the chair of the Meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the *Corporations Act*.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include its directors and certain senior executives.

A closely related party of a member of the key management personnel means any of the following:

- a spouse, child or dependent of the member;
- a child or dependent of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations (as at the date of this Notice of Meeting, no additional persons have been prescribed by regulation).

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should have regard to the important information below under the heading "Appointing the chair as your proxy".

Further details in respect of Resolution 1 are set out in the Explanatory Notes accompanying this Notice of Meeting.

Resolution 2: Re-election of Non-Executive Director – Dr Graham Mitchell

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, Dr Graham Mitchell, a Non-Executive Director of the Company, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Further details in respect of Resolution 2 are set out in the Explanatory Notes accompanying this Notice of Meeting.

Resolution 3: Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum to this Notice of Meeting, be and is hereby approved."

Voting Exclusion and Restriction Statement

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 3 by a person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any associates of those persons.

As at the date of this Notice of Meeting the Company has no specific plans to issue equity securities under the 10% Placement Facility and therefore it is not known who (if any) may participate in a potential (if any) issue of equity securities under the 10% Placement Facility.

However, the Company need not disregard a vote cast on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Shareholders who intend to the appoint the Company's Chairman as proxy (including an appointment by default) should have regard to the important information below under the heading "Appointing the chair as your proxy".

Further details in respect of Resolution 3 are set out in the Explanatory Notes accompanying this Notice of Meeting.

Resolution 4: Spill Meeting Resolution

[Note: This resolution will not be put to the meeting if Resolution 1 – Adoption of Remuneration Report is passed with less than 25% of the votes cast on the resolution being cast against the resolution.]

To consider, and if thought fit, pass the following resolution:

'That, subject to and conditional on at least 25% of the votes cast on Resolution 1 being cast against the adoption of the Remuneration Report for the financial year ended 30 June 2017:

(a) another general meeting of the Company (Spill Meeting) be held within 90 days of the passing of this resolution;

(b) all of the directors in office when the Board resolution to make the directors' report for the financial year ended 30 June 2017 was passed excluding the Company's managing director (such directors being Mr Robert Moss, Dr Graham Mitchell, Dr Gary Pace and Mr William Goolsbee) cease to hold office immediately before the end of the Spill Meeting; and

(c) resolutions to appoint persons to the offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting.

Voting Exclusion and Restriction Statement

The Company will disregard all votes cast on Resolution 4 by, or on behalf of:

(a) a member of the KMP, the details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2017; and

(b) a closely related party of such a member of the KMP.

However, the Company will not disregard a vote cast on Resolution 4 by a KMP or a closely related party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a closely related party of a KMP and either:

(c) the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 4; or

(d) the proxy is the chair of the Meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on Resolution 4 and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is part of a consolidated entity, for the entity.

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the *Corporations Act*.

Definitions of KMP and closely related party are set out in full in the Voting Exclusion and Restriction Statement for Resolution 1 above.

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should have regard to the important information below under the heading "Appointing the chair as your proxy".

Further details in respect of Resolution 4 are set out in the Explanatory Notes accompanying this Notice of Meeting.

By the order of the Board



Phillip Hains
Company Secretary

Dated: 27 October 2017

The accompanying Explanatory Notes and Proxy Form including Voting Instructions form part of this Notice of Meeting.

NOTES

Voting Entitlements

In accordance with section 1074E(2)(g)(i) of the *Corporations Act* and Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that a Shareholder's voting entitlement at this Meeting will be taken to be the entitlement of the person shown in the register of members as at 7:00pm (AEDT) on Monday, 27 November 2017. Transactions registered after that time will be disregarded in determining the Shareholders entitled to attend and vote at the Meeting.

Proxies

- A Shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy (who need not be a Shareholder) to attend and vote in the Shareholder's place. A proxy form accompanies this Notice of Meeting for this purpose.
- A proxy form must be signed by a Shareholder or his or her attorney and, in the case of a joint holding, by each of the joint holders.
- Shareholders who are entitled to cast two or more votes may appoint not more than two proxies to attend and vote at this Meeting. Shareholders wishing to appoint a second proxy should request an additional proxy form from the Company's share registry – Boardroom Pty Limited. Where two proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. If no such proportion or number is specified, each proxy may exercise half of the votes. Fractions of votes are to be disregarded.
- Where a Shareholder appoints 2 proxies, on a show of hands neither proxy may vote if more than one proxy attends and on a poll each proxy may only exercise votes in respect of those shares or voting rights the proxy represents.
- The appointment of one or more duly appointed proxies will not preclude a Shareholder from attending this Meeting and voting personally. If the Shareholder votes on a resolution, the proxy must not vote as the Shareholder's proxy on that resolution.
- Any instrument appointing a proxy in which the name of the appointee is not completed is regarded as given in favour of the chairperson of the Meeting.
- In the case of joint holders of shares, if more than one holder votes at any Meeting, only the vote of the first named of the joint holders in the share register of the Company will be counted.
- To be effective, proxy forms (and the power of attorney or other authority (if any) under which it is signed (or an attested copy)) must be received by the Company at its registered office or delivered in person, by mail or by fax to the Company Secretary's office (details below). Completed proxy forms must be received no later than 48 hours before the appointed time of the Meeting.
- Proxy forms may be lodged:

  By Fax: +61 2 9290 9655

  By Mail: Boardroom Pty Limited
  GPO Box 3993
  SYDNEY NSW 2001

  In person: Boardroom Pty Limited
  Level 12, 225 George Street,
  SYDNEY NSW 2000

- Proxies given by a corporation must be signed either under seal or under the hand of a duly authorised attorney. In addition, should the constitution of a corporation permit the execution of documents without using a common seal, the documents must be signed by two directors or a director and a company secretary, or for a proprietary company that has a sole director who is also a company secretary, that director.
- If a body corporate is appointed as proxy, please write the full name of that body corporate (e.g. Company X Pty Ltd). Do not use abbreviations. The body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the *Corporations Act*; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting. If no such evidence is received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

Body corporate representatives

- A corporation, by resolution of its directors, may authorise a person to act as its representative to vote at the Meeting.
- A representative appointed by a corporation may be entitled to execute the same powers on behalf of the corporation as the corporation could exercise if it were an individual shareholder of the Company.
- To evidence the authorisation, either a certificate of corporate body representative executed by the corporation or under the hand of its attorney or an equivalent document evidencing the appointment will be required.
- The certificate or equivalent document must be produced prior to the Meeting.

Appointing the chair as your proxy

The proxy form accompanying this Notice of Meeting contains detailed instructions regarding how to complete the proxy form if a shareholder wishes to appoint the chairperson of the Meeting as his or her proxy. You should read those instructions carefully.

The chair of the Meeting intends to exercise all available proxies by voting in favour of Resolutions 1 to 3. In the event Resolution 4 is put to the meeting, the chair of the Meeting intends to exercise all available proxies by voting against the Resolution 4.

Definitions

Words that are defined in the Glossary have the same meaning when used in this Notice of Meeting unless the context requires, or the definitions in the Glossary provide, otherwise.

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ANTISENSE THERAPEUTICS LIMITED

ACN 095 060 745

EXPLANATORY NOTES TO NOTICE OF 2017 ANNUAL GENERAL MEETING

These Explanatory Notes accompany and form part of the Antisense Therapeutics Limited Notice of Annual General Meeting to be held at Boardroom Pty Ltd, Level 7, 333 Collins Street, Melbourne, Victoria 3000, on Wednesday, 29 November 2017 at 1.00pm (AEDT).

The Notice of Meeting should be read together with these Explanatory Notes.

BUSINESS OF THE MEETING

Resolution 1: Non-binding resolution to adopt 2017 Remuneration Report

Background

Pursuant to the *Corporations Act*, at the annual general meeting of a listed company, the Company must propose a resolution that the remuneration report be adopted.

The purpose of Resolution 1 is to lay before the Shareholders, the Company's Remuneration Report for the year ended 30 June 2017 (**Remuneration Report**) so that Shareholders may ask questions about or make comments on the management of the Company in accordance with the requirements of the *Corporations Act* and vote on an advisory and non-binding resolution to adopt the Remuneration Report.

At the Company's 2016 AGM, 35.84% of the votes cast in respect of the resolution to adopt the 2016 Remuneration Report were voted against that resolution. As the votes 'against' exceeded 25% of the votes cast, the Company recorded what is known as a 'first strike' under the executive remuneration provisions of the Corporations Act.

The Board will consider the outcome of the vote made by shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The Remuneration Report is contained within the 2017 Annual Report. You may view the Annual Report by visiting the Company's website www.antisense.com.au, or you may order a hard copy of the Annual Report by phoning +61 (0)3 9827 8999.

The vote on the resolution for adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, under the *Corporations Act*, if at least 25% of the votes cast on the resolution at the 2017 Annual General Meeting are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2017 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and

- if at least 25% of the votes cast on the resolution for adoption of the 2017 Remuneration Report are against its adoption (ie the Company records a 'second strike'), the Company will be required to put to shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of all Directors other than the managing director (**Spill Resolution**). Resolution 4 is the Spill Resolution. If Resolution 4 is put and passed the Spill Meeting must be held within 90 days of the date of the 2017 annual general meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all Directors (other than the managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

The Remuneration Report forms part of the Directors' Report which has been unanimously been adopted by resolution of the Board. The Directors have resolved in favour or the Remuneration Report and commend it to Shareholders for adoption.

The Chairperson of the Meeting will vote all undirected proxies in favour of this resolution. If you wish to vote "against" or "abstain" you should mark the relevant box in the attached proxy form.

The Company encourages all shareholders to cast their votes on Resolution 1.

Resolution 2: Re-election of Non-Executive Director – Dr Graham Mitchell

At each Annual General Meeting of the Company, one third of the Directors of the Company must retire from office by rotation, in accordance with the Company's Constitution. The Managing Director is not subject to rotation. No Director (except a Managing Director) shall retain office for more than three years without submitting himself or herself for re-election. A Director who retires from office by rotation and is eligible for re-election may offer him or herself for re-election.

First appointed to the Board	24 October 2001
Last elected by shareholders	6 November 2014
Qualifications	AO, RDA, BVSc, FACVSc, PhD, FTSE, FAA
Experience	Graham Mitchell through Foursight Associates Pty Ltd ("Foursight"), acts as joint Chief Scientist for the Victorian Government Department of Environment and Primary Industries. Dr. Mitchell is a Non-Executive Director of Avipep Pty Ltd and is a Principal of Foursight. Dr Mitchell has held the position of Director of Research in the R&D Division of CSL Limited and for many years was a research scientist at The Walter & Eliza Hall Institute (WEHI). He is currently a Board Member of WEHI.
Committees	Member of the Remuneration Committee and Chairman of the Audit Committee.

The Directors (except Graham Mitchell) recommend that you vote in favour of this Ordinary Resolution.

Resolution 3: Approval of 10% Placement Facility

1. Background

In 2012, the ASX introduced new fund-raising rules to provide more flexibility for smaller companies to raise additional capital in an easier and potentially less costly manner. ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities (as that term is defined in the ASX Listing Rules) up to 10% of its issued share capital through placements over a 12-month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of $300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to Section 2(c) below). The Company may use funds raised from any 10% Placement Facility for funding of specific projects and/or general working capital. It may also use the 10% Placement Facility for non-cash consideration purposes such as joint venture, licensing or collaboration agreements or the acquisition of new products (although the Company presently has no proposal to do so).

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

2. ASX Listing Rules

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue three classes of Equity Securities; Shares, listed and unlisted options.

(c) Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of shares on issue 12 months before the date of the issue or agreement:

(A) plus, the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;

(B) plus, the number of partly paid shares that became fully paid in the 12 months;

(C) plus, the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;

(D) less the number of fully paid shares cancelled in the 12 months.

Note: *that **A** has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

D is 10%

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

(d) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to Section 2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

(i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

(ii) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

3. ASX Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4. Specific Information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) Any Equity Securities issued will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 3 is approved by the Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table (in the case of unlisted options, only if the unlisted options are exercised). There is a risk that:

(i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may influence the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of this Notice of Meeting.

The table also shows:

(i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase because of issues of ordinary securities that do not require Shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

(ii) two examples of where the price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in ASX Listing Rule 7.1A.2		**Dilution**		
		\$0.03 **50% decrease in Deemed Price**	\$0.04 **Deemed Price**	\$0.06 **50% Increase in Deemed Price**
Current Variable A	**10% Voting Dilution**	16,155,941 Shares	16,155,941 Shares	16,155,941 Shares
161,559,408 Shares	**Funds raised**	\$484,678	\$646,238	\$969,356
50% increase in current Variable A	**10% Voting Dilution**	24,233,911 Shares	24,233,911 Shares	24,233,911 Shares
242,339,112 Shares	**Funds raised**	\$727,017	\$969,356	\$1,454,035
		32,311,882 Shares	32,311,882 Shares	32,311,882 Shares

100% increase in current Variable A	10% Voting Dilution			
323,118,816 Shares	**Funds raised**	$969,356	$1,292,475	$1,938,713

The table above has been prepared on the following assumptions:

(i) The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting;

(ii) No unlisted options are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A. The Company has nil unlisted options and 68,713,794 listed options (ANPOB) on issue at the date of this Notice of Meeting;

(iii) The table does not demonstrate an example of dilution that may be caused to a particular shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting;

(iv) The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule";

(v) The price of ordinary securities is deemed for the purposes of the table above to be $0.034 cents, being the closing price of the Company's listed securities on ASX on 5 October 2017, rounded up to two decimal places (**Deemed Price**). The Deemed Price is indicative only and does not consider the 25% discount to market that the securities may be placed at;

(vi) The table does not demonstrate the effect of listed or unlisted options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.

(c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities or ASX Listing Rule 11.2 (disposal of main undertaking).

(d) The Company may seek to issue the Equity Securities for the following purposes:

(i) non-cash consideration including for joint venture, licensing or collaboration agreements or the acquisition of new products (although the Company presently has no proposal to do so). In such circumstances, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or

(ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing specific Company projects and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

(i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;

(ii) the effect of the issue of the Equity Securities on the control of the Company;

(iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

(e) The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its 2013, 2014, 2015 and 2016 AGMs.

(f) A voting exclusion statement is included in the Notice of Meeting to which this Explanatory Memorandum relates. At the date of that Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

In the 12 months prior to the Meeting, the Company has issued 72,000 ordinary shares and 68,713,794 listed options. The shares rank equally with the company's existing shares and were issued to unlisted options holder with a xero exercise price. The listed options were issued at $0.002 to long term shareholders and optionholders. The options are exercisable at $0.08 and expire on 19 December 2019. The funds raised from the issue of options will be used to fund the working capital of the business.

The Directors recommend that you vote in favour of this Special Resolution.

Resolution 4: Spill Meeting Resolution

Resolution 4 will be put to the meeting only if there is a second strike i.e. at least 25% of the votes cast on Resolution 1 - to adopt the Remuneration Report - are cast against the adoption of the report. An against vote of in excess of 25% will constitute a 'second strike' for the Company.

If the Company receives a second strike and this resolution is passed, it will be necessary for the Board to convene a further general meeting (**Spill Meeting**) of the Company within 90 days of the AGM in order for the Shareholders to consider and vote on the composition of the Board.

If a Spill Meeting is held, the following directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

Mr Robert Moses
Dr Graham Mitchell
Dr Gary Pace
Mr William Goolsbee

Notes:

If Dr Mitchell is re-elected at this year's AGM, he will also need to be re-elected at the Spill Meeting in order to remain in office after the Spill Meeting.

Under section 250V(1)(b)(ii) of the Corporations Act, the Managing Director, Mr Diamond, is exempt from the requirement to vacate office as a Director at the conclusion of the Spill Meeting. As such, he is not at risk of losing office at any Spill Meeting.

The Explanatory Statement relevant to Resolution 1 contains further information relevant to Resolution 4.

The Directors unanimously recommend that shareholders vote **against** Resolution 4.

The Chairman of the meeting intends to vote all available proxies **against** this item of business in the event this item of business is put to the meeting.

GLOSSARY

ASIC means the Australian Securities and Investments Commission.

ASX Listing Rules or Listing Rules means the official listing rules of ASX.

Australian Securities Exchange (ASX) means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.

Board means the Board of directors of the Company.

Company means Antisense Therapeutics Limited ACN095 060 745.

Corporations Act means *Corporations Act 2001* (Cth).

Directors mean the directors of the Company and **Director** means any of them.

Explanatory Notes means these explanatory notes that accompany, and are incorporated as part of, the Notice of Meeting.

Glossary means this glossary.

Meeting means the Annual General Meeting of Shareholders convened by the Notice of Meeting.

Notice of Meeting or Notice means this Notice of the Annual General Meeting.

Resolution means a resolution set out in the Notice of Meeting.

Share means a fully paid ordinary Share in the capital of the Company.

Shareholder means a holder of at least one Share as shown on the register of members of the Company as at 7:00pm (AEDT) on Monday, 27 November 2017.

antisense THERAPEUTICS

All Correspondence to:

By Mail Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

By Fax: +61 2 9290 9655

Online: www.boardroomlimited.com.au

By Phone: (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

SAMPLE ONLY

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 1:00pm (AEDT) on Monday 27 November 2017.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.
If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy
You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:
(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate
Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:
Individual: This form is to be signed by the securityholder.
Joint Holding: where the holding is in more than one name, all the securityholders should sign.
Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting **1:00pm (AEDT) on Monday 27 November 2017**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged in the following method:

By Fax	+ 61 2 9290 9655
By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
In Person	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Antisense Therapeutics Limited
ACN 095 060 745

☐ **Your Address**
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Antisense Therapeutics Limited** and entitled to attend and vote hereby appoint:

☐ the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Boardroom Pty Limited, Level 7, 333 Collins Street, Melbourne VIC 3000 on Wednesday 29 November, 2017 at 1:00pm** (AEDT) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1 and 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolution 1 and 4 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1 and 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Non-Executive Director – Dr Graham Mitchell	☐	☐	☐
Resolution 3 (Special)	Approval of 10% Placement Facility	☐	☐	☐
	As stated in the Notice of Meeting, the Board recommends that you vote AGAINST Resolution 4. Resolution 4 is a contingent resolution, and will only be put to the Meeting if the condition described in the Notice of Meeting is satisfied.			
Resolution 4	Spill Meeting Resolution	☐	☐	☐

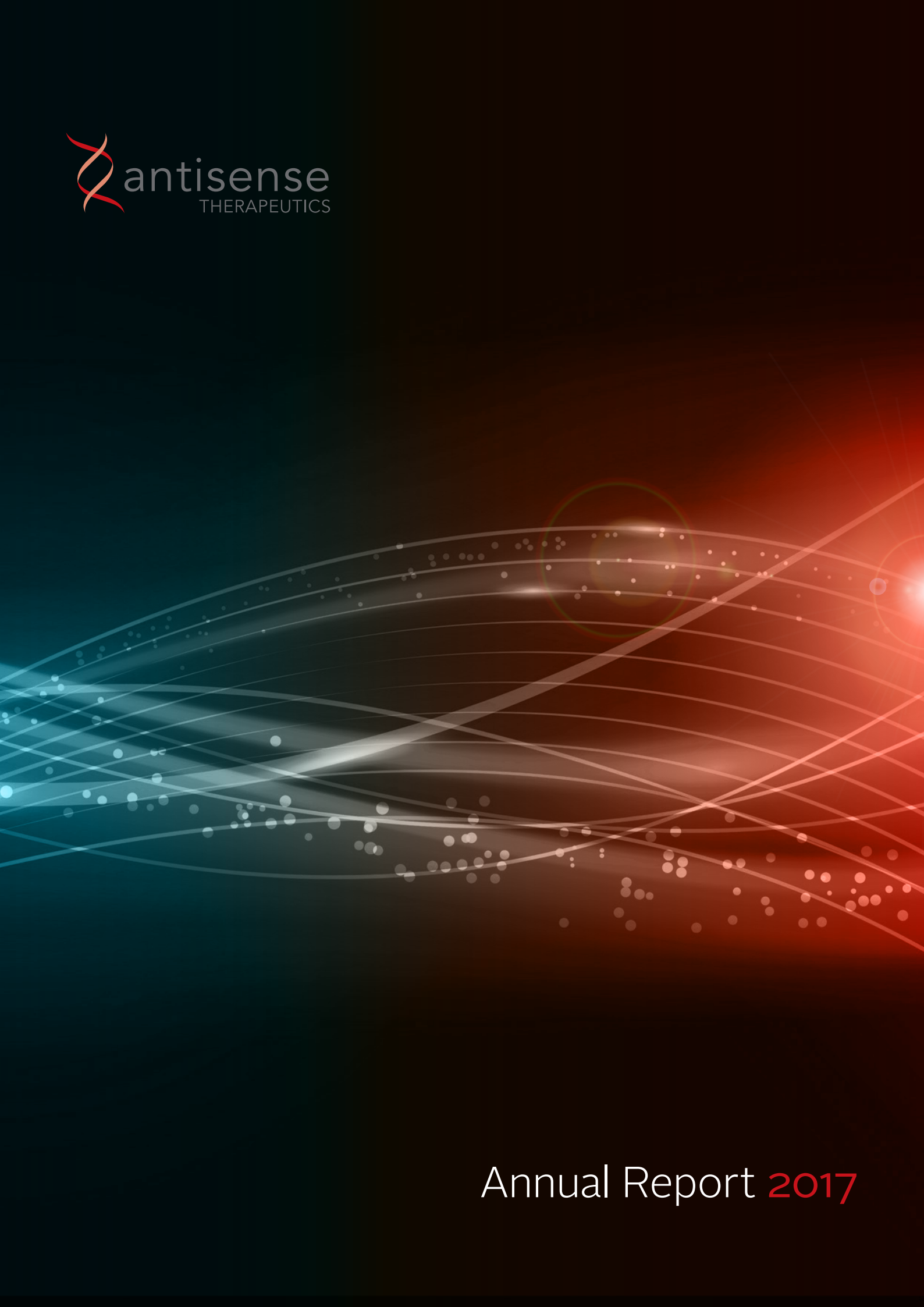
STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name…….. Contact Daytime Telephone…….. Date / / 2017

SAMPLE ONLY



Annual Report 2017

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Overview of Company's Activities

Antisense Therapeutics Limited ("the Company" or "Antisense Therapeutics") continued its focus on advancing its antisense oligonucleotide products under development. The following report on operations details the research and development activities undertaken by the Company in the period.

Capital Management Initiatives

During the period the Company completed the following capital management initiatives.

On 8th February 2017 the Company reported that it had completed its less than marketable parcel program Company. A total of 1,164 shareholders, with an aggregate of 3,783,086 shares participated in the program. The shares were sold as an off market transaction at a price of 3.8 cents per share and the proceeds distributed to participants.

Antisense Therapeutics reduced the share capital of the Company by cancelling all ordinary shares held by the company formerly named Cortendo Cayman Ltd (being 15, 025, 075 fully paid ordinary shares) for no consideration. The reduction of capital represented a reduction of 8.5% of the issued capital in the Company.

On 20th December 2016 the Company issued approximately 68 million options in the Bonus and New Option issue announced on 11th October 2016.

ATL1103 for Acromegaly

ATL1103 is an antisense drug designed to block growth hormone receptor (GHr) expression thereby reducing levels of the hormone insulin-like growth factor-I (IGF-I) in the blood and is a potential treatment for diseases associated with excessive growth hormone action. By inhibiting GHr production, ATL1103 in turn reduces IGF-I levels in the blood (serum). There are a number of diseases that are associated with excess GH and IGF-I action. These diseases include acromegaly, an abnormal growth disorder of organs, face, hands and feet; diabetic retinopathy, a common disease of the eye and a major cause of blindness; diabetic nephropathy, a common disease of the kidney and major cause of kidney failure, and certain forms of cancer.

ATL1103 is in clinical development as a treatment for acromegaly. Normalizing serum IGF-I levels is the therapeutic goal in the treatment of acromegaly and reducing the effects of IGF-I has a potential role in the treatment of diabetic retinopathy, nephropathy and certain forms of cancer. The Company conducted a successful Phase II trial of ATL1103 with the trial having met its primary efficacy endpoint by showing a statistically significant average reduction in sIGF-1 levels. The Company also announced that it was conducting a high dose study of ATL1103 in adult patients with acromegaly in Australia.

Progress

On 13th July the Company reported certain advancements that had been made in expanding the intellectual property (IP) portfolio protecting ATL1103. These advancements included both the grant of US patent 9,371,350 (14/137,852) entitled "Modulation of Growth Hormone Receptor Expression and insulin like growth factor expression" and NZ patent 629004 entitled "Combination Therapy comprising a growth hormone variant and an oligonucleotide targeted to the growth hormone receptor.

On 27th July the Company announced positive results from the Interim Analysis of ATL1103 Higher Dose Study. The higher dose study was an open-label study of the safety, tolerability, pharmacokinetics and efficacy in acromegaly patients. Three patients were enrolled in the study and dosed with ATL1103 at 300 mg twice weekly (2 patients), capped at a weekly dose of 6 mg/kg (1 patient). All 3 patients were dosed for 13 weeks, with one patient at the request of the Principal Investigator receiving an extended dosing period of an additional 12 weeks. There was a follow-up period of 2 months for all patients.

The Company reported that sIGF-I levels were reduced in all 3 patients by an average of 18.6% ($P = 0.06$) at week 14 (one week past the last dose which is the primary efficacy endpoint in the trial) and an average of 26.7% at week 13 being the last week of dosing ($P = 0.04$). Normalisation of sIGF-I was achieved in one patient who received the highest weekly dose per kg of bodyweight (6 mg/kg/week). ATL1103 appeared to be well-tolerated at the higher mg doses tested in the trial. No patient withdrew from the study and there were no serious adverse events reported.

Operations Report *continued*

On 11th October the Company reported the completion of the Higher Dose clinical trial of ATL1103 in acromegaly patients. In the 11th October announcement, the Company reported that the 3rd patient's IGF-I level had been normalised during the extended dosing period. Maximal suppression of IGF-I in that patient was 44% from baseline at week 26 (vs 33% at week 13). This is higher than the mean reduction reported in the interim analysis (26.7% at week 13 and 18.6% at week 14) was consistent with ATL1103 dose modelling predictions that greater effects in reducing sIGF-1 are achievable with longer ATL1103 dosing regimens. There were no new significant adverse safety findings beyond those reported on 27 July 2016. ATL1103 appeared to be well-tolerated at the higher mg doses tested in the trial. No patient withdrew from the study and no serious adverse events reported.

On 23rd February the Company reported that the World Health Organization had published the proposed International Non-proprietary Name - atesidorsen - for ATL1103. A non-proprietary name is also known as a generic name.

On 24th February the Company reported on advancements made in expanding its IP portfolio protecting ATL1103. These advancements included the allowance of the claims of the European patent application 04715642.7 and Japanese patent application 2014-138603, both entitled "Modulation of Growth Hormone Receptor Expression and insulin like growth factor expression". The Company reported that it now had all of its patents that cover the compound ATL1103 registered or allowed in the major pharmaceutical markets including the US, Canada, Europe, Japan, and Australia, and that it was both expanding, and extending the life of, its IP protection by filing patents applications on the use of ATL1103 in combination with the marketed acromegaly treatments Somavert and the somatostatin analogues. This includes patent applications under examination in the US, Europe, Japan, Canada, and Australia, which if granted would provide protection to 2033/2034 and potentially extendible up to a further 5 years.

On 18th May the Company reported that a manuscript entitled "Antisense Oligonucleotide Therapy in Acromegaly: A Randomized Phase II Study" had been submitted for potential publication in a high-quality peer reviewed scientific journal.

ATL1102 for Multiple Sclerosis (MS)

ATL1102 is a second generation antisense inhibitor of CD49d, the alpha subunit of VLA-4 (Very Late Antigen-4). In inflammation, white blood cells (leukocytes) move out of the bloodstream into the inflamed tissue, for example, the Central Nervous System (CNS) in MS, and the lung airways in asthma. In MS, the inhibition of VLA-4 prevents white blood cells from entering the CNS, thereby reducing the severity of the disease and slowing its progression. VLA-4 is a clinically validated target in the treatment of MS. Antisense inhibition of VLA-4 has demonstrated positive effects in a number of animal models of inflammatory disease including MS. ATL1102 was shown to be highly effective in reducing MS lesions in a 77 patient double-blind placebo controlled Phase IIa clinical trial in MS patients. The Phase IIa clinical trial data on ATL1102 has been published in the medical Journal Neurology (Limmroth et al, Neurology, 2014 Nov 11: 83(20: 1780-8).

The Company reported that it was looking to seek to add value and move the ATL1102 for MS program forward by preparing an Investigational New Drug (IND) submission to the US Food and Drug Administration (FDA), while pursuing other development opportunities including progressing non-dilutive funding initiatives for the conduct of the Phase IIb trial. The Company advised that the IND application was for a Phase IIb trial in 195 MS patients.

The Company also advised that it was continuing its planning to undertake a smaller investigative study of ATL1102 in relapsing SP-MS patients in Germany with Professor Volker Limmroth and that an application had been submitted to the National Multiple Sclerosis Society in the US for grant funding to conduct this study.

What is Acromegaly?

Acromegaly is a serious chronic life threatening disease triggered by excess secretion of growth hormone (GH) by benign pituitary tumours. Oversupply of GH over stimulates liver, fat and kidney cells, through their GH receptors, to produce excess levels of Insulin-Like Growth Factor-I (IGF-I) in the blood manifesting in abnormal growth of the face, hands and feet, and enlargement of body organs including liver, kidney and heart. The primary treatments for acromegaly are to surgically remove the pituitary gland and/or drug therapy to normalize GH and serum IGF-I levels. In North America and Europe there are approximately 85,000 diagnosed acromegaly patients with about half requiring drug therapy.

Progress

On 24th April the Company reported that it had initiated the process for submission of the ATL1102 for MS Phase IIb IND application with documentation being provided to its Regulatory Agent in the US who, on the Company's behalf, would submit the IND application to the FDA.

On 16th June the Company reported that a post hoc analysis of brain lesion data from the Phase II study of the ATL1102 in patients with MS [Limmroth et al 2014 Neurology] had shown that ATL1102 significantly reduces the number of active MS lesions that convert to "Black Holes", areas of axonal (nerve fibre) loss or permanent tissue damage. The positive effect of ATL1102 on black holes suggest that along with its action in reducing the number of inflammatory lesions, ATL1102 may also be potentially neuroprotective in protecting the axons in the lesion from degeneration. The post hoc analysis was conducted by Dr Frederik Barkhof, Professor of Neuroradiology, Department of Radiology and Nuclear Medicine, VU University Medical Centre, Amsterdam, and co-author on the Limmroth et al Neurology publication. The Company said it had filed a provisional patent application incorporating this new data while an abstract of the results was to be submitted for presentation at an MS scientific meeting this year.

On 26th June the Company advised that the ATL1102 for MS Phase IIb IND application has been submitted to the FDA for its review.

What is Multiple Sclerosis?

Multiple Sclerosis (MS) is a life-long, chronic disease that progressively destroys the central nervous system (CNS). It affects approximately 400,000 people in North America and more than 1 million worldwide and the current market for MS drugs is estimated at more than USD$12 billion. It is a disease that affects more women than men, with onset typically occurring between 20 and 40 years of age. Symptoms of MS may include vision problems, loss of balance, numbness, difficulty walking and paralysis. In Australia MS affects over 15,000 people and worldwide MS may affect more than one million people.

Events after balance date

On 27th July the Company advised that it had been in recent communications with the FDA in regard to the ATL1102 for MS Phase IIb IND application. The FDA told ANP that modifications to the proposed clinical trial are needed in order for FDA to clear the IND to proceed. In a teleconference with ANP, FDA provided a high-level description of the necessary modifications and will provide actionable details in a formal written response. The Company advised that during this period of clinical hold ANP would formally submit updates to the IND soon after receipt of FDA's written response and the FDA has 30 calendar days to review and potentially clear the IND.

The Company also advised that in parallel, it was progressing its grant application with a US Federal Agency, the National Institute of Neurological Disorders and Stroke (NINDS), part of the National Institutes for Health (NIH). The Company said that it planned to modify the proposed study design to align with both the FDA requirements noted above and feedback on the trial received via NINDS interactions. The next step would then be submission to the NINDS Extramural Science Committee (ESC) for review and potential approval to move forward to lodging of the full grant application.

ATL1102 for Duchennes Muscular Dystrophy (DMD)

On 26th June the Company reported that it was planning to undertake a clinical trial of ATL1102 in patients with Duchenne Muscular Dystrophy (DMD). The trial is designed to assess the drug's effects on the inflammation associated with this rare and incurable muscle wasting disease of children.

DMD is caused by a mutation in the muscle dystrophin gene leading to severe progressive muscle loss and premature death. One of the most common fatal genetic disorders, DMD affects approximately one in every 3,500 to 5,000 males worldwide. A key challenge in the management of DMD patients is to reduce the inflammation that exacerbates the muscle fibre damage. Corticosteroids are the only approved treatments for muscle inflammation, however they do not sufficiently suppress muscle inflammation, are not well tolerated and have serious side effects including adversely affecting growth rate. As a consequence, there is an acknowledged high need for new therapeutic approaches for the treatment of inflammation associated with DMD.

Operations Report *continued*

The clinical trial of ATL1102 is planned to be undertaken at the Royal Children's Hospital in Melbourne, with the clinical development of ATL1102 in boys with DMD to be directed by an Advisory Board of international experts in the field. The Company has clinical supplies available to commence the trial pending receipt of relevant approvals to commence the trial.

R&D Tax Incentive

During the year the Company received from the ATO a payment of $395,597 in relation to R&D expenditure incurred in the 30 June 2016 financial year.

Proposed Capital Raising

The Company has agreed to place 24,233,911 shares at $0.032 per share to Australian Ethical Investment to raise $775,485, equal to the maximum number of shares that Antisense Therapeutics can issue within the 15% placement capacity limit available under the Listing Rule 7.1. The issue of shares to Australian Ethical Investment is conditional on the Company receiving hospital approval any time before 30 September 2017 to commence the clinical trial for ATL1102 in DMD.

Following the settlement of the placement to Australian Ethical Investment, the Company proposes to undertake a pro-rata Entitlement Issue to shareholders at the same price to raise up to $2,000,000. Subject to approval to commence the trial being granted, Australian Ethical Investment indicated its intention to take up its pro-rata entitlement and to acquire additional shortfall shares in Antisense Therapeutics to increase its holding in the Company to 19.99%.

Financial Position

At 30 June 2017, the Company had cash reserves of $1,901,988 (2016: $4,800,718).

Events After The Balance Sheet Date

No matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected, or may significantly affect, the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial periods.

What is Duchennes Muscular Dystrophy?

Duchenne Muscular Dystrophy (DMD) is an X-linked disease that affects 1 in 3600 to 6000 live male births (Bushby et al, 2010). DMD occurs as a result of mutations in the dystrophin gene which causes a defect in the protein or reduction or absence of the dystrophin protein. Children with DMD have dystrophin deficient muscles and are susceptible to contraction induced injury to muscle which triggers the immune system which exacerbates muscle damage (Pinto Mariz, 2015). Ongoing deterioration in muscle strength affects lower limbs leading to impaired mobility, and also affects upper limbs, leading to further loss of function and self-care ability. The need for wheelchair use can occur in early teenage years, with respiratory, cardiac, cognitive dysfunction also emerging. With no intervention, the mean age of life is approximately 19 years. The management of the inflammation associated with DMD is currently via the use of corticosteroids, which have insufficient efficacy and significant side effects.

Intellectual Property Report

Antisense Therapeutics currently has 9 patent families with 70 patents registered or in the process of been registered and 18 patent applications pending covering its two antisense drugs ATL1102 and ATL1103 and their applications. Antisense Therapeutics has also licensed from Ionis Pharmaceuticals, 19 Ionis proprietary patents and applications directed to the antisense drug platform together with rights to 11 other Isis manufacturing patent families.

Since reporting on the status of the Company's intellectual property portfolio in the 2016 Annual Report the Company has expanded its patent portfolio as follows:

- A key European patent, 2 Japanese patents and a US and Australian patent have been issued as follows:
  - European 04715642.7 covering ATL1103 to GHr has been granted and is in the process of been registered in 10 European countries;
  - US patent 9,717,778 and Australian patent 2013214698 covering ATL1103 and other antisense to GHr used in combination with GHr antagonist Somavert has been granted to 2033; and
  - Japanese patents 2011-516297 and 2014-208153 covering ATL1102 in the treatment of relapsing and active forms of multiple sclerosis with brain lesions have been granted to 2029.
- The International application PCT/Au2016/051059 has been filed to cover the use of ATL1102 in the treatment of the leukaemia (AML) to 2036; and
- Australian provisional patent application 2017902314 has been filed covering the use of ATL1102 in the reduction of inflammatory brain lesions converting to black holes for the treatment of multiple sclerosis to 2038;
- Australian provisional patent application 2017901380 has been filed covering the use of ATL1102 in the treatment of Duchenne's Muscular Dystrophy to 2038.

The progress outlined above has added significant value to an already extensive intellectual property portfolio. Key patents have been granted for the compounds in Antisense Therapeutics' product pipeline that underpin Antisense Therapeutics commercialisation plans for its antisense drugs.

In managing the costs associated with maintaining its IP portfolio, the Company has abandoned the ATL1101 and the ATL1102 inhaled asthma patents (not including the US patent which is still registered until 2 July 2018 with potential patent protection to 2028). The Company may also progress the development of ATL1102 as an inhaled asthma treatment relying on data or market exclusivity in Europe, United States, Japan and Australia.

Country	Patent application or Patent No.	Current Status	Expiry
ATL1103 Patent Portfolio**			
USA	7,803,781	Patent Registered	2025*
USA	8,299,039	Patent Registered	2024*
USA	8,637,484	Patent Registered	2024*
International	PCT/US2004/005896	National Phase applications	
Australia	2,004,217,508	Patent Registered	2024*
Canada	2,517,101	Patent Registered	2024
Europe	04715642.7	Regional Phase – granted In the process of been registered in the 10 European countries below	2024*
Europe	11194098.7 Divisional of 04715642.7	Regional Phase - granted	
Denmark		Patent Registered	2024*
Finland		Patent Registered	2024*
France		Patent Registered	2024*
Germany		Patent Registered	2024*
Italy		Patent Registered	2024*
Spain		Patent Registered	2024*

Intellectual Property Report *continued*

Country	Patent application or Patent No.	Current Status	Expiry
Sweden		Patent Registered	2024*
Switzerland		Patent Registered	2024*
The Netherlands		Patent Registered	2024*
United Kingdom		Patent Registered	2024*
Japan	4837555	Patent Registered	2024*
Japan	2014-042448 Divisional of 2006-508878	Patent Registered	2024*
New Zealand	542,595	Patent Registered	2024
USA	7,846,906	Patent Registered	2024*
USA	8,623,836	Patent Registered	2024*
USA	9,371,530	Patent Registered	2024*
USA	15/186282 Continuation filed	Under Examination	2024*
ATL1103 Combination Patents			
International	PCT/AU2013/000095	National Phase Applications	
Australian	2,013,214,698	Patent Registered	2033
Canada	2,863,499	Under Examination	2033
Europe***	13743020.3	Under Examination	2033
Japan	2014-555044	Under Examination	2033
New Zealand	629,004	Patent Registered	2033
USA	14/376390	Patent Registered	2033
USA	15/007,0011 Divisional	Patent Allowed	2033
International	PCT/AU2014/000613	International Phase	
Australian	2014280847	Filed	2034
Canada	2,918,787	Filed	2034
Europe***	14810926.7	Under Examination	2034
Japan	2016-518801	Under Examination	2034
New Zealand	715,825	Filed	2034
USA	14/897896	Filed	2034
ATL1102 Patent Portfolio**			
USA	US 5968 826	Patent Registered	2018**
USA	US 6258 790	Patent Registered	2018*/**
International	PCT/US99/18796	National Phase applications	
Australia	AU 759938	Patent Registered	2019*
Canada	2,345,209	Patent Registered	2019
Japan	2000-574727	Patent Registered	2019*
Japan	2006-000258	Patent Registered	2019*
Europe	EP1123414	Regional Phase - granted	
Denmark	DK/EP1123414	Patent Registered	2019*
Finland	EP(FI)1123414	Patent Registered	2019*
France	EP(FR)1123414	Patent Registered	2019*

Country	Patent application or Patent No.	Current Status	Expiry
Germany	DE69934998.2-08	Patent Registered	2019*
Italy	IT40051BE2007	Patent Registered	2019*
Spain	ES2279632	Patent Registered	2019*
Sweden	SE99942290.0	Patent Registered	2019*
United Kingdom	EP(UK)1123414	Patent Registered	2019*
ATL1102 MS Patent Portfolio			
International	PCT/US2009/003760	National Phase applications	
Australia	AU 2009271678	Patent Registered	2029*
Canada	2,728,562	Under Examination	2029
Europe***	09798248.2	Regional Phase - granted	
Denmark		Patent Registered	2029*
Finland		Patent Registered	2029*
France		Patent Registered	2029*
Germany		Patent Registered	2029*
Italy		Patent Registered	2029*
Spain		Patent Registered	2029*
Sweden		Patent Registered	2029*
Switzerland		Patent Registered	2029*
The Netherlands		Patent Registered	2029*
United Kingdom		Patent Registered	2029*
Europe***	Divisional of 09798248.2	Under Examination	2029*
Japan	2011-516297	Patent Registered	2029*
Japan	2014-208153 (Divisional of 2011-5516297)	Patent Registered	2029*
USA	8,415,314	Patent Registered	2029*
USA	8,759,314	Patent Registered	2029*
Provisional	2017902314	Filed	2038
ATL1102 Methods of reducing circulating leukocytes			
Australia	2011301712	Patent Registered	2031*
Canada	2,811,228	Under Examination	2031*
USA	15/046352 (Continuation of 13/823101)	Under Examination	2031*
ATL1102 Therapeutic uses and methods (for treating Muscular Dystrophy)			
Provisional	2,017,901,380	Filed	2038
ATL1102 Methods of mobilizing leukaemia cells (for treating AML)			
PCT	AU 2016/051059	Filed	2036*

* Potential for up to 5 year extensions to the patent term once the product is a registered drug.

** ATL1101, ATL1102, ATL1103 are also protected internationally by other Isis proprietary antisense technology patents and applications to which Antisense Therapeutics has world-wide license including US7015315 to 2023.

*** Designates all member states of European patent countries including all extension states.

Directors' Report

Directors

The Board of Directors of Antisense Therapeutics Limited present their report on the consolidated entity (referred to hereafter as 'the Company') consisting of Antisense Therapeutics Limited and the entities it controlled at the end of, or during, the Year Ended 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Board of Directors report as follows:

Mr. Robert W Moses
Independent Non-Executive Chairman

Qualifications: BA, MBA, FAICD, FAIM
Appointed to the Board: 23 October 2001
Last elected by shareholders: 1 November 2013

Experience:
Robert (Bob) Moses was formerly Corporate Vice President of CSL Limited. Mr. Moses draws on more than 40 years' experience in the pharmaceutical/biotechnology industry. During the period 1993-2001, Mr. Moses played a central role in CSL's development internationally. Prior to joining CSL, Mr. Moses was Managing Director of commercial law firm Freehills, Chairman and CEO of a NASDAQ listed medical service company, and Corporate Manager of New Business Development at ICI (now Orica). Mr. Moses is also the former Non-Executive Chairman of TGR Biosciences Pty Ltd. Mr. Moses also spent 17 years in various management roles at the multinational pharmaceutical company Eli Lilly.

Interest in shares & options: 5,000,000 ordinary shares and 1,418,888 options over ordinary shares.

Committees: Chairman of the Remuneration Committee and member of the Audit Committee.

Directorships held in other listed entities: Nil

Mr. Mark Diamond
Managing Director

Qualifications: BSc, MBA
Appointed to the Board: 31 October 2001

Experience:
Mark Diamond has over 30 years' experience in the pharmaceutical and biotechnology industry. Before joining Antisense Therapeutics Limited as MD and CEO in 2001, Mr. Diamond was employed in the US as Director, Project Planning/Business Development at Faulding Pharmaceuticals. Prior to this he held the positions of Senior Manager, Business Development and In-licensing within Faulding's European operation based in the UK and International Business Development Manager with Faulding in Australia.

Interest in shares & options: 1,721,072 ordinary shares and 642,772 options over ordinary shares.

Committees: Nil

Directorships held in other listed entities: Nil

Dr Graham Mitchell
Independent Non-Executive Director

Qualifications: AO, RDA, BVSc, FACVSc, PhD, FTSE, FAA
Appointed to the Board: 24 October 2001
Last elected by shareholders: 6 November 2014

Experience:
Graham Mitchell through Foursight Associates Pty Ltd ("Foursight"), acts as joint Chief Scientist for the Victorian Government Department of Environment and Primary Industries. Dr. Mitchell is a Non-Executive Director of Avipep Pty Ltd and is a Principal of Foursight. Dr. Mitchell has held the position of Director of Research in the R&D Division of CSL Limited and for many years was a research scientist at The Walter & Eliza Hall Institute (WEHI). He is currently a Board Member of WEHI.

Interest in shares & options: 264,180 ordinary shares and 48,036 options over ordinary shares.
Committees: Member of the Remuneration Committee and Chairman of the Audit Committee.
Directorships held in other listed entities: Nil

Dr Gary Pace
Independent Non-Executive Director

Qualifications: BSc, PhD
Appointed to the Board: 9 November 2015

Experience:
Dr Pace has more than 40 years of experience in the development and commercialization of advanced technologies in biotechnology, pharmaceuticals, medical devices and the food industries. He has long-term board level experience with both multi-billion and small cap companies. In 2003 Dr Pace was awarded a Centenary Medal by the Australian Government "for service to Australian society in research and development", and in 2011 was awarded Director of the Year (corporate governance) by the San Diego Directors Forum. In addition he has held visiting academic positions at the Massachusetts Institute of Technology and the University of Queensland. Dr Pace is an elected Fellow of the Australian Academy of Technological Sciences and Engineering.

Interest in shares & options: 618,069 ordinary shares.
Committees: Nil
Directorships held in other listed entities:
Dr Pace is currently a director of ResMed, Pacira Pharmaceuticals Inc. and formerly late 2015 Transition Therapeutics Inc. and Simavita Limited.

Mr William Goolsbee
Independent Non-Executive Director

Qualifications: BA
Appointed to the Board: 15 October 2015

Experience:
Mr. Goolsbee was founder, Chairman and Chief Executive Officer of Horizon Medical Inc. from 1987 until its acquisition by a unit of UBS Private Equity in 2002. Mr. Goolsbee was a founding Director of ImmunoTherapy Corporation in 1993, and became Chairman in 1995, a position he held until overseeing the successful acquisition of ImmunoTherapy by AVI Biopharma, Inc. (now Sarepta Therapeutics) in 1998. Mr. Goolsbee served as Chairman of privately held BMG Pharma LLC, a pharmaceutical company, from 2006 through 2011 and of Metrodora Therapeutics until 2015.

Interest in shares & options: 422,000 ordinary shares and 84,400 options over ordinary shares.
Committees: Nil
Directorships held in other listed entities: Mr Goolsbee was until the end of 2016 a Director of Sarepta Therapeutics Inc.

Mr Phillip Hains
Company Secretary and Chief Financial Officer

Appointed to the Board: 9 November 2006

Experience:
Phillip Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 30 years' experience in providing businesses with accounting, administration, compliance and general management services.

Principal Activities

The principal activity of Antisense Therapeutics Limited during the financial year was the research and development of novel antisense pharmaceuticals.

Dividends

No dividends have been paid or declared since the end of the previous financial year, nor do the Directors recommend the declaration of a dividend.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company during the year.

Significant Events After the Balance Date

There have been no significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Likely Developments and Expected Results

The likely developments in the Company's operations, to the extent that such matters can be commented upon, are covered in the 'Operations Report'.

Operating and Financial Review

The net loss after tax of the Company for Year Ended 30 June 2017 was $2,754,799 (2016 loss : $2,514,443) This result has been achieved after fully expensing all research and development costs.

The Company had a cash reserve of $1,901,988 at 30 June 2017.

The 'Operations Report' provides further details regarding the progress made by the Company since the prior financial period, which have contributed to its results for the year.

Risk Management

The Board is responsible for overseeing the establishment and implementation of the risk management system, and to review and assess the effectiveness of the Company's implementation of that system on a regular basis.

The Board and senior management will continue to identify the general areas of risk and their impact on the activities of the Company. The potential risk areas for the Company include:

- efficacy, safety and regulatory risk of pre-clinical and clinical pharmaceutical development;
- financial position of the Company and the financial outlook;
- economic outlook and share market activity;
- changing government policy (Australian and overseas);
- competitors' products/research and development programs;
- market demand and market prices for therapeutics;
- environmental regulations;
- ethical issues relating to pharmaceutical research and development;
- the status of partnership and contractor relationships;
- other government regulations including those specifically relating to the biotechnology and health industries; and
- occupational health and safety and equal opportunity law.

Management will continue to perform a regular review of the following:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- where appropriate, determine:
  - any inadequacies of the current approach; and
  - possible new approaches that more efficiently and effectively address the risk.

Biotechnology Companies – Inherent Risks

Pharmaceutical Research and Development (R&D)

Pharmaceutical R&D involves scientific uncertainty and long lead times. Risks inherent in these activities include uncertainty of the outcome of the Company's research results; difficulties or delays in development of any of the Company's drug candidates; and general uncertainty related to the scientific development of a new medical therapy.

The Company's drug compounds require significant pre-clinical and human clinical development prior to commercialisation, which is uncertain, expensive and time consuming. There may be adverse side effects or inadequate therapeutic efficacy of the Company's drug candidates which would prevent further commercialisation. There may be difficulties or delays in testing any of the Company's drug candidates. There may also be adverse outcomes with the broader clinical application of the antisense technology platform which could have a negative impact on the Company's specific drug development and commercialisation plans.

No assurance can be given that the Company's product development efforts will be successful, that any potential product will be safe and efficacious, that required regulatory approvals will be obtained, that the Company's products will be capable of being produced in commercial quantities at an acceptable cost or at all, that the Company will have access to sufficient capital to successfully advance the products through development or to find suitable development or commercial partners for the development and or commercialisation of the products and that any products, if introduced, will achieve market acceptance.

Partnering and licensing

Due to the significant costs in drug discovery and development it is common for biotechnology companies to partner with larger biotechnology or pharmaceutical companies to help progress drug development. While the Company has previously entered into such licensing agreements with pharmaceutical partners, there is no guarantee that the Company will be able to maintain such partnerships or license its products in the future. There is also no guarantee that the Company will receive back all the data generated by or related intellectual property from its licensing partners. In the event that the Company does license or partner the drugs in its pipeline, there is no assurance as to the attractiveness of the commercial terms nor any guarantee that the agreements will generate a material commercial return for the Company.

Regulatory Approvals

Complex government health regulations, which are subject to change, add uncertainty to obtaining approval to undertake clinical development and obtain marketing approval for pharmaceutical products.

Delays may be experienced in obtaining such approvals, or the regulatory authorities may require repeat of different or expanded animal safety studies or human clinical trials, and these may add to the development cost and delay products from moving into the next phase of drug development and up to the point of entering the market place. This may adversely affect the competitive position of products and the financial value of the drug candidates to the Company.

There can be no assurance that regulatory clearance will be obtained for a product or that the data obtained from clinical trials will not be subject to varying interpretations. There can be no assurance that the regulatory authorities will agree with the Company's assessment of future clinical trial results.

Competition

The Company will always remain subject to the material risk arising from the intense competition that exists in the pharmaceutical industry. A material risk therefore exists that one or more competitive products may be in human clinical development now or may enter into human clinical development in the future. Competitive products focusing on or directed at the same diseases or protein targets as those that the Company is working on may be developed by pharmaceutical companies or other antisense drug companies including Ionis or any of its other collaboration partners or licensees. Such products could prove more efficacious, safer, more cost effective or more acceptable to patients than the Company product. It is possible that a competitor may be in that market place sooner than the Company and establish itself as the preferred product.

Biotechnology Companies – Inherent Risks *continued*

Technology and Intellectual Property Rights

Securing rights to technology and patents is an integral part of securing potential product value in the outcomes of pharmaceutical R&D. 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. There can be no assurance that any patents which the Company may own, access or control will afford the Company commercially significant protection of its technology or its products or have commercial application, or that access to these patents will mean that the Company will be free to commercialise its drug candidates. The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology or products to avoid the Company's patented technology or try to invalidate the Company's patents, or that it will be commercially viable for the Company to defend against such potential actions of competitors.

Environmental Regulation and Performance

The Company is involved in pharmaceutical research and development, much of which is contracted out to third parties, and it is the Director's understanding that these activities do not create any significant/material environmental impact. To the best of the Company's knowledge, the scientific research activities undertaken by, or on behalf of, the Company are in full compliance with all prescribed environmental regulations.

Directors' Meetings

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

	Board Meetings		Meetings of committees			
			Audit		Remuneration	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Robert W Moses	8	8	2	2	-	-
Mr Mark Diamond	8	8	2	2	-	-
Dr Graham Mitchell	8	8	2	2	-	-
Dr Gary Pace	8	8	2	2	-	-
Mr William Goolsbee	8	7	2	2	-	-

Committee Membership

As at the date of this report the Company had an Audit Committee and Remuneration Committee, with membership of the committees as follows:

	Audit Committee	Remuneration Committee
Chairman	Dr Graham Mitchell	Mr Robert W Moses
Members	Mr Robert W Moses	Dr Graham Mitchell

Indemnification and Insurance of Directors and Officers

Under the Company's constitution:

(a) To the extent permitted by law and subject to the restrictions in section 199A and 199B of the *Corporations Act 2001*, the Company indemnifies every person who is or has been an officer of the Company against any liability (other than for legal costs) incurred by that person as an officer of the Company where the Company requested the officer to accept appointment as Director.

(b) To the extent permitted by law and subject to the restrictions in sections 199A and 199B of the *Corporations Act 2001*, the Company indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Company.

The Company has insured its Directors, the Company Secretaries and executive officers for the financial year ended 30 June 2016. Under the Company's Directors' and Officers' Liability Insurance Policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the *Corporations Act 2001* to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

The Company also has in place a Deed of Indemnity, Access and Insurance with each of the Directors. This Deed:

(1) indemnifies the Director to the extent permitted by law and the Constitution against certain liabilities and legal costs incurred by the Director as an officer of any Group Company;

(2) requires the Company to maintain, and pay the premium for, a D&O Policy in respect of the Director; and

(3) provides the Director with access to particular papers and documents requested by the Director for a Permitted Purpose,

both during the time that the Director holds office and for a seven year period after the Director ceases to be an officer of any Group Company, on the terms and conditions contained in the Deed.

Indemnification of Auditors - Ernst and Young

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst and Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst and Young during or since the financial year.

Proceedings on Behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Share Options on Issue as at the Date of the Report

UNISSUED SHARES

The unissued ordinary shares of Antisense Therapeutics Limited under option as at the date of this report were:

Class	Date of Expiry	Exercise Price	No. Under Option
ANPOB	19 December 2019	$0.008	68,713,794

Auditor Independence and Non-Audit Services

AUDITOR'S INDEPENDENCE DECLARATION

The Auditors Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found in the 'Auditor's Independence Declaration' section of this Annual Report.

Non-Audit Services

The following non-audit services were provided by the entity's auditor, Ernst and Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst and Young received or are due to receive the following amounts for the provision of non-audit services:

	2017 $	2016 $
Tax compliance services	19,250	19,250
	19,250	**19,250**

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest dollar, unless otherwise stated.

Remuneration Report (Audited)

1. Remuneration Report Overview

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company as required by the *Corporations Act 2001* and its Regulations.

This report details the nature and amount of remuneration of each Director of Antisense Therapeutics Limited and all other Key Management Personnel.

For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

This report details the nature and amount of remuneration for each Director of Antisense Therapeutics Limited, and for the other Key Management Personnel.

Name	Position
Directors:	
Mr Robert W Moses	Independent Non-Executive Chairman
Mr Mark Diamond	Managing Director
Dr Graham Mitchell	Independent Non-Executive Director
Mr William Goolsbee	Independent Non-Executive Director
Dr Gary Pace	Independent Non-Executive Director
Other key management personnel:	
Dr George Tachas	Director, Drug Discovery & Patents
Mr Phillip Hains	Company Secretary and Chief Financial Officer

2. Principles Used to Determine the Nature and Amount of Remuneration

A. Remuneration Policy

The Remuneration Policy ensures that Directors and Senior Management are appropriately remunerated having regard to their relevant experience, their performance, the performance of the Company, industry norms/standards and the general pay environment as appropriate. The Remuneration Policy has been established to enable the Company to attract, motivate and retain suitably qualified Directors and Senior Management who will create value for shareholders.

B. Remuneration Policy versus Company Performance

The Company's Remuneration Policy is not directly based on the Company's earnings. Prior to the year ended 30 June 2017, the Company's earnings had remained negative since inception due to the nature of the Company.

Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by the Company.

The Company continues to focus on the research and development of its intellectual property portfolio with the objective of achieving key development and commercial milestones in order to add further Shareholder value.

The Company's performance over the previous five financial years is as follows:

Net loss financial year 2017	$2,754,799
Net profit financial year 2016	$2,514,443
Net loss financial year 2015	$706,918
Net loss financial year 2014	$3,013,272
Net loss financial year 2013	$2,454,842

The Company's share price over the previous five financial years is as follows:

30 June 2017	$0.033
30 June 2016	$0.031
30 June 2015	$0.12
30 June 2014	$0.14
30 June 2013	$0.10

C. The Remuneration Committee

The Remuneration Committee of the Board of Directors of Antisense Therapeutics Limited is responsible for overseeing the Remuneration Policy of the Company and for recommending or making such changes to the policy as it deems appropriate.

D. Non-Executive Director Remuneration

OBJECTIVE

The Remuneration Policy ensures that Non-Executive Directors are appropriately remunerated having regard to their relevant experience, individual performance, the performance of the Company, industry norms/standards and the general pay environment as appropriate.

STRUCTURE

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a General Meeting. An amount (not exceeding the amount approved at the General Meeting) is determined by the Board and then divided between the Non-Executive Directors as agreed. The latest determination was at the General Meeting held on 13 November 2001 when shareholders approved the aggregate maximum sum to be paid or provided as remuneration to the Directors as a whole (other than the Managing Director and Executive Directors) for their services as $300,000 per annum.

In the year ended 30 June 2017, the Non-Executive Directors were remunerated in aggregate $157,209 per annum, excluding superannuation.

The manner in which the aggregate remuneration is apportioned amongst Non-Executive Directors is reviewed periodically.

The Board is responsible for reviewing its own performance. Board, and Board committee performance, is monitored on an informal basis throughout the year with a formal review conducted during the financial year.

No retirement benefits are payable other than statutory superannuation, if applicable.

E. Executive Director and Executive Officer Remuneration

OBJECTIVE

The Remuneration Policy ensures that Executive Directors are appropriately remunerated having regard to their relevant experience, individual performance, the performance of the Company, industry norms/standards and the general pay environment as appropriate.

STRUCTURE

The Non-Executive Directors are responsible for evaluating the performance of the Managing Director, who in turn evaluates the performance of the other Senior Executives. The evaluation process is intended to assess the Company's business performance, whether long-term strategic objectives are being achieved and the achievement of individual performance objectives.

The performance of the Managing Director and Senior Executives are monitored on an informal basis throughout the year and a formal evaluation is performed annually.

FIXED REMUNERATION

Executives' fixed remuneration comprises salary and superannuation and is reviewed annually by the Managing Director, and in turn, the Remuneration Committee. This review takes into account the Executives' experience, performance in achieving agreed objectives and market factors as appropriate.

VARIABLE REMUNERATION - SHORT TERM INCENTIVE SCHEME

All Executives are entitled to participate in the Employee Short Term Incentive Scheme which provides for annual cash bonuses for outstanding performance in the achievement of key corporate and individual objectives. The Remuneration Committee approves the issue of cash bonuses following the recommendations of the Managing Director in his review of the performance of the Executives and the Company as a whole.

Remuneration Report (Audited) *continued*

VARIABLE REMUNERATION - SHORT TERM INCENTIVE SCHEME *continued*

The Short Term Incentive Scheme operates as follows:

The Board determines whether Executives are eligible for bonuses on an annual basis. The cash bonuses, based on the recommendations of the Managing Director for outstanding performance, are not linked to any specific Key Result Areas (KRA's). The maximum achievable bonus for an Executive is 35% of the Executive's base salary. There were no bonuses paid under the Short Term Incentive Scheme during the year.

VARIABLE REMUNERATION – LONG TERM INCENTIVE SCHEME

Executives may also be provided with longer-term incentives through the Company's Employee Option Plan, to allow the Executives to participate in and benefit from the growth of the Company as a result of their efforts and to assist in motivating and retaining those key employees over the long term. Continued service is the condition attached to the vesting of the options. The Board at its discretion determines the total number of options granted to each Executive. There were no options granted under the Long Term Incentive Scheme during the year.

3. Details of Remuneration

A. Details of Remuneration

The remuneration for each Director and each of the other Key Management Personnel of the Company during the Year Ended 30 June 2017 was as follows:

30 June 2017	Short-term employee benefits	Post-employment Benefits	Long-term Benefits	
	Cash salary & fees	Pension & Super Contribution	Long Service Leave	Total
	$	$	$	$
Directors				
Mr Robert W Moses	56,293	5,348	-	61,641
Mr Mark Diamond	366,000	22,875	6,991	395,866
Dr Graham Mitchell	36,500	3,468	-	39,968
Mr William Goolsbee	50,458	-	-	50,458
Dr Gary Pace	50,458	-	-	50,458
	559,709	**31,691**	**6,991**	**598,391**
Other Key Management Personnel				
Dr George Tachas	220,185	17,471	4,206	241,862
Mr Phillip Hains [1]	99,000	-	-	99,000
	319,185	**17,471**	**4,206**	**340,862**
	878,894	**49,162**	**11,197**	**939,253**

[1] Remunerated through The CFO Solution (see Section 5 below and the Company Secretary details above for further detail)

The remuneration for each Director and each of the other Key Management Personnel of the Company during the Year Ended 30 June 2016 was as follows:

30 June 2016	Short-term employee benefits	Post-employment Benefits	Long-term Benefits	
	Cash salary & fees $	Pension & Super Contribution $	Long Service Leave $	Total $
Directors				
Mr Robert W Moses	56,293	5,348	-	61,641
Mr Mark Diamond	366,000	27,450	6,966	400,416
Dr Chris Belyea [1]	18,750	1,781	-	20,531
Dr Graham Mitchell	36,500	3,468	-	39,968
Mr William Goolsbee	48,336	-	-	48,336
Dr Gary Pace	43,631	-	-	43,631
	569,510	**38,047**	**6,966**	**614,523**
Other Key Management Personnel				
Dr George Tachas	220,185	21,180	4,191	245,556
Mr Phillip Hains [2]	99,000	-	-	99,000
	319,185	**21,180**	**4,191**	**344,556**
	888,695	**59,227**	**11,157**	**959,079**

[1] Dr Chris Belyea resigned from the Board of Directors on 12 November 2015.
[2] Remunerated through The CFO Solution (see Section 5 below and the Company Secretary details above for further detail).

4. Share-Based Compensation

Shareholdings

The number of shares in the Company held during the financial year by each Director and other Key Management Personnel of the Company, including their personally related parties, are set out below.

No shares were granted to Directors and Key Management Personal during the period as compensation.

30 June 2017	Balance at start of the year	Granted as Com-pensation	Options Exercised	Net Change Other	Total	Balance held nominally at the end of the reporting period
Directors						
Mr Robert W Moses	3,354,434	-	-	1,645,566	5,000,000	-
Mr Mark Diamond	1,457,914	-	-	263,158	1,721,072	-
Dr Graham Mitchell	240,180	-	24,000	-	264,180	-
Mr William Goolsbee	-	-	-	422,000	422,000	-
Dr Gary Pace	-	-	-	618,069	618,069	-
	5,052,528	**-**	**24,000**	**2,948,793**	**8,025,321**	**-**
Other Key Management Personnel						
Dr George Tachas	659,237	-	-	109,795	769,032	-
Mr Phillip Hains [1]	4,253,928	-	-	73,882	4,327,810	-
	4,913,165	**-**	**-**	**183,677**	**5,096,842**	**-**
	9,965,693	**-**	**24,000**	**3,132,470**	**13,122,163**	**-**

[1] Remunerated through The CFO Solution (see Section 5 below and the Company Secretary details above for further detail).

Remuneration Report (Audited) *continued*

4. Share-Based Compensation *continued*

Options and Rights

The number of options over ordinary shares in the Company held during the financial year by each Director of Antisense Therapeutics Limited and other Key Management Personnel of the Company, including their personally related parties, are set out below:

30 June 2017	Balance at start of the year	Granted as Compensation	Options Exercised	Net Change Other	Total vested at end of the year	Total vested and exercisable at the end of the year	Balance held nominally at the end of the reporting period
Directors							
Mr Robert W Moses	708,001	-	-	710,887	1,418,888	1,418,888	-
Mr Mark Diamond	351,189	-	-	291,583	642,772	642,772	-
Dr Graham Mitchell	60,582	-	(24,000)	11,454	48,036	48,036	-
Mr William Goolsbee	-	-	-	84,400	84,400	84,400	-
Dr Gary Pace	-	-	-	-	-	-	-
	1,119,772	**-**	**(24,000)**	**1,098,324**	**2,194,096**	**2,194,096**	**-**
Other Key Management Personnel							
Dr George Tachas	159,276	-	-	(5,468)	153,808	153,808	-
Mr Phillip Hains [1]	77,684	-	-	850,787	928,471	928,471	-
	236,960	**-**	**-**	**845,319**	**1,082,279**	**1,082,279**	**-**
	1,356,732	**-**	**(24,000)**	**1,943,643**	**3,276,375**	**3,276,375**	**-**

[1] Remunerated through The CFO Solution (see Section 5 below and the Company Secretary details above for further detail).

5. Employment Contracts of Key Management Personnel

At the date of this report, the employment conditions of the Managing Director, Mr Mark Diamond and other Key Management Personnel were formalised in contracts of employment. Mr Mark Diamond is employed under a contract, which commenced on 31 October 2001. Subsequent to this contract a notice period for Mr Diamond of between two and four months was negotiated depending upon the party ending the agreement.

Antisense Therapeutics Limited has a contract with The CFO Solution, a specialist public practice, focusing on providing back office support, financial reporting and compliance systems for listed public companies. Through this contract the services of Mr Phillip Hains were provided. The contract commenced on 9 November 2006 and can be terminated with three months' notice of either party.

6. Additional Information

(a) Equity issued as part of remuneration for the year ended 30 June 2017

During the financial year ended 30 June 2017, 24,000 options have been exercised. No options were granted or lapsed by any of the Key Management Personnel.

(b) Loans to Directors and Other Key Management Personnel

There were no loans made to Directors or other Key Management Personnel of the Company, including their personally related parties.

(c) Other transactions with Other Key Management Personnel

Transactions between Key Management Personnel are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Signed in accordance with a resolution of the Directors.



Mr Robert W Moses
Independent Non-Executive Chairman



Mr Mark Diamond
Managing Director and Chief Executive Officer

Dated: This day 29th day of August 2017

Auditor's Independence Declaration

Ernst & Young
8 Exhibition Street
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Auditor's Independence Declaration to the Directors of Antisense Therapeutics Limited

As lead auditor for the audit of Antisense Therapeutics Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Antisense Therapeutics Limited and the entities it controlled during the financial year.

Ernst & Young

Joanne Lonergan
Partner
Melbourne
29 August 2017

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The Board of Directors of Antisense Therapeutics Limited ("the Company") is responsible for the corporate governance of the Company and guides and monitors the business and affairs of the Company on behalf of its shareholders.

The format of the Corporate Governance Statement is based on the Australian Stock Exchange Corporate Governance Council's ("the Council") "Corporate Governance Principles and Recommendations". In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period.

Where a recommendation has not been followed, that fact must be disclosed, together will the reasons for the departure. The Company's Corporate Governance Statement is structured with reference to the Council's principles and recommendations, which are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the board to add value

Principle 3. Act ethically and responsibly

Principle 4. Safeguard integrity in corporate reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Company's corporate governance practices were in place throughout the year ended 30 June 2017. For further information on the corporate governance policies adopted by the Company, please refer to its website: **www.antisense.com.au**

Principle 1: Lay solid foundations for management and oversight

Role of the Board

It is the role of the Board of Directors to represent and protect the interests of the Company's shareholders. The Board is responsible for the corporate governance of the Company and guides and monitors the business and affairs of the Company.

In furtherance of its responsibilities, the Board of Directors will:

- review, evaluate, provide input into and approve, on a regular basis, the Company's corporate governance strategy;
- monitor senior management's performance and implementation of strategy, and ensure appropriate resources are available;
- review, evaluate and approve the Company's budget and forecasts;
- review, evaluate, approve and monitor major resource allocations and capital investments, and any acquisitions and divestitures;
- review and monitor the financial and operating results of the Company;
- review and evaluate the overall corporate organisational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- review, evaluate and approve compensation strategy as it relates to senior management of the Company;
- review and ratify systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- appoint and remove the Managing Director (Chief Executive Officer);
- ratify the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
- monitor its own performance and recommend and implement appropriate changes in composition and size.

Principle 1: Lay solid foundations for management and oversight *continued*

Role of Management

Through the Chief Executive Officer / Managing Director, management is responsible to the Board for the:

(1) Development and implementation of agreed corporate strategy and performance objectives;

(2) Undertaking the day to day activities of the Company;

(3) Identifying all matters to be included in a risk profile of the Company and ensuring that effective risk management systems are implemented and adhered to;

(4) Observing the code of conduct;

(5) Ensuring that the Board is fully informed of all matters which may have a material impact on the ability of the Company to meet its obligations.

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Company values the differences between its personnel and the valuable contribution that these differences can make to the Company. The Company is an equal opportunity employer and aims to recruit executives and employees from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience.

The Company is committed to increasing diversity amongst its employees, and not just in the area of gender diversity. Our workforce is employed based on the right person for the job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability or appearance.

Executive and Board positions are filled by the best candidates available without discrimination. The Company is committed to increasing gender diversity within these positions when appropriate appointments become available. The Company is also committed to identifying suitable persons within the organisation, and where appropriate opportunities exist, advance diversity to support the promotion of talented employees into management positions.

The Company has not set any gender specific diversity objectives as it believes that multicultural diversity and other diversity factors are equally important within its organisation.

The following table demonstrates the Company's gender diversity as at 30 June 2017:

	Number of Males	Number of Females
Directors	5	-
Key Management Personnel	2	-
Other Company Employees	-	2

The Company employed 9 employees at the end of 2017 (2016: 9 employees).

Board Performance Review

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted an informal self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every year by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company. Performance reviews involve analysis based on key performance indicators aligned with the financial and non-financial objectives of the Company. A performance review in accordance with the processes disclosed occurred during the 2017 financial year.

Performance Review of KMP

On at least an annual basis, the Board conducts a formal performance review of the Chief Executive Officer and any other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. A performance review of KMP occurred during the 2017 financial year in accordance with this process.

Independent Advice

The Board has procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Principle 2: Structure the Board to add value

Board composition

The length of service, skills, experience and expertise of each Director in office at the date of this report and throughout the 2017 financial year are included in the Directors' Report under the section headed 'Directors'. The Company's Board Charter stipulates that at least 50% of the Directors on the board should be independent Directors. Directors of Antisense Therapeutics Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

In the context of Director independence, to be considered independent, a Non-Executive Director may not have a direct or indirect material relationship with the Company.

The board considers that a material relationship is one which impairs or inhibits, or has the potential to impair or inhibit, a Director's exercise of judgement on behalf of the Company and its shareholders.

From a quantitative perspective, an item is considered to be quantitatively immaterial if it is equal to or less than 5% of the relevant base amount. It is considered to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the relevant base amount.

In accordance with the definition of independence above, and the materiality thresholds described, the majority of Directors are independent as set out below:

Name	Position
Mr Robert W Moses	Independent Non-Executive Chairman
Dr Graham Mitchell	Independent Non-Executive Director
Dr Gary Pace	Independent Non-Executive Director
Mr William Goolsbee	Independent Non-Executive Director

In accordance with the definition of independence above, and the materiality thresholds described, the majority of Directors are independent as set out below:

Name	Term in Office
Mr Robert W Moses	15 years
Mr Mark Diamond	15 years
Dr Graham Mitchell	15 years
Mr William Goolsbee	Since 15 October 2015
Dr Gary Pace	Since 9 November 2015

To ensure the Board is appropriately equipped to discharge its responsibilities, it has developed guidelines for the nomination and selection of Directors and for the operation of the Board. As the Antisense Therapeutics Limited's Board is not a large board, a formal nomination committee has not been established, as it is perceived that no real efficiencies would be gained from the existence of such a committee. The charter of the nomination committee has been incorporated into the Board Charter and by this action the Board of Directors considers all matters that would be relevant for a nomination committee. For additional details please refer to the Company's Board Charter on its website.

Principle 2: Structure the Board to add value *continued*

Induction of New Directors and Ongoing Development

Any new Directors will be issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Board acknowledges the legitimate interest of various stakeholders such as employees, clients, customers, government authorities, creditors and the community as a whole. As a good corporate citizen, it encourages compliance and commitment to appropriate corporate practices that are fair and ethical via its 'Code of Conduct'.

Trading in Company Securities

The Company has a 'Code of Practice - Buying & Selling of Shares' that regulates the dealings by Directors and employees, in shares, options and other securities issued by the Company. The policy has been formulated to ensure that Directors and employees are aware of the legal restrictions on trading in Company securities while in possession of unpublished price sensitive information.

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

The Audit Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective control framework exists within the entity. This includes ensuring that there are internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit Committee.

The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements. All members of the Audit Committee are Non-Executive Directors. The Audit Committee is also responsible for the nomination of the external auditor and for reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory review. The Audit Committee Charter can be found on the Company's website.

The Audit Committee consists of two independent Non-Executive Directors. Given the current size of the Company, the Board believes that an Audit Committee consisting of two members is sufficient to enable the committee to discharge its mandate effectively. The members of the Audit Committee during the year were Dr Graham Mitchell (Chairperson) and Mr Robert W Moses.

For details on the number of meetings for the Audit Committee held during the year and the attendances at those meetings, refer to the Directors' Report under the section headed 'Meetings of Directors'.

CEO and CFO Declarations

The CEO and CFO have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External Auditor

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

Principle 5: Making timely and balanced disclosure

The Company has a Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with ASX Listing Rules the Company immediately notifies the ASX of information concerning the Company:

(a) that a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and

(b) that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Principle 6: Respect the rights of shareholders

The Company is committed to providing current and relevant information to its shareholders.

The Company respects the rights of its shareholders, and to facilitate the effective exercise of the rights, the Company is committed to:

(a) communicating effectively with shareholders through ongoing releases to the market via ASX information and general meetings of the Company;

(b) giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;

(c) making it easy for shareholders to participate in general meetings of the Company; and

Any shareholder wishing to make inquiries of the Company is advised to contact the registered office. All public announcements made by the Company can be obtained from the ASX's website **www.asx.com.au**

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

Principle 7: Recognise and managing risk

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities.

The Board has established a policy for risk oversight and management within the Company. This is periodically reviewed and updated. Management reports risks identified to the Board through the monthly Operations Report, and via direct and timely communication to the Board where and when applicable. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Company does not have an internal audit function.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company does not have separate risk committee. The Board as whole is responsible is responsible for overseeing the establishment and implementation of the risk management system. Due to the size of the Board and the Company, it is perceived that no real efficiencies would be gained from the existence of separate risk committee.

Principle 7: Recognise and managing risk *continued*

The Board review's the entity's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework was conducted during the 2017 financial year.

Principle 8: Remunerate fairly and responsibly

It is the Company's objective to maintain a high quality Board and executive team by remunerating Directors at relevant market conditions. To assist in achieving this objective the Remuneration Committee remunerates Directors and executives having regard to their performance and the performance of the Company.

The expected outcomes of the remuneration policies and practices are to enable the Company to motivate, retain and attract Directors and executives who will create value for shareholders.

Details relating to the policy for performance evaluation and the amount of remuneration (monetary and non-monetary) paid to each Director and to each of the five highest-paid (non-director) executives during the year, are set out in the Directors' Report under the section headed 'Remuneration Report'.

The members of the Remuneration Committee at the date of this report were all independent Non-Executive Directors, being Mr Robert W Moses and Dr Graham Mitchell. Details relating to performance evaluation are set out in the Directors' Report under the section headed 'Remuneration Report'. For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report under the section headed 'Meetings of Directors'.

In accordance with the Company's share trading policy, participants in any equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

Annual Financial Statements

For the year ended 30 June 2017

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Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 $	2016 $
Revenue	3	140,169	1,132,102
Other income	3	399,203	395,597
		539,372	**1,527,699**
Depreciation expenses	4	(4,890)	(5,882)
Administrative expenses	4	(1,855,147)	(1,792,216)
Occupancy expenses	4	(119,795)	(115,299)
Patent expenses	4	(202,924)	(311,501)
Research and development expenses	4	(1,103,966)	(1,847,505)
Foreign exchange gains/(losses)	4	(7,449)	30,261
Loss before tax		**(2,754,799)**	**(2,514,443)**
Income tax benefit	5	-	-
Loss for the year		**(2,754,799)**	**(2,514,443)**
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive loss for the year, net of tax		**(2,754,799)**	**(2,514,443)**
Loss per share			
Basic loss per share	8	($1.71)	($1.43)
Diluted loss per share	8	($1.71)	($1.43)

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the year ended 30 June 2017

	Notes	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	1,901,988	4,800,718
Trade and other receivables	10	427,894	420,297
Prepayments		165,105	102,941
Other current assets		30,000	-
		2,524,987	**5,323,956**
Non-Current Assets			
Plant and equipment	11	14,088	3,403
		14,088	**3,403**
TOTAL ASSETS		**2,539,075**	**5,327,359**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	364,346	458,154
Employee benefit liabilities	13	321,306	292,050
TOTAL LIABILITIES		**685,652**	**750,204**
NET ASSETS		**1,853,423**	**4,577,155**
EQUITY			
Contributed equity	14	57,706,647	56,714,725
Reserves	15	-	960,855
Accumulated losses		(55,853,224)	(53,098,425)
TOTAL EQUITY		**1,853,423**	**4,577,155**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2017

	Notes	Contributed Equity (Note 14) $	Reserves (Note 15) $	Accumulated Losses $	Total $
As at 1 July 2015		**56,714,725**	**960,855**	**(50,583,982)**	**7,091,598**
Loss for the period		-	-	(2,514,443)	(2,514,443)
Total comprehensive income		-	-	(2,514,443)	(2,514,443)
At 30 June 2016		**56,714,725**	**960,855**	**(53,098,425)**	**4,577,155**
As at 1 July 2016		**56,714,725**	**960,855**	**(53,098,425)**	**4,577,155**
Loss for the period		-	-	(2,754,799)	(2,754,799)
Total comprehensive income		**-**	**-**	**(2,754,799)**	**(2,754,799)**
Issue of options	14.b	73,169	-	-	73,169
Transactions costs on options issues	14.b	(42,102)	-	-	(42,102)
Shares issued	14.a	960,855	(960,855)	-	-
At 30 June 2017		**57,706,647**	**-**	**(55,853,224)**	**1,853,423**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2017

	Notes	2017 $	2016 $
OPERATING ACTIVITIES			
Licensing fees received		69,115	1,000,000
Payments to suppliers and employees		(3,456,562)	(3,596,565)
Interest received		77,628	134,842
R&D tax concession refund		395,597	436,697
Net cash flows used in operating activities	18	**(2,914,222)**	**(2,025,026)**
INVESTING ACTIVITIES			
Payment for purchases of plant and equipment	11	(15,575)	(3,861)
Net cash flows used in investing activities		**(15,575)**	**(3,861)**
FINANCING ACTIVITIES			
Proceeds from issues of securities		73,169	-
Capital raising costs		(42,102)	-
Net cash flows from financing activities		**31,067**	**-**
Net decrease in cash and cash equivalents		(2,898,730)	(2,028,887)
Cash and cash equivalents at 1 July	9	4,800,718	6,829,605
Cash and cash equivalents at 30 June	9	**1,901,988**	**4,800,718**

The accompanying notes form part of these financial statements.

Note 1: Significant Accounting Policies

1.a Corporate Information

The financial report of Antisense Therapeutics Limited and its subsidiaries (the 'Company') for the Year Ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 29 August 2017. The financial report is for the Company consisting of Antisense Therapeutics Limited and its subsidiaries.

Antisense Therapeutics Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company also has a Level 1 ADR program traded on the US over-the-counter market.

The principal activity of the Company is the research and development of novel antisense pharmaceuticals.

1.b Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards, required for a for-profit entity.

The financial report has been prepared on an accruals basis and is based on historical costs. These consolidated financial statements are presented in Australian dollar ($), which is the Company's functional and presentation currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

GOING CONCERN

Some of the risks inherent in the development of pharmaceutical product include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable and commercially justify product development or may infringe intellectual property rights of other parties, and uncertainty in obtaining the necessary clinical trial and/or regulatory authority approvals for product development and commercialisation. Also a particular compound may fail to achieve sufficient efficacy or safety in the research and the clinical development process, or its viability may be negatively impacted by strategic imperatives including an assessment that the projects may not deliver a sufficient return on investment or has been or may likely be superseded by newer and potentially superior competitive products or technologies. There is a risk that the Company will be unable to find suitable development or commercial partners for its projects, and that these arrangements may not generate a material return for the Company.

The Company will need to access additional capital for further development of its various development projects, and to continue to pay its debts as and when they fall due for a period of 12 months from signing the financial report. The ability of the Company to successfully access additional capital, and the amount of additional funds required is dependent on the outcome of its product development programs. The Company has agreed to a share placement with Australian Ethical Investment. The issue of shares to Australian Ethical Investment is conditional on the Company receiving hospital approval any time before 30 September 2017 to commence the clinical trial of ATL1102 in DMD. Following the settlement of the placement, the Company proposes to undertake a pro-rata Entitlement Issue to shareholders. Along with pursuing such capital raising initiatives, the Company is also actively seeking to partner certain products in its pipeline (which may provide additional capital in the form of license fees) and to access non-dilutive grant funding for the continued development of its product pipeline.

The Company has incurred a loss after tax of $2,754,799 the year ended 30 June 2017, had an operating cash outflow of $2,914,222 and has a net current asset position of $1,853,423. Notwithstanding the material uncertainty pertaining to the ability of the Company to access additional capital, the financial statements have been prepared on a going concern basis. Accordingly the financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

1.c Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

1.d New, Revised or Amending Accounting Standards and Interpretations Adopted

There has been no requirement to adopt any new, revised or amended Accounting Standards for the year ended 30 June 2017.

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Company for the annual reporting period ended 30 June 2017:

Reference	Title	Summary	Application	Impact on financial report	Application date
AASB 9	**Financial Instruments**	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: **a** Financial assets that are debt instruments will be classified based on: **(i)** the objective of the entity's business model for managing the financial assets; and **(ii)** the characteristics of the contractual cash flows. **b** Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. **c** Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.	1 January 2018	minimal	1 July 2018

Note 1:
Significant Accounting Policies *continued*

1.d New, Revised or Amending Accounting Standards and Interpretations Adopted *continued*

Reference	Title	Summary	Application	Impact on financial report	Application date
AASB 9 *cont'd*	**Financial Instruments**	**d** Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. **e** Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) • the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.	1 January 2018	minimal	1 July 2018

Reference	Title	Summary	Application	Impact on financial report	Application date
AASB 15	Revenue from Contracts with Customers	AASB 15 – replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations– establishes a new revenue recognition model – changes the basis for deciding whether revenue is to be recognised over time or at a point in time – provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) – expands and improves disclosures about revenue	1 January 2018	minimal	1 July 2018
AASB 16	Leases	AASB 16 – replaces AASB 117 Leases and some lease-related Interpretations– requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases– provides new guidance on the application of the definition of lease and on sale and lease back accounting– largely retains the existing lessor accounting requirements in AASB 117– requires new and different disclosures about leases.	1 January 2018	minimal	1 July 2019

1.e Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Antisense Therapeutics Ltd as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities where the Company is exposed, or has rights, to variable returns from the Company's involvement with the entity and has the ability to affect those returns through the Company's power to direct the activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

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

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits/losses arising within the consolidated entity are eliminated in full. Investments in subsidiaries are accounted for at cost in the individual financial statements of Antisense Therapeutics Limited.

1.f Summary of Significant Accounting Policies

a) Revenue Recognition

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

b) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all grant conditions will be complied with.

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 expected to compensate.

c) Borrowing Costs

Borrowing costs are expensed as incurred.

d) Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

e) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

f) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, once they become over due by more than 60 days. A separate account records the impairment.

An allowance for a doubtful debt is made when there is objective evidence that the Company will not be able to collect the debts. The criteria used to determine that there is objective evidence that an impairment loss has occurred include whether the Financial Asset is past due and whether there is any other information regarding increased credit risk associated with the Financial Asset. Bad debts which are known to be uncollectible are written off when identified.

g) Foreign Currencies

The functional currency of the Company is based on the primary economic environment in which the Company operates. The functional currency of the Company is Australian dollars.

Transactions in foreign currencies are converted to local currency at the rate of exchange at the date of the transaction.

Amounts payable to and by the Company outstanding at reporting date and denominated in foreign currencies have been converted to local currency using rates prevailing at the end of the financial year.

All exchange differences are taken to profit or loss.

h) Income Taxes

Deferred income tax is provided on all temporary differences at the balance 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 where the deferred income tax liability 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 loss nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets 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 assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance 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.

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 balance date.

Deferred Tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Antisense Therapeutics Limited have not assessed unused tax losses carried forward at 30 June 2017, given the history of losses from prior periods. These losses do not expire and may be used to offset taxable income in the current year and in future periods. Given the history of losses, there is limited support for the recognition of these losses as deferred tax assets.

On this basis, Antisense Therapeutics Limited has determined it cannot recognise deferred tax assets on the tax losses carried forward. Further, on this basis, deferred tax assets have not been recognised related to temporary differences.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

i) Goods and Services Tax (GST)

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

- where 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 are stated with the amount of GST included.

Cash flows arising from operating activities are included in the Cash Flow Statement on a gross basis (i.e. including GST) 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. The net amount of GST recoverable from or payable to, the taxation authority is included as part of the receivables or payables in the Statement of Financial Position.

j) Plant and Equipment

Plant and equipment are measured at cost less any accumulated depreciation and any impairment losses. Such assets are depreciated over their useful economic lives as follows:

	Life	Method
Plant and equipment	3-5 years	Straight line

k) 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 Company 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 of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following 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 benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not available for use, or more frequently when an indication of impairment arises during the reporting period.

l) Impairment of Non-Financial Assets

The carrying values of non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffer an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

m) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Licensing fees are recognised as an expense when it is confirmed that they are payable by the Company.

Note 1:
Significant Accounting Policies *continued*

1.f Summary of Significant Accounting Policies *continued*

n) Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave payments expected to be settled within 12 months of the reporting date are recognised in other provisions in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long Service Leave

The liability for long service leave is recognised 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. 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 corporate bonds with terms to maturity and currencies that match, as closely as possible, to the estimated future cash outflows.

o) Contributed Equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction (net of tax) of the share proceeds received.

p) Earnings Per Share

Basic earnings per share is calculated as net gain attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net gain attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- 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.

q) Parent Information

The financial information for the parent entity, Antisense Therapeutics Limited, disclosed in Note 2 has been prepared on the same basis as the consolidated statements with the exception of investments in subsidiaries which are carried at costs less any impairment.

Note 2:
Information Relating to the Antisense Therapeutics Limited (the Parent)

	2017 $	2016 $
ASSETS		
Current assets	2,524,987	5,323,956
Non-current assets	14,088	3,403
Total assets	**2,539,075**	**5,327,359**
LIABILITIES		
Current liabilities	685,652	750,204
Total liabilities	**685,652**	**750,204**
EQUITY		
Contributed equity	57,706,647	56,714,725
Reserves	-	960,855
Retained earnings	(55,853,224)	(53,098,425)
Total equity	**1,853,423**	**4,577,155**
Net loss for the year	(2,754,799)	(2,514,443)
Total comprehensive loss of the Parent entity	(2,754,799)	(2,514,443)

Note 3: Revenue and Other Income

	2017 $	2016 $
REVENUE		
Licensing revenue	69,115	1,000,000
Interest from external parties	71,054	132,102
Total revenue	**140,169**	**1,132,102**
OTHER INCOME		
Research and development tax concession	399,203	395,597
Total other income	**399,203**	**395,597**
Total revenue & other income	**539,372**	**1,527,699**

The licence fee of $1m received in the prior year relates to the payment made to terminate the licensing partnership for ATL1103 by Strongbridge Biopharma (formerly Cortendo Caymen Limited).

Note 4: Expenses

	2017 $	2016 $
Administrative Expenses		
Compliance expenses	273,571	243,442
Office expenses	50,849	43,979
Corporate employee expenses	764,360	729,768
Other	596	-
Business development expenses	765,771	775,027
Total administrative expenses	**1,855,147**	**1,792,216**
Occupancy Expenses		
Rent	98,777	98,777
Other expenses	21,018	16,522
Total occupancy expenses	**119,795**	**115,299**
Research and Development Expenses		
ATL 1102	567,182	1,806,896
ATL 1103	386,700	11,508
R&D Staff Costs	150,084	29,101
Total Research and Development Expenses	**1,103,966**	**1,847,505**
Patent expenses	202,924	311,501
Depreciation expenses	4,890	5,882
Foreign exchange gains/(losses)	7,449	(30,261)
Total Expenses	**3,294,171**	**4,042,142**

Note 5: Income Tax

	2017 $	2016 $
Accounting (loss)/profit before income tax	**(2,754,799)**	**(2,514,443)**
At Australia's statutory income tax rate of 30% (2016: 30%)	(826,439)	(754,333)
Research and development tax concession	841,760	794,522
Non-assessable grant income	(119,761)	(118,679)
Section 40-880 deductions	(22,920)	(50,391)
Entertainment	1,911	960
Tax (benefit)/losses not previously recognised	**(125,449)**	**(127,921)**
Income tax expense reported in the statement of profit or loss	-	-
Income tax attributable to a discontinued operation	-	-
Income tax expense/(benefit) attributable to the Company	**-**	**-**
Deferred Tax		
Deferred tax assets and liabilities:		
Accruals	22,910	(33,986)
Provision for annual leave & long service leave	8,776	747
Other	(1,492)	(2,263)
Net deferred tax asset/ (liability) not recognised	**30,194**	**(35,502)**
Net deferred tax asset/ (liability)	**-**	**-**

Tax Losses

Antisense Therapeutics Limited has unconfirmed, unrecouped tax losses in Australia which have not been brought to account. The ability to be able to recognise a deferred tax asset in respect of these tax losses will be dependent upon the probability that future taxable profit will be available against which the unused tax losses can be utilised and the conditions for deductibility imposed by Australian tax authorities will be complied with.

	2017 $	2016 $
Unused tax losses for which no deferred tax asset has been recognised	44,840,832	42,378,120
	44,840,832	**42,378,120**

Note 6: Key Management Personnel Compensation

The aggregate compensation made to Directors and other Key Management Personnel of the Company is set out below:

	2017 $	2016 $
Short-term employee benefits	878,894	888,695
Post-employment benefits	49,162	59,227
Long-term benefits	11,197	11,157
	939,253	**959,079**

For more information on Key Management Personnel Compensation, please refer to the Remuneration Report contained under Directors' Report.

Note 7: Auditors' Remuneration

The auditor of Antisense Therapeutics Limited is Ernst and Young.

	2017 $	2016 $
Amounts received or due and receivable by Ernst and Young for:		
An audit or review of the financial report of the entity	50,985	50,985
Other services in relation to the entity:		
Tax compliance services	19,250	19,250
	70,235	**70,235**

Note 8: Earnings per share (EPS)

Basic EPS is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares) 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 the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2017 $	2016 $
Net profit/(earnings/(losses)) used in the calculation of basic and diluted earnings/(losses) per share	(2,754,799)	(2,514,443)
Weighted average number of ordinary shares for basic EPS	161,525,282	175,198,815
Adjustments for calculation of diluted earnings/(losses) per share:		
Weighted average number of ordinary shares adjusted for the effect of dilution	**161,525,282**	**175,198,815**

There have been no other conversions to, call of, or subscriptions for ordinary shares, or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

Note 9: Cash and Cash Equivalents

	2017 $	2016 $
Cash at bank and on hand	401,988	300,718
Short-term deposits	1,500,000	4,500,000
	1,901,988	**4,800,718**

The interest rate on cash at bank at 30 June 2017 was 0.10%p.a. (2016: 0.10% p.a.). And the interest rates on term deposits at 30 June 2017 were 1.84% p.a. (2016: 2.55% p.a.) for 30 days and 2.19% p.a. (2016: 2.85%) for 90 days. The term deposits have maturity periods of 30 days and 90 days.

Note 10: Trade and Other Receivables

	2017 $	2016 $
Interest receivable	3,265	9,839
Australian Tax Office receivable	7,468	2,617
Research and development tax concession receivable	399,203	395,597
Other receivables	17,958	12,244
	427,894	**420,297**

Note 11: Property, Plant and Equipment

	Property, plant and equipment $
Cost	
At 1 July 2015	172,209
Additions	3,861
At 30 June 2016	**176,070**
At 1 July 2016	176,070
Additions	15,575
At 30 June 2017	**191,645**
Depreciation and impairment	
At 1 July 2015	(166,785)
Depreciation charge for the year	(5,882)
At 30 June 2016	**(172,667)**
At 1 July 2016	(172,667)
Depreciation charge for the year	(4,890)
At 30 June 2017	**(177,557)**

	2017 $	2016 $
Gross value	191,645	176,070
Accumulated depreciation	(177,557)	(172,667)
	14,088	**3,403**

Note 12: Trade and Other Payables

	2017 $	2016 $
Trade payables	165,694	214,791
Accrued expenses	194,075	238,786
Other payables	4,577	4,577
	364,346	**458,154**

Note 13: Employee Benefit Liabilities

	2017 $	2016 $
Current employee provisions	321,306	292,050
	321,306	**292,050**

Note 14: Contributed Equity

	Note	2017 $	2016 $
Ordinary fully paid shares	14(a)	56,466,535	55,505,680

Note 14(a): Ordinary Shares

	2017		2016	
	No.	$	No.	$
At the beginning of the period	176,512,483	55,505,680	176,512,483	55,505,680
Shares issued during the year	72,000	960,855	-	-
Transaction costs relating to share issues	-	-	-	-
Cancellation of shares [1]	-	-	(15,025,075)	-
Balance at the end of the year	**161,559,408**	**56,466,535**	**161,487,408**	**55,505,680**

[1] 15,025,075 shares have been cancelled during the prior reporting period due to the termination of the partnership agreement with Strongbridge Biopharma (formerly Cortendo Caymen Limited).

Details of movement in shares:

2017	Details	Number	Issue Price $	AUD $
30 June 2017	Shares issued during the period	72,000	-	-

2016	Details	No.	Issue Price $	$
30 June 2016	Cancelled shares	(15,025,075)	-	-
	Transaction costs			(1,540)

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

Note 14(b) Options

Reconciliation of option movement in the period:

	2017		2016	
	No.	$	No.	$
At the beginning of the period	46,950,984	1,209,045	46,950,984	1,209,045
Options issued during the period	68,713,794	73,169	-	-
Capital raising costs associated with options issues	-	(42,102)	-	-
Options expired during the period	(46,950,984)	-	-	-
	68,713,794	**1,240,112**	**46,950,984**	**1,209,045**

Note 15: Reserves

Nature and Purpose of the Reserve

The option reserve recognises the proceeds from the issue of options over ordinary shares and the expense recognised in respect of share based payments.

	2017		2016	
	No.	$	No.	$
Unlisted options over fully paid shares	-	-	72,000	960,855

During the year ended 30 June 2017 72,000 options have been exercised. There was no activity during the year ended 30 June 2016.

Options outstanding as at 30 June 2017:

	No. of Options		
	27 Oct 2008	20 Nov 2013	20 Dec 2016
On issue at beginning of year	72,000	46,950,984	-
Issued during the year	-	-	68,713,794
Exercised during the year	(72,000)	-	-
Expired during the year	-	(46,950,984)	-
Forfeited during the year	-	-	-
Consolidation 10:1 Nov 2013	-	-	-
Outstanding at balance sheet date	**-**	**-**	**68,713,794**
Expired subsequent to balance date	-	-	-
Exercised subsequent to balance date	-	-	-
Outstanding at date of Directors' Report	**-**	**-**	**-**
Original number of recipients	4	849	1,529
Number of current holders	-	-	1,529
Exercise price	-	$0.27	$0.08
Exercise period from	27 Oct 2008	20 Nov 2013	20 Dec 2016
To (expiration day)	30 Jul 2018	31 Jan 2017	19 Dec 2019
The following proportion of options vest from the dates shown:			
100%	27 Oct 2008	20 Nov 2013	19 Dec 2019

Note 16: Commitments and Contingencies

Operating Lease Commitments

Future minimum rentals payable under non-cancellable operating leases as at 30 June are, as follows:

	2017 $	2016 $
Within one year	24,693	24,693
	24,693	**24,693**

The lease expenditure commitments relate to the leasing of office premises. The lease is for a term of one year, expiring October 2017.

There are no contingencies in the current or preceding year.

Note 17: Operating Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the management team in assessing performance and determining allocation of the resources.

The operating segments are identified by management based on the manner in which the expenses are incurred, and for the purpose of making decisions about resource allocation and performance assessment.

Discrete financial information about each of these operating segments is reported by the executive management team to the board on a regular basis.

For the management purposes, the Company prepares its reporting for the following two operating segments that has been identified based on its antisense oligonucleotide products that are currently under development:

- ATL1102 product for multiple sclerosis; and
- ATL1103 product for acromegaly.

All revenue and expenses that do not directly relate to these two operating segments have been currently reported as unallocated.

30 June 2017	ATL1102 Multiple Sclerosis	ATL1103 Growth and Sight Disorders	Unallocated (Note a)	Total
	$	$	$	$
Segment revenue	-	69,115	71,054	140,169
Segment result	(285,679)	(269,000)	(2,340,289)	(2,894,968)
Net result	**(285,679)**	**(199,885)**	**(2,269,235)**	**(2,754,799)**

30 June 2016	ATL1102 Multiple Sclerosis	ATL1103 Growth and Sight Disorders	Unallocated (Note a)	Total
	$	$	$	$
Segment revenue	-	1,000,000	132,102	1,132,102
Segment result	(1,594,423)	171,616	(2,223,738)	(3,646,545)
Net result	**(1,594,423)**	**1,171,616**	**(2,091,636)**	**(2,514,443)**

Note 17(a) Unallocated breakdown

	2017 $	2016 $
Unallocated revenue		
Interest from external parties	71,054	132,102
	71,054	**132,102**
Unallocated result		
Compliance expenses	(273,571)	(243,442)
Business development expenses	(765,771)	(775,027)
Employee expenses	(764,360)	(729,768)
Patent expenses	(202,924)	(311,501)
Other expenses	(333,663)	(164,000)
	(2,340,289)	**(2,223,738)**

Note 18: Cash Flow Information

Reconciliation of cash flow from operations with loss after income tax

	2017 $	2016 $
Cash flow reconciliation		
Reconciliation of net loss after tax to net cash flows from operations:		
Net loss before tax	(2,754,799)	(2,514,443)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation expense	4,890	5,882
Working capital adjustments:		
Movement in trade and other receivables	(7,597)	324,185
Movement in prepayments	(62,164)	(9,412)
Movement in trade and other payables	(93,808)	166,272
Movement in other current assets	(30,000)	-
Movement in provisions	29,256	2,490
Net cash flows used in operating activities	**(2,914,222)**	**(2,025,026)**

Note 19: Events After the Reporting Period

There have not been any matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of Antisense Therapeutics Limited, the results of those operations or the state of affairs of Antisense Therapeutics Limited in future financial years.

Note 20: Related Party Transactions

There were no transactions with related parties during the current financial year.

Note 21: Financial Risk Management Objectives and Policies

21(a) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables:

	2017 $	2016 $
Cash and cash equivalents	1,901,988	4,800,718
Trade and other receivables	427,894	420,297
Trade and other payables	(364,346)	(458,154)

The Company does not have any derivative instruments at 30 June 2017 (2016: Nil).

21(b) Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the Company's implementation of that system on a regular basis.

The Board and Senior Management identify the general areas of risk and their impact on the activities of the Company, with Management performing a regular review of:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- if appropriate, determine:
  - (i) any inadequacies of the current approach; and
  - (ii) possible new approaches that more efficiently and effectively address the risk.

Management report risks identified to the Board through the monthly Operations Report.

The Company seeks to ensure that its exposure to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost effective manner.

21(c) Significant Accounting Policy

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for 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 1 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables represents their fair values determined in accordance with the accounting policies disclosed in Note 1.

Interest revenue on cash and cash equivalents and foreign exchange movements on trade and other receivables and trade and other payables are disclosed in Notes 3 and 4.

21(d) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution.

The capital structure of the Company consists of equity attributed to equity holders of the Company, comprising contributed equity, reserves and accumulated losses disclosed in Notes 14 and 15. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Company's Management the Board monitors the need to raise additional equity from the equity markets.

21(e) Financial Risk Management

The main risks the Company is exposed to through its operations are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

INTEREST RATE RISK

The Company is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. The objective of managing interest rate risk is to minimise the Company's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

To manage interest rate risk, the Company locks a portion of the Company's cash and cash equivalents into term deposits. The maturity of term deposits is determined based on the Company's cash flow forecast.

Interest rate risk is considered when placing funds on term deposits. The Company considers the reduced interest rate received by retaining cash and cash equivalents in the Company's operating account compared to placing funds into a term deposit. This consideration also takes into account the costs associated with breaking a term deposit should early access to cash and cash equivalents be required.

30 June 2017	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate within Year $	Fixed Interest Rate 1 to 5 Years $	Fixed Interest Rate over 5 Years $	Non-Interest Bearing $	Total $
Financial Assets							
Cash & cash equivalents	2.02	401,588	1,500,000	-	-	400	1,901,988
Trade & other receivables	-	-	-	-	-	427,894	427,894
	2.02	**401,588**	**1,500,000**	**-**	**-**	**428,294**	**2,329,882**
Financial Liabilities							
Trade & other payables	-	-	-	-	-	(364,346)	(364,346)

21(e) Financial Risk Management *continued*

INTEREST RATE RISK *continued*

30 June 2016	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Fixed Interest Rate within Year $	Fixed Interest Rate 1 to 5 Years $	Fixed Interest Rate over 5 Years $	Non-Interest Bearing $	Total $
Financial Assets							
Cash & cash equivalents	2.54	300,318	4,500,000	-	-	400	4,800,718
Trade & other receivables	-	-	-	-	-	420,297	420,297
	2.54	**300,318**	**4,500,000**	**-**	**-**	**420,697**	**5,221,015**
Financial Liabilities							
Trade & other payables	-	-	-	-	-	(458,154)	(458,154)

There has been no change to the Company's exposure to interest rate risk or the manner in which it manages and measures its risk in the year ended 30 June 2017.

The Company has conducted a sensitivity analysis of the Company's exposure to interest rate risk. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. The analysis shows that if the Company's interest rate was to fluctuate as disclosed below and all other variables had remained constant, then the interest rate sensitivity impact on the Company's profit after tax and equity would be as follows:

	(Higher) / Lower 2017	(Higher) / Lower 2016
2017: +1% (2016: +1%)	19,020	48,007
2017: -1% (2016: -1%)	(19,020)	(48,007)

FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risk via the trade and other receivables and trade and other payables that it holds. Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company aims to take a conservative position in relation to foreign currency risk hedging when budgeting for overseas expenditure however; the Company does not have a policy to hedge overseas payments or receivables as they are highly variable in amount and timing, due to the reliance on activities carried out by overseas entities and their billing cycle.

The following financial assets and liabilities are subject to foreign currency risk:

	2017 $	2016 $
Trade and other payables (AUD/USD)	(21,193)	124,724
Trade and other payables (AUD/GBP)	3,894	1,333
Trade and other payables (AUD/EUR)	1,115	24,849

Foreign currency risk is measured by regular review of our cash forecasts, monitoring the dollar amount and currencies that payment are anticipated to be paid in. The Company also considers the market fluctuations in relevant currencies to determine the level of exposure. If the level of exposure is considered by Management to be too high, then Management has authority to take steps to reduce the risk.

Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date of an invoice or may include negotiations with suppliers to make payment in our functional currency. Management mitigated foreign currency risk by purchasing Great British Pounds currency during the current financial year. Should Management determine that the Company should consider taking out a hedge to reduce the foreign currency risk, they would need to seek Board approval.

The Company conducts some activities outside of Australia which exposes it to transactional currency movements, where the Company is required to pay in a currency other than its functional currency.

There has been no change in the manner the Company manages and measures its risk in the Year Ended 30 June 2017.

The Company is exposed to fluctuations in United States dollars, Euros, and Great British Pounds. Analysis is conducted on a currency by currency basis using sensitivity variables.

The Company has conducted a sensitivity analysis of the Company's exposure to foreign currency risk. The sensitivity analysis variable is based on the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rates at each reporting date. The analysis shows that if the Company's exposure to foreign currency risk was to fluctuate as disclosed below and all other variables had remained constant, then the foreign currency sensitivity impact on the Company's loss after tax and equity would be as follows:

	(Higher) / Lower 2017	(Higher) / Lower 2016
AUD/USD: 2017: +3% (2016: +3%)	636	(3,742)
AUD/USD: 2017: -3% (2016: -3%)	(636)	3,742
AUD/GBP: 2017: +3% (2016: +3%)	117	40
AUD/GBP: 2017: -3% (2016: -3%)	(117)	(40)
AUD/EUR: 2017: +3% (2016: +3%)	33	745
AUD/EUR: 2017: -3% (2016: -3%)	(33)	(745)

CREDIT RISK

The Company is exposed to credit risk via its cash and cash equivalents and trade and other receivables. Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Company. To reduce risk exposure for the Company's cash and cash equivalents, it places them with high credit quality financial institutions.

Historically the Company has had minimal trade and other receivables, with the majority of its funding being provided via shareholder investment. Traditionally the Company's trade and other receivables relate to GST refunds and Research and Development Tax Concession amounts due to the Company from the Australian Tax Office. At 30 June 2017 GST accounted for $7,468 (2016: $13,608) of the trade and other receivables, respectively. At 30 June 2017, accrued interest from the Commonwealth Bank amounted to $3,265 (2016: $9,839).

The trade and other receivables at 90+ days also include the rent bond on the office premises of $8,231. This is not considered impaired. The Board believes that the Company does not have significant credit risk at this time in respect of its trade and other receivables.

21(e) Financial Risk Management *continued*

CREDIT RISK *continued*

The Company has analysed its trade and other receivables below. All trade and other receivables disclosed below have not been impaired.

	0-30 days $	31-60 days $	61-90 days $	90+ days $
2017 Trade and other receivables	427,894	-	-	-
2016 Trade and other receivables	420,297	-	-	-

LIQUIDITY RISK

The Company is exposed to liquidity risk via its trade and other payables. Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Company's Management at Board meetings to ensure that the Company continues to be able to meet its debts as and when they fall due. Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the associated commitments. The Board considers when reviewing its undiscounted cash flow forecasts whether the Company needs to raise additional funding from the equity markets.

The Company has analysed its trade and other payables below:

	0-30 days $	31-60 days $	61-90 days $	90+ days $
2017 Trade and other payables	364,346	-	-	-
2016 Trade and other payables	458,154	-	-	-

Note 22: Company Information

Information about subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy:

			% Equity interest
Name	Principal Activities	Country of incorporation	2017
Antisense Therapeutics (HK) Pty Ltd	Provision of licenses	Australia	100

Directors' Declaration

In accordance with a resolution of the Directors of Antisense Therapeutics Limited, we state that:

1. In the opinion of the Directors:

(a) the consolidated financial statements and notes of Antisense Therapeutics Limited for the financial Year Ended 30 June 2017 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the Year Ended on that date; and

(ii) complying with Accounting Standards and the *Corporations Regulations 2001*;

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.c; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial Year Ended 30 June 2017.

On behalf of the board,

Signed in accordance with a resolution of the Directors.



Mr Robert W Moses
Independent Non-Executive Chairman



Mr Mark Diamond
Managing Directer and Chief Executive Officer

Dated: This day 29th day of August 2017

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Independent auditor's report to the members of Antisense Therapeutics Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Antisense Therapeutics Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Research & Development tax benefit

Why significant	How our audit addressed the key audit matter
Under the Australian Government's Research & Development ("R&D") income tax credit regime, the Group is entitled to an R&D credit on eligible R&D expenditure incurred including the decline in value of depreciating assets used in eligible R&D activities. The Group has estimated the R&D credit for the year ended 30 June 2017 and recognised the amount receivable under the scheme upon filing their claim along with the lodgement of their tax return. The estimated amount of $399,203 is recorded as Other income in the Consolidated Statement of Comprehensive Income and a receivable in the Consolidated Statement of Financial Position. The Group's policy for accounting for this income and the receivable are disclosed in Note 1. This was considered a key audit matter due to the quantum of the receivable recorded and the judgment associated with applying the relevant income tax legislation.	We evaluated the methodology and assumptions used by the Group in calculating the R&D income tax credit claim receivable with reference to the applicable legislation and in conjunction with our R&D taxation specialists. We tested the mathematical accuracy of the Group's calculations. We also compared historical estimates against the actual claims received in prior years.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Antisense Therapeutics Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner Melbourne
29 August 2017

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Shareholder Information

As at 7 September 2017

Number of Holders of Equity Securities

Ordinary Shares

161,559,408 fully paid ordinary shares are held by 1,467 individual shareholders.
All ordinary shares carry one vote per share.

Options

68,713,794 options exercisable at $0.08 on or before 19 December 2019, are held by 1,464 individual holders.

Options do not carry a right to vote. Voting rights will be attached to the unissued shares when the options have been exercised.

Distribution of Quoted Security holders

	No. of Holders	
	Ordinary Shares	Listed Options
1 - 1,000	103	233
1,001 - 5,000	151	499
5,001 - 10,000	124	256
10,001 - 100,000	821	395
100,001 +	268	80
Total number of shareholders	**1,467**	**1,464**
Unmarketable parcels (under $500)	452	1,353

Twenty Largest Ordinary Shareholders

	Shareholders	Number	%
1	OPTHEA LIMITED	10,190,649	6.308
2	CITICORP NOMINEES PTY LIMITED	6,829,726	4.227
3	MR ROBERT WILLIAM MOSES	5,000,000	3.095
4	SHARED OFFICE SERVICES PTY LTD <PHILANNE S/F A/C>	4,094,759	2.535
5	CITYCASTLE PTY LTD	4,080,433	2.526
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,331,390	2.062
7	FLINTBERG PTY LTD <OR SUPERANNUATION FUND A/C>	2,607,404	1.614
8	SKED PTY LTD <SUPER FUND A/C>	2,419,896	1.498
9	BAYSPEC PTY LTD	2,200,000	1.362
10	DABCO HOLDINGS PTY LTD	2,050,000	1.269
11	TRE PTY LTD <TIME ROAD SUPERANNUATION A/C>	2,000,000	1.238
12	MR LESLIE SMITH	2,000,000	1.238
13	MR MARK DIAMOND	1,721,072	1.065
14	MR SEK YUEN WAN	1,590,378	0.984
15	MR JAN MARACH & MRS RENATA MARACH	1,571,515	0.973
16	MRS MADELINE THOMSON	1,570,000	0.972
17	MR DAVID KENLEY	1,500,000	0.928
18	MR DAVID KENLEY <KENLEY SUPER PLAN A/C>	1,500,000	0.928
19	MRS MARGARET ANN RYAN & MR MICHEAL RODNEY RYAN	1,460,000	0.904
20	MR MICHAEL ANDREW CLARK	1,403,645	0.869
	Total	**59,120,867**	**36.60**
	Total balance of remaining holders	102,438,541	63.40

Twenty Largest Listed Option Holders

Option holders		Number	%
1	XCELERATE TRADING PTY LTD <XCELERATE TRADING A/C>	5,258,773	7.653
2	MR JAN MARACH & MRS RENATA MARACH	4,322,050	6.290
3	MS LEE GARDINER	3,247,811	4.727
4	MR LESLIE SMITH	2,922,651	4.253
5.	MR RICHARD HUGO HAMERSLEY	2,486,087	3.618
6	KIRZY PTY LTD <SPRINGDALE A/C>	2,155,000	3.136
7	CITYCASTLE PTY LTD	2,132,754	3.104
8	POLYCHIP PHARMACEUTICALS PTY LTD	2,038,130	2.966
9	BOUDGARD NOMINEES PTY LTD <B & G SUPER FUND A/C>	1,779,984	2.590
10	MR ANDREW LEONARD CLARK	1,583,600	2.305
11	MR DAVID BOUDVILLE	1,504,000	2.189
12	MR ROBERT WILLIAM MOSES	1,418,888	2.065
13	CITICORP NOMINEES PTY LIMITED	1,336,511	1.945
14	BROKEN RIDGE PTY LTD <MINING MONTHLY S/FUND A/C>	1,080,000	1.572
15	PEJAY PTY LIMITED	1,057,067	1.538
16	SHARED OFFICE SERVICES PTY LTD <PHILANNE S/F A/C>	804,176	1.170
17	BAYSPEC PTY LTD	800,000	1.164
18	ARMDIG PTY LTD	770,000	1.121
19	MR SINI MATHEW	720,236	1.048
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	656,398	0.955
	Total	**38,074,116**	**55.41**
	Total balance of remaining holders	30,639,678	44.59

Unquoted Equity Securities Holdings Greater Than 20%

Nil

Substantial Shareholders

The names of substantial shareholders the Company is aware of from the register or who have notified the Company in accordance with Section 671B of the *Corporations Act* are:

	No. of Shares
OPTHEA LIMITED	10,190,649

Corporate Information

ABN 41 095 060 745

DIRECTORS

Mr Robert W Moses (Appointed: 23 October 2001)
Independent Non-Executive
Chairman

Mr Mark Diamond (Appointed: 31 October 2001)
Managing Director

Dr Graham Mitchell (Appointed: 24 October 2001)
Independent Non-Executive
Director

Dr Gary Pace (Appointed: 9 November 2015)
Independent Non-Executive
Director

Mr William Goolsbee (Appointed: 15 October 2015)
Independent Non-Executive
Director

COMPANY SECRETARY

Mr Phillip Hains
Company Secretary and
Chief Financial Officer

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS

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Facsimile: +61 (0)3 9827 1166

SHARE REGISTER

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Telephone: 1300 737 760

SOLICITORS

Minter Ellison
Rialto Towers
Level 23, 525 Collins Street, Melbourne Victoria 3000
Australia

BANKERS

Commonwealth Bank of Australia
Melbourne Victoria

AUDITORS

Ernst and Young
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