Antisense Therapeutics Limited
Appendix 4D
For the Half-year ended 31 December 2018

Name of entity	Antisense Therapeutics Limited
ABN	095 060 745
Half-year ended	31 December 2018 (Previous corresponding period: 31 December 2017)

Results for Announcement to the Market

The results of Antisense Therapeutics Limited for the half-year ended 31 December 2018 are as follows:

Revenues	up	321.42% to	37,026
Loss after tax attributable to members	down	(58.76)% to	1,489,720
Net loss for the period attributable to members	down	(58.76)% to	1,489,720

The above result needs to be read in conjunction with the Company's 30 June 2018 Annual Report.

Explanation of Results

The Company reported a loss for the half year ended 31 December 2018 of $1,489,720 (31 December 2017: $938,373). The loss is after fully expensing all research and development costs.

For further details relating to the current period's results, refer to the Results and review of operations contained within this document.

Dividends

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

Net Tangible Assets Per Share

	31 December 2018	31 December 2017
Net tangible assets ($)	2,722,746	935,050
Shares (No.)	371,618,638	161,599,408
Net tangible assets per share (cents)	0.73	0.58

	31 December 2018	31 December 2017
Basic earnings/ (loss) per share (cents)	(0.40)	(0.58)
Diluted earnings/ (loss) per share (cents)	(0.40)	(0.58)

Status of Review of Accounts

The Appendix 4D is based on accounts which have been reviewed. The auditors report includes an Emphasis of Matter regarding going concern material uncertainty, and is included within the financial report which accompanies this Appendix 4D.

Antisense Therapeutics Limited
ACN 095 060 745

Interim financial report for the
half-year ended 31 December 2018

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Corporate information

ACN 095 060 745

Directors
Mr Robert W Moses
Mr Mark Diamond
Dr Graham Mitchell
Dr Gary Pace
Mr William Goolsbee

Company Secretary
Mr Phillip Hains

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Principal place of business
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Share register
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Phone: 1300 737 760

Antisense Therapeutics Limited Shares are listed on the Australian Securities Exchange (ASX: ANP)

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

Bankers
Commonwealth Bank of Australia
Melbourne Victoria

Auditors
Ernst and Young
8 Exhibition Street,
Melbourne Victoria 3000

Directors' report

The Directors of Antisense Therapeutics Limited ("ANP" or "the Company") provide the following Report in relation to the Company for the half-year ended 31 December 2018.

Directors

The following persons where Directors of the Company during the half-year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

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

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

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

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

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

Results and review of operations

Results

The Company reported a loss for the half-year of $1,489,720 (2017: $938,373). This loss is after fully expensing all research and development costs.

Review of operations

Detailed below is an update on the status of the Company's development projects and overall operations for the half-year ended 31 December 2018.

This report should be read in conjunction with the Company's 30 June 2018 Annual Report.

ATL1102 for Duchennes Muscular Dystrophy (DMD)

ATL1102 is an antisense inhibitor of CD49d, a subunit of VLA-4 (Very Late Antigen-4). Antisense inhibition of VLA-4 expression has demonstrated activity in a number of animal models of inflammatory disease including asthma and MS with the MS animal data having been published in a peer reviewed scientific journal. ALT1102 was shown to be highly effective in reducing MS lesions in a Phase IIa clinical trial in RR-MS patients. The ATL1102 Phase IIa clinical data has been published in the medical Journal ***Neurology*** (Limmroth, V. et al Neurology, 2014; 83(20): 1780-1788).

The Company is undertaking a clinical trial of ATL1102 in patients with Duchenne Muscular Dystrophy (DMD).

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. It has been reported in scientific literature that patients with DMD who have a greater number of T cells with high levels of CD49d (ATL1102's biological target) on their surface have more severe and rapid disease progression. ATL1102 is being developed as a novel treatment for the inflammation that exacerbates muscle fibre damage in DMD patients. 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.

The clinical trial of ATL1102 in patients with DMD is designed to assess the drug's effects on the inflammation associated with the muscle fibre damage characteristic of this disease. The clinical trial is being conducted at the Royal Children's Hospital (RCH) in Melbourne.

Directors' report (continued)

In February 2018 the Company received approval from RCH's, Human Research Ethics Committee, to undertake the ATL1102 Phase II clinical trial. The study is a single dose investigation of 25mg of ATL1102 administered weekly in wheel chair bound boys with DMD. The primary goal of the study is to establish ATL1102's safety and tolerability in this DMD patient population at the dose being investigated. The potential efficacy of ATL1102 will also be assessed via ATL1102's effects on important blood and imaging (MRI) markers of inflammation and muscle damage associated with DMD. Notably, the extended (6 month) dosing period of clinical trial may also allow for ATL1102 to show an improvement in key clinical endpoints that are relevant to DMD disease progression (e.g. the upper limb function of the boys).

The Clinical Investigators for the trial are Dr Ian Woodcock, a Neuromuscular Fellow at RCH and Professor Monique Ryan, Director of the Neurology Department at RCH.

Progress

On 16th July 2018 Antisense Therapeutics advised that an initiation meeting with trial investigators, coordinators, clinical project managers, nurses and other key personnel involved in the study was held at the trial site at the RCH and patient recruitment was to proceed.

On 23rd July 2018 the Company announced the appointment of Ms Nuket Desem as Director of Clinical and Regulatory affairs. Nuket brings to Antisense Therapeutics over 20 years' experience in global regulatory affairs, clinical development and project management obtained through her roles within the pharmaceutical/biotechnology industry, including senior positions in various biotechnology companies. Nuket will be responsible for developing the Company's global clinical and regulatory strategy for its product pipeline and for execution of the Company's clinical development plans, including the conduct of the Phase II clinical trial of ATL1102 in Duchenne Muscular Dystrophy at the Royal Children's Hospital in Melbourne.

On 29th August 2018 the Company advised that the first patient had been dosed in the Phase II clinical trial, and that commencement of the trial represented an important development milestone for the Company and for patients seeking potentially better and safer treatments.

On 6th September 2018 the Company announced it would attend and present at the Duchenne ACTT Now Conference 2018. The Conference was held by the Save our Sons Duchenne Foundation and Australasian Neuromuscular Network.

Events after Balance Date

On 18th January 2019 the Company advised that 5 patients had been enrolled in the 9 patient Phase II clinical trial of ATL1102 and that 4 patients had been dosed with ATL1102 in the trial with a 5th screened patient having met the eligibility criteria for the trial and with their dosing scheduled to commence early February. The Company also advised that to that point in time no serious adverse safety related events had been reported.

The Company also advised that the US based DMD advocacy group Parent Project Muscular Dystrophy (PPMD), whose advocacy efforts have secured hundreds of millions of dollars in funding and helped win two FDA approvals, had recently incorporated details of the ATL1102 for DMD trial on their website with the listing by PPMD viewed as significantly increasing the visibility and awareness of Antisense Therapeutics' DMD clinical development activities in the US.

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.*

Directors' report (continued)

ATL1102 for Multiple Sclerosis (MS)

The Company previously reported that it had submitted an Investigational New Drug (IND) application to the FDA for the conduct of Phase IIb trial in MS patients and had received notification from the FDA that the study could proceed at a lower (25mg/week) dose for 6 months under a partial hold introduced by the FDA.

The Company continue to explore the conditions that would allow MS patients to receive higher doses of ATL1102 including potentially generating additional data while also monitoring the progress of ATL1102 DMD trial which could provide support for undertaking studies in MS patients at the FDA approved dose.

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. 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.

ATL1103 for Acromegaly

ATL1103 also referred to as atesidorsen 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 results of the Phase II trial have been published in the leading peer-reviewed medical Journal, the ***European Journal of Endocrinology.*** *(Trainer et al,* Eur J Endocrinol, 2018 May 22 - 179: 97-108). The Company also conducted a successful high dose study of ATL1103 in adult patients with acromegaly in Australia.

The US Food and Drug Administration (FDA) and European Commission have granted Orphan Drug designation to ATL1103 for treatment of Acromegaly.

The Company executed a global agreement with innovative early access provider myTomorrows (Amsterdam, The Netherlands) to implement an Early Access Program (EAP) for ATL1103, for the treatment of acromegaly to be established in select countries within the European Union (EU).

Labelled and packaged in the UK, the ATL1103 drug product is available to be shipped to myTomorrows in the Netherlands for EAP distribution subject to myTomorrows clearance for importation.

Additional (to what has been required to support clinical trial usage) product data and documentation has had to be, and is being generated in order for the ATL1103 drug product to be supplied in accordance with the required regulatory and quality standards for use in the EAP. Antisense Therapeutics is working closely with myTomorrows in order that this process may be finalised and product imported and released by myTomorrows for use in the EAP.

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.

Directors' report (continued)

R&D tax incentives

During the period the Company received from the Australian Taxation Office an R&D Tax Incentive payment of $284,900 in relation to expenditure incurred on eligible R&D activities for the 30 June 2018 financial year.

Financial position

At 31 December 2018, the Company had cash reserves of $2,901,203 (30 June 2018:$4,299,059)

Events after balance sheet date

No other 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.

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.

Directors' report (continued)

Biotechnology companies – Inherent risks (continued)

Regulatory approvals (continued)

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.

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.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1 (where rounding is applicable) and where noted ($) under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the class order applies.

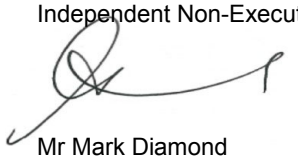
Auditor independence and non-audit services

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Directors.



Mr Robert W Moses
Independent Non-Executive Director



Mr Mark Diamond
Managing Director

Melbourne

Dated: 27 February 2019

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Auditor's Independence Declaration to the Directors of Antisense Therapeutics Limited

As lead auditor for the review of the half-year financial report of Antisense Therapeutics Limited for the half-year ended 31 December 2018, 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 review; and

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

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

Ernst & Young

Joanne Lonergan
Partner
27 February 2019

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Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2018

	Notes	31 December 2018 $	31 December 2017 $
Revenue	3	37,026	8,786
Other income	3	245,136	151,477
		282,162	**160,263**
Depreciation expenses		(2,807)	(3,206)
Administrative expenses	4	(705,481)	(651,735)
Occupancy expenses	4	(57,385)	(60,236)
Patent expenses		(114,188)	(83,992)
Research and development expenses	4	(883,346)	(296,418)
Foreign exchange (gains)/losses		(8,675)	(3,049)
Loss before tax		**(1,489,720)**	**(938,373)**
Income tax benefit/(expense)		-	-
Loss for the period		**(1,489,720)**	**(938,373)**
Other comprehensive income/(loss) for the year, net of tax		**-**	**-**
Total comprehensive loss for the year, net of tax		**(1,489,720)**	**(938,373)**
Earnings/(loss) per share	7		
Basic loss per share (cents)		($0.40)	($0.58)
Diluted loss per share (cents)		($0.40)	($0.58)

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2018

	Notes	31 December 2018 $	30 June 2018 $
Assets			
Current assets			
Cash and cash equivalents	5	2,901,203	1,899,059
Trade and other receivables	6	255,757	331,162
Prepayments		78,415	164,235
Other current assets		-	2,400,000
		3,235,375	4,794,456
Non-current assets			
Plant and equipment		4,868	7,675
		4,868	7,675
Total assets		**3,240,243**	**4,802,131**
Liabilities			
Current liabilities			
Trade and other payables		260,702	332,619
Employee benefit liabilities		256,795	248,241
		517,497	580,860
Total liabilities		**517,497**	**580,860**
Net Assets		**2,722,746**	**4,221,271**
Equity			
Contributed equity	9	62,396,710	62,405,510
Accumulated losses		(59,673,964)	(58,184,239)
Total equity		**2,722,746**	**4,221,271**

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the half-year ended 31 December 2018

	Contributed equity	Reserve	Accumulated losses	Total
	$	$	$	$
As at 1 July 2017	**57,706,647**	**-**	**(55,853,224)**	**1,853,423**
Loss for the period	-	-	(938,373)	(938,373)
Total comprehensive loss	-	-	(938,373)	(938,373)
Share-based payments	-	20,000	-	20,000
At 31 December 2017	**57,706,647**	**20,000**	**(56,791,597)**	**935,050**
As at 1 July 2018	**62,405,510**	**-**	**(58,184,244)**	**4,221,266**
Loss for the period	-	-	(1,489,720)	(1,489,720)
Total comprehensive loss	-	-	(1,489,720)	(1,489,720)
Transactions costs on options issues/capital raising	(8,800)	-	-	(8,800)
At 31 December 2018	**62,396,710**	**-**	**(59,673,964)**	**2,722,746**

The accompanying notes form part of these financial statements.

Statement of cash flows

For the half-year ended 31 December 2018

	Notes	31 December 2018 $	31 December 2017 $
Operating activities			
Payments to suppliers and employers		(1,725,815)	(1,358,037)
Interest received		43,059	10,762
R&D tax concession refund		284,900	399,203
Net cash flows used in operating activities		**(1,397,856)**	**(948,072)**
Investing activities			
Term Deposits (Over 90+ days)		2,400,000	-
Net cash flows from investing activities		**2,400,000**	**-**
Financing activities			
Net cash flows from/(used in) financing activities		**-**	**-**
Net increase (decrease) in cash and cash equivalents		1,002,144	(948,072)
Cash and cash equivalents at 1 July		1,899,059	1,901,988
Cash and cash equivalents at 31 December	5	**2,901,203**	**953,916**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the half-year ended 31 December 2018

1. Summary of significant accounting policies

1.1 Basis of preparation

The general purpose condensed financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all notes of the type normally included in an Annual Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the Annual Report.

Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Antisense Therapeutics Limited during the Half Year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

1.2 Changes in accounting policy, disclosures, standards and interpretations

The accounting policies adopted by the Company are consistent with the most recent Annual Report for the year ended 30 June 2018, except for the changes in the below policies:

(a) AASB 9 Financial Instruments - Impact of adoption

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Company has applied AASB 9 retrospectively, with the initial application date of 1 July 2018. Adoption of AASB 9 has resulted in changes in accounting policies but no adjustment to the financial statements at 1 July 2018. The new accounting policies are set out in note 1.2(b) below.

(b) AASB 9 Financial Instruments - Accounting policies applied from 1 July 2018

(i) Financial Assets & Liabilities

Classification and Measurement

From 1 July 2018, except for certain trade receivables, under AASB 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Debt instruments

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

For the half-year ended 31 December 2018

1. Summary of significant accounting policies (continued)

1.2 Changes in accounting policy, disclosures, standards and interpretations (continued)

(b) AASB 9 Financial Instruments – Accounting policies applied from 1 July 2018 (continued)

Debt Instruments (continued)

• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest at specified dates are measured at amortised cost.This category includes the Group's Trade and other receivables. These financial assets were previously classified as Loans and receivables under AASB 139. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

• FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

• FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The accounting for the Company's financial liabilities remains largely the same as it was under AASB 139.

Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach required by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the entity's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The adoption of the ECL requirements of AASB 9 did not result in a material increase in impairment allowances of the Company's trade and other receivables.

(c) AASB 15 Revenue from Contracts with Customers - Impact of adoption

The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018 which resulted in changes in accounting policies. There have been no adjustments to the amounts recognised in the financial statements as the Group has not generated revenue from contracts with customers.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the reporting period ended 31 December 2018. The Company have not early adopted any of these new or amended standards or interpretations. The Company have assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations and concluded it does not expect AASB 16 to have material impact on the Company's financial report.

Notes to the financial statements (continued)

For the half-year ended 31 December 2018

1. Summary of significant accounting policies (continued)

1.2 Changes in accounting policy, disclosures, standards and interpretations (continued)

Accounting Standards and Interpretations issued but not yet effective (continued)

Title	Nature of change	Impact	Application	Application date
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	The Company only has one operating lease arrangement in relation to the office rental - which is on a short term basis (12 months). Therefore management does not expect AASB 16 to have a material impact on the Company's financial report.	1 January 2019	1 July 2019

1.3 Going concern

The Directors have prepared the half year financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss from ordinary activities of $1,489,720 during the half year ended 31 December 2018 ($938,373 half year to 31 December 2017) and incurred an operating cash outflow of $1,397,856 ($948,072 half year to 31 December 2017). The cash on hand balance at 31 December 2018 is $2,901,203 ($1,899,059 as at 30 June 2018).

As at 31 December 2018, the Company had a net assets position of $2,722,746 (June 2018: $4,221,271), and current assets exceed current liabilities by $2,717,878 (June 2018: current assets exceeded current liabilities by $4,213,596).

The Company will need to access additional capital within the next 12 months for further development of its various development projects and to continue to pay its debts as and when they fall due.

After consideration of the available facts the Directors have concluded that the going concern basis is appropriate given the Company's track record of raising capital and the status of ongoing discussions with various parties. 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.

Notes to the financial statements (continued)

For the half-year ended 31 December 2018

2. Dividends

No dividends have been declared for the period ended 31 December 2018 (31 December 2017: Nil).

3 Revenue and other income

	31 December 2018	31 December 2017
	$	$
Revenue		
Interest from external parties	37,026	8,786
Total revenue	**37,026**	**8,786**
Other income		
Research and development tax concession	245,136	151,477
Total other income	**245,136**	**151,477**
Total revenue and other income	**282,162**	**160,263**

a Research and development tax concession

Research and development tax concession for the 31 December 2018 reporting period consists of $245,136 anticipated refund for expenditure incurred in the period (2017: $151,477).

For the half-year ended 31 December 2018

4 Expenses

	31 December 2018	31 December 2017
	$	$
Administrative expenses		
Business development expenses	188,588	207,695
Compliance expenses	108,846	96,078
Office expenses	28,429	23,798
Corporate employee expenses	379,618	324,164
	705,481	**651,735**
Occupancy expenses		
Rent	52,435	50,129
Other expenses	4,950	10,107
	57,385	**60,236**
Research and development expenses		
ATL 1102	409,853	106,720
ATL 1103	280,279	77,472
R&D Staff Costs	193,214	112,226
	883,346	**296,418**

5. Cash and cash equivalents

	31 December 2018	30 June 2018
	$	$
Cash at bank and on hand	297,313	399,059
Short-term deposits	2,603,890	1,500,000
	2,901,203	**1,899,059**

6. Trade and other receivables

	31 December 2018	30 June 2018
	$	$
Research and development tax concession receivable	232,489	272,253
Interest receivable	5,867	11,900
Other receivables	17,401	47,009
	255,757	**331,162**

7. Loss per share (EPS)

Basic EPS amounts are calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

For the half-year ended 31 December 2018

7. Loss per share (EPS) (continued)

Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders (after adjusting for dilution factors) 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 impact of all the dilutive potential ordinary shares into ordinary shares.

	31 December 2018 $	31 December 2017 $
Loss per share		
Basic loss per share (cents)	($0.40)	($0.58)
Diluted loss per share (cents)	($0.40)	($0.58)

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

	31 December 2018 $	31 December 2017 $
Loss attributable to ordinary equity holders of the Parent		
Net profit/(earnings/(losses)) used in the calculation of basic and diluted earnings/(losses) per share	(1,489,720)	(938,373)
Loss attributable to ordinary equity holders of the Parent for basic earnings	**(1,489,720)**	**(938,373)**
Loss attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	**(1,489,720)**	**(938,373)**

	31 December 2018	31 December 2017
Weighted average number of ordinary shares for basic EPS*	371,618,638	161,559,408
Effect of dilution:		
Weighted average number of ordinary shares adjusted for the effect of dilution *	**371,618,638**	**161,559,408**

** 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.*

8. Commitments and contingencies

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	31 December 2018 $	30 June 2018 $
Within one year	81,000	27,000
	81,000	**27,000**

The lease expenditure commitments relate to the leasing of office premises. The lease is for a term of one year, expiring October 2019.

For the half-year ended 31 December 2018

8. Commitments and contingencies (continued)

Contingencies

There are no contingencies in the current or preceding year.

9. Contributed equity

	Notes	31 December 2018 $	30 June 2018 $
Ordinary fully paid shares	9.1	61,156,598	61,165,398
Options over ordinary shares	9.2	1,240,112	1,240,112
		62,396,710	**62,405,510**

9.1 - Ordinary fully paid shares

	No.	$
As at 1 July 2017	**161,559,408**	**56,466,535**
Shares issued during the period	-	-
At 31 December 2017	**161,559,408**	**56,466,535**

	No.	$
As at 1 July 2018	**371,618,638**	**61,165,398**
Shares issued during the period	-	-
Capital Raising costs relating to share issues	-	(8,800)
At 31 December 2018	**371,618,638**	**61,156,598**

9.2 - Options over ordinary shares

	No.	$
At 1 July 2017	**68,713,794**	**1,240,112**
Options issued during the period	-	-
Capital Raising costs associated with option issues	-	-
At 31 December 2017	**68,713,794**	**1,240,112**
At 1 July 2018	**68,681,794**	**1,240,112**
Options issued during the period	-	-
Capital Raising costs associated with option issues	-	-
At 31 December 2018	**68,681,794**	**1,240,112**

10. Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (Chief Operating Decision Maker) in assessing performance and determining the allocation of resources.

The operating segments are identified by the Managing Director and his executive management team based on the manner in which the expenses are incurred. Discrete financial information about each of these operating segments is reported by the Managing Director to the Board on a regular basis.

The reportable segments are based on aggregated operating segments determined by similarity of expenses, where expenses in the reportable segments exceed 10% of the total expenses for either the current and/or previous reporting period.

Operating segments:

- ATL1102
- ATL1103

For the half-year ended 31 December 2018

10. Segment information (continued)

Year ended 31 December 2018	ATL1102	ATL1103	Total segments	Unallocated (Note 10.1)	Total segments + Unallocated
	$	$	$	$	$
Revenue	-	-	-	282,162	282,162
Other income	-	-	-	-	-
	-	**-**	**-**	**282,162**	**282,162**
Segment Result	(409,853)	(280,279)	(690,132)	(1,081,750)	(1,771,882)
Segment results	**(409,853)**	**(280,279)**	**(690,132)**	**(799,588)**	**(1,489,720)**

Year ended 31 December 2017	ATL1102	ATL1103	Total segments	Unallocated (Note 10.1)	Total segments + Unallocated
	$	$	$	$	$
Revenue	-	-	-	8,786	8,786
Other income	-	-	-	151,477	151,477
	-	**-**	**-**	**160,263**	**160,263**
Segment Result	(106,720)	(77,472)	(184,192)	(914,444)	(1,098,636)
Segment results	**(106,720)**	**(77,472)**	**(184,192)**	**(754,181)**	**(938,373)**

10.1 - Unallocated breakdown

	31 December 2018	31 December 2017
	$	$
Revenue and other income		
Interest from external parties	37,026	8,786
R&D tax concession refund	245,136	151,648
	282,162	**160,434**

	31 December 2018	31 December 2017
	$	$
Expenses		
Compliance expenses	(108,846)	(96,078)
Employee expenses	(572,832)	(436,390)
Business development expenses	(188,588)	(207,695)
Patent expenses	(114,188)	(83,992)
Other expenses	(97,297)	(90,289)
	(1,081,751)	**(914,444)**

11. Events after the reporting period

No other 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 results of those operations, or the state of affairs of the Company, in future financial years.

Directors' declaration

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

1. In the opinion of the Directors:

   (a) the interim financial statements and notes of Antisense Therapeutics Limited for the financial half-year ended 31 December 2018 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 31 December 2018 and of its performance for the half-year on that date; and

      (ii) complying with AASB134 Interim Financial Report and the *Corporations Regulations 2001*;

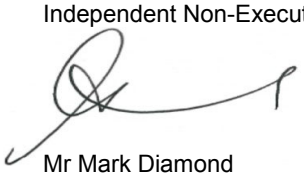
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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 half-year ended 31 December 2018.

On behalf of the board



Mr Robert W Moses
Independent Non-Executive Chairman



Mr Mark Diamond
Managing Director

Melbourne
Dated: This the 27th Day of February 2019.

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Independent Auditor's Review Report to the Members of Antisense Therapeutics Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Antisense Therapeutics Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2018, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1.3 in the financial report which describes the principal conditions that indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern. Therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Ernst & Young

Joanne Lonergan
Partner
Melbourne
27 February 2019

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