Antisense Therapeutics Limited
Appendix 4D
For the Half-year ended 31 December 2017

Name of entity	Antisense Therapeutics Limited
ABN	095 060 745
Half-year ended	31 December 2017 (Previous corresponding period: 31 December 2016)

Results for Announcement to the Market

The results of Antisense Therapeutics Limited for the half-year ended 31 December 2017 are as follows:

Revenues	down	80.31% to	8,786
Loss after tax attributable to members	down	31.01% to	938,373
Net loss for the period attributable to members	down	31.01% to	938,373

Explanation of Results

The Company reported a loss for the half year ended 31 December 2017 of $938,373 (31 December 2016: $1,360,183). 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 2017	31 December 2016
Net tangible assets ($)	935,050	3,263,559
Shares (No.)	161,559,408	161,487,408
Net tangible assets per share (cents)	0.58	2.02

	31 December 2017	31 December 2016
Basic earnings/ (loss) per share (cents)	(0.58)	(0.79)
Diluted earnings/ (loss) per share (cents)	(0.58)	(0.79)

Status of Review of Accounts

The Appendix 4D is based on accounts which have been reviewed. The auditors report 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 2017

Contents to financial report

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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6-8 Wallace Avenue
Toorak Victoria 3142
Australia
Phone: +61 3 9827 8999

Principal place of business
6-8 Wallace Avenue
Toorak Victoria 3142
Australia
Phone: +61 3 9827 8999

Share register
Boardroom Pty Ltd
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Sydney NSW 2000
Australia
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 2017.

Directors

The names and details of the Company's Directors in office during the financial period and until the date of this report are as follows. 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 $938,373 (2016: $1,360,183). 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 2017.

This report should be read in conjunction with the Company's 30 June 2017 Annual Report.

ATL1103 for Acromegaly (Atesidorsen)

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 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.

Progress

On 22nd December the Company announced that it had executed a global agreement with innovative early access provider myTomorrows (Amsterdam, The Netherlands) to implement an Early Access Program (EAP) for ATL1103, also referred to as atesidorsen, for the treatment of Acromegaly and will initially be established in selected countries within the Antisense Therapeutics Limited European Union (EU).

Directors' report (continued)

ATL1103 for Acromegaly (continued)

Progress (continued)

Subject to myTomorrows receiving the requisite regulatory approvals and support for the ATL1103 EAP program, the Company expects to provide ATL1103 to treatment centres in the EU. myTomorrows has undertaken certain product assessments that have included discussions with a number of key acromegaly experts in Europe (including some of the investigators from the ATL1103 Phase II clinical trial) to identify the unmet medical need in the relevant patient group, where myTomorrows received good support for the concept of using ATL1103 in patients not controlled on current acromegaly treatments.

Antisense currently has sufficient supplies of ATL1103 raw material to potentially treat approximately 15 patients for 1 year. Under the EAP, the Company can set pricing for the drug. The next step for the Company would be to arrange for the ATL1103 raw material to be formulated into injectable product for potential use in the EAP.

Under the EAP agreement, myTomorrows will perform at their cost the EAP activities including relevant data collection and the seeking of the EAP treatment approvals. myTomorrows is to receive a share of EAP related revenue less associated pass through costs including those to Ionis Pharmaceuticals from whom the Company in-licensed ATL1103.

Separate to this EAP agreement, the Company advised it is seeking a partner for the on-going clinical development and potential commercialisation of ATL1103. In the event of future licensing revenue and sales of ATL1103, myTomorrows would be entitled to a percentage of such sales and licensing revenue received by Antisense as compensation for the services provided, but only in those countries where an EAP had been established.

The Company is of the view that an ATL1103 EAP would, next to patient treatment, also further stimulate Key Opinion Leader interest and support within a major pharmaceutical (Europe) market, produce key safety data (without associated clinical trial costs), generate income and facilitate increased partnering interest for the continued development of the drug.

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.

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 FDA, for the conduct of a Phase IIb trial in 195 MS patients.

Progress

Phase IIb Trial

On 27th July the Company advised that it had been in communications with the FDA in regard to the ATL1102 for MS Phase IIb IND application. The FDA advised the Company that modifications to the proposed clinical trial were needed in order for FDA to clear the IND to proceed.

Directors' report (continued)

Progress (continued)

On 12th September the Company reported that that it had submitted a formal response to the US FDA in regard to the ATL1102 for MS Phase IIb IND application to address the points specified by the FDA in their clinical hold letter.

On 2nd October the Company announced that it had received notification from the FDA that the full clinical hold for the Phase IIb clinical study of ATL1102 for MS had been lifted and that the study may proceed at a low (25mg/week) dose for 6 months under a partial hold introduced by the FDA.

On 17th October the Company advised that in consultation with its regulatory advisors it would seek clarification from the FDA for criteria under which MS patients could receive higher doses in subsequent trials.

On 21st November ATL advised that its regulatory advisors had lodged a submission on behalf of the Company for a meeting request with the FDA to clarify criteria under which MS patients could receive higher doses of ATL1102 under the Company's proposed Phase IIb clinical study of ATL1102 MS.

The Company had previously reported that it was seeking to secure non-dilutive funding for the conduct of the Plase IIb trial from the National Institute of Neurological Disorders and Stroke (NINDS), part of the National Institutes for Health (NIH). At the Company's Annual General Meeting of shareholders on 29 November, it was noted in the AGM presentation (lodged on ASX on same date) that the grant application submission is pending the outcome of FDA deliberations on higher dosing plans.

On 19th December the Company reported that the FDA had subsequently advised the Company that the most efficient path forward for the Company was to submit a complete written response to the partial hold outlining ATL's proposed changes and inclusion of additional safety related parameters to the Phase IIb clinical study protocol that would potentially allow for the administration of higher doses.

New Data

On the 30 October the Company reported that data showing ATL1102 significantly reduces the number of active multiple sclerosis (MS) brain lesions that convert to 'Black Holes' [areas of axonal (nerve fiber) loss or permanent tissue damage] was presented at the 7th Joint ECTRIMS-ACTRIMS Meeting in Paris, France. The Joint ECTRIMS-ACTRIMS Meeting is the world's largest international conference devoted to basic and clinical research in MS.

The late breaker abstract entitled "ATL1102 treatment reduces conversion of active multiple sclerosis lesions into persistent black holes" was selected by the ECTRIMS-ACTRIMS Scientific Programme Committee to be given as a poster presentation by lead author, Dr Frederik Barkhof, Professor of Neuroradiology, Department of Radiology and Nuclear Medicine, VU University Medical Centre, Amsterdam.

Importantly, the positive effect of ATL1102 suggests that along with its action in reducing the number of new inflammatory brain lesions, ATL1102 may also be neuroprotective by reducing damage to axons in the lesions and thereby slow the MS disease progression.

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 2 million worldwide and the current market for MS drugs is estimated at more than USD$20 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 20,000 people and worldwide MS may affect more than one million people.

ATL1102 for Duchennes Muscular Dystrophy (DMD)

The Company is planning to undertake 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. 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 is trial designed to assess the drug's effects on the inflammation associated with the muscle fibre damage characteristic of this disease. The clinical trial is planned to be undertaken at the Royal Children's Hospital (RCH) 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 undertake the trial.

Progress

On 12th September the Company advised that it had received notification that all Drug Trial Subcommittee issues had been resolved. The Company also reported that the Human Research Ethics Committee (HREC) advised that given the on-going nature of the FDA IND process, it would require clearance of the ATL1102 for MS Phase IIb IND by the FDA for the HREC to approve the DMD trial and that should the IND application be cleared the Company would expect the DMD trial approval to be received shortly thereafter.

On 2nd October the Company advised that due to the FDA response and lifting of full clinical hold on the IND application (see Progress in MS section above for details) it would follow up with HREC to confirm the approval status of the DMD trial in light of the response and lifting of full clinical hold on the IND.

On 17th October the Company advised that in light of the FDA lifting the full clinical hold on the IND for ATL1102 for MS, the Company had followed up its application to conduct a clinical trial of ATL1102 in patients with DMD at the RCH in Melbourne with a submission of an update to the trial protocol to include a lower starting dose arm that was to be followed by two higher dosing arms (dose escalation study protocol).

On 19th December through consultations with the Principal Investigators of the trial and their interactions with the RCH, the Company advised it was proposing a change to the clinical trial protocol being to extend the dosing duration of the study from 8 weeks (as per the dose escalation study protocol) to 6 months.

The Company advised that the extension of the dosing period may 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), generally only observable in longer term studies, and of the type that would be required for future product registration. This would be an initial single dose study of 25mg of ATL1102 per week in wheel chair bound boys weighing between 30 to 60kg. The new trial protocol was to be submitted to the HREC for review at their meeting on February 2018.

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.

R&D tax incentives

During the period the Company received from the Australian Taxation Office an R&D Tax Incentive payment of $399,374 in relation to expenditure incurred on eligible R&D activities for the 2017 financial year.

Financial position

At 31 December 2017, the Company had cash reserves of $953,916 (30 June 2017:$1,901,989)

Directors' report (continued)

Financial position (continued)

On 19th December 2017 the Company advised that is was assessing options to access additional capital to fund the value adding activities described above.

Events after balance sheet date

At the close of business on the 27th of February 2018, the Company received notice of ethical approval from The Royal Children's Hospital Melbourne Human Research Ethics Committee (HREC) for the Phase 2 trial of ATL1102 in DMD patients.

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.

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 Chairman

Mr Mark Diamond
Managing Director

Melbourne

Dated: 28 February 2018

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

As lead auditor for the review of Antisense Therapeutics Limited for the half-year ended 31 December 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 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
28 February 2018

Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2017

	Notes	31 December 2017 $	31 December 2016 $
Revenue	3	8,786	44,613
Other income	3	151,477	162,129
		160,263	**206,742**
Depreciation expenses		(3,206)	(1,506)
Administrative expenses	4	(651,735)	(987,176)
Occupancy expenses	4	(60,236)	(58,813)
Patent expenses		(83,992)	(68,048)
Research and development expenses	4	(296,418)	(446,483)
Foreign exchange gains/(losses)		(3,049)	(4,899)
Loss before tax		**(938,373)**	**(1,360,183)**
Income tax benefit/(expense)		-	-
Loss for the period		**(938,373)**	**(1,360,183)**
Other comprehensive income/(loss) for the year, net of tax		**-**	**-**
Total comprehensive loss for the year, net of tax		**(938,373)**	**(1,360,183)**
Earnings/(loss) per share	7		
Basic loss per share		($0.58)	($0.79)
Diluted loss per share		($0.58)	($0.79)

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2017

	Notes	31 December 2017 $	30 June 2017 $
Assets			
Current assets			
Cash and cash equivalents	5	953,916	1,901,988
Trade and other receivables	6	162,445	427,894
Prepayments		143,857	165,105
Other current assets		-	30,000
		1,260,218	2,524,987
Non-current assets			
Plant and equipment		10,882	14,088
		10,882	14,088
Total assets		**1,271,100**	**2,539,075**
Liabilities			
Current liabilities			
Trade and other payables		71,676	364,346
Employee benefit liabilities		264,374	321,306
		336,050	685,652
Total liabilities		**336,050**	**685,652**
Net Assets		**935,050**	**1,853,423**
Equity			
Contributed equity	9	57,706,647	57,706,647
Reserves	9	20,000	-
Accumulated losses		(56,791,597)	(55,853,224)
Total equity		**935,050**	**1,853,423**

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the half-year ended 31 December 2017

	Contributed equity	Reserve	Accumulated losses	Total
	$	$	$	$
As at 1 July 2016	**56,714,725**	**960,855**	**(53,098,425)**	**4,577,155**
Loss for the period	-	-	(1,360,183)	(1,360,183)
Total comprehensive loss	-	-	(1,360,183)	(1,360,183)
Issue of options (Note 9)	73,169	-	-	73,169
Transactions costs on options issues	(26,582)	-	-	(26,582)
At 31 December 2016	**56,761,312**	**960,855**	**(54,458,608)**	**3,263,559**
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**

The accompanying notes form part of these financial statements.

Statement of cash flows

For the half-year ended 31 December 2017

	Notes	31 December 2017 $	31 December 2016 $
Operating activities			
Payments to suppliers and employers		(1,358,037)	(1,719,865)
Interest received		10,762	44,613
R&D tax concession refund		399,203	395,595
Net cash flows used in operating activities		**(948,072)**	**(1,279,657)**
Investing activities			
Purchase of property, plant and equipment		-	(15,575)
Net cash flows used in investing activities		**-**	**(15,575)**
Financing activities			
Proceeds from issue of securities		-	73,169
Capital raising costs		-	(26,582)
Net cash flows from financing activities		**-**	**46,587**
Net decrease in cash and cash equivalents		(948,072)	(1,248,645)
Cash and cash equivalents at 1 July		1,901,988	4,800,718
Cash and cash equivalents at 31 December	5	**953,916**	**3,552,073**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the half-year ended 31 December 2017

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 2017 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 2017 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 2017.

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 2017. The Director have not early adopted any of these new or amended standards or interpretations. The Director have assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations and concluded that they did not have any significant impact on the entity.

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 $938,373 during the half year ended 31 December 2017 ($1,360,183 half year to 31 December 2016) and incurred an operating cash outflow of $948,072 ($1,279,657 half year to 31 December 2016). The cash on hand balance at 31 December 2017 is $953,916 ($3,552,073 as at 31 December 2016).

As at 31 December 2017, the Company had a net assets position of $935,050 (June 2017: $1,853,423), and current assets exceed current liabilities by $924,168 (June 2017: current assets exceeded current liabilities by $1,839,335).

The Company will need to access additional capital in the near term 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.

2. Dividends

No dividends have been declared for the period ended 31 December 2017 (31 December 2016: Nil).

For the half-year ended 31 December 2017

3 Revenue and other income

	31 December 2017 $	31 December 2016 $
Revenue		
Interest from external parties	8,786	44,613
Total revenue	**8,786**	**44,613**
Other income		
Research and development tax concession	151,477	162,129
Total other income	**151,477**	**162,129**
Total revenue and other income	**160,263**	**206,742**

a Research and development tax concession

Research and development tax concession for the 31 December 2017 reporting period consists of $151,477 anticipated refund for expenditure incurred in the period (2016: $162,129).

Notes to the financial statements (continued)

For the half-year ended 31 December 2017

4 Expenses

	31 December 2017	31 December 2016
	$	$
Administration expenses		
Business development expenses	207,695	432,074
Compliance expenses	96,078	143,409
Office expenses	23,798	29,779
Corporate employee expenses	324,164	381,914
	651,735	**987,176**
Occupancy expenses		
Rent	50,129	49,389
Other expenses	10,107	9,424
	60,236	**58,813**
Research and development expenses		
ATL 1102	106,720	199,071
ATL 1103	77,472	165,418
R&D Staff Costs	112,226	81,994
	296,418	**446,483**

5. Cash and cash equivalents

	31 December 2017	30 June 2017
	$	$
Cash at bank and on hand	253,916	401,988
Short-term deposits	700,000	1,500,000
	953,916	**1,901,988**

6. Trade and other receivables

	31 December 2017	30 June 2017
	$	$
Research and development tax concession receivable	151,477	399,203
Interest receivable	1,289	3,265
Other receivables	9,679	25,426
	162,445	**427,894**

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 2017

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 2017 $	31 December 2016 $
Loss per share		
Basic loss per share	($0.58)	($0.79)
Diluted loss per share	($0.58)	($0.79)

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

	31 December 2017 $	31 December 2016 $
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	(938,373)	(1,360,183)
Loss attributable to ordinary equity holders of the Parent for basic earnings	**(938,373)**	**(1,360,183)**
Loss attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	**(938,373)**	**(1,360,183)**

	31 December 2017	31 December 2016
Weighted average number of ordinary shares for basic EPS*	161,559,408	173,903,731
Effect of dilution:		
Weighted average number of ordinary shares adjusted for the effect of dilution *	**161,559,408**	**173,903,731**

** 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 2017 $	30 June 2017 $
Within one year	25,464	24,693
	25,464	**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.

Contingencies

For the half-year ended 31 December 2017

8. Commitments and contingencies (continued)

There are no contingencies in the current or preceding year.

9. Contributed equity

	Notes	31 December 2017 $	30 June 2017 $
Ordinary fully paid shares	9.1	56,466,535	56,466,535
Options over ordinary shares	9.2	1,240,112	1,240,112
		57,706,647	**57,706,647**

9.1 - Ordinary fully paid shares

	No.	$
As at 1 July 2016	**161,487,408**	**55,505,680**
Shares issued during the period	-	-
At 31 December 2016	**161,487,408**	**55,505,680**

	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**

For the half-year ended 31 December 2017

9. Contributed equity (continued)

9.2 - Options over ordinary shares

	No.	$
At 1 July 2016	**46,950,984**	**1,209,045**
Options issued during the period	68,713,794	73,169
Capital Raising costs associated with option issues	-	(26,582)
At 31 December 2016	**115,664,778**	**1,255,632**
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**

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 - Multiple Sclerosis and DMD
- ATL1103 - Acromegaly

Year ended 31 December 2017	**ATL1102 Multiple Sclerosis**	**ATL1103 Growth and sight disorders**	**Total segments**	**Unallocated (Note 12.1)**	**Total segments + Unallocated**
	$	**$**	**$**	**$**	**$**
Revenue	-	-	-	8,786	8,786
Other income	-	-	-	151,477	151,477
	-	**-**	**-**	**160,263**	**160,263**
Research and development expenses	(106,720)	(77,472)	(184,192)	(112,226)	(296,418)
Patent expenses	-	-	-	(83,992)	(83,992)
Other operating expenses	-	-	-	(718,226)	(718,226)
	(106,720)	(77,472)	(184,192)	(914,444)	(1,098,636)
Segment results	**(106,720)**	**(77,472)**	**(184,192)**	**(754,181)**	**(938,373)**

For the half-year ended 31 December 2017

10. Segment information (continued)

Year ended 31 December 2016	ATL1102 Multiple Sclerosis	ATL1103 Growth and sight disorders	Total segments	Unallocated (Note 12.1)	Total segments + Unallocated
	$	$	$	$	$
Revenue	-	-	-	44,613	44,613
Other income	-	-	-	162,129	162,129
	-	-	-	206,742	206,742
Research and development expenses	(199,071)	(165,418)	(364,489)	(81,994)	(446,483)
Patent expenses	-	-	-	(68,048)	(68,048)
Other operating expenses	-	-	-	(1,052,394)	(1,052,394)
	(199,071)	(165,418)	(364,489)	(1,202,436)	(1,566,925)
Segment results	**(199,071)**	**(165,418)**	**(364,489)**	**(995,694)**	**(1,360,183)**

10.1 - Unallocated breakdown

	31 December 2017	31 December 2016
	$	$
Revenue and other income		
Interest from external parties	8,786	44,613
R&D tax concession refund	151,648	162,129
	160,434	206,742

	31 December 2017	31 December 2016
	$	$
Expenses		
Depreciation expenses	(3,206)	(1,506)
Administration expenses	(651,735)	(987,176)
Occupancy expenses	(60,236)	(58,813)
Patent expenses	(83,992)	(68,048)
Research and development expenses	(112,226)	(81,994)
Foreign exchange gains (losses)	(3,049)	(4,899)
	(914,444)	(1,202,436)

11. Events after the reporting period

At the close of business on the 27th of February 2018, the Company received notice of ethical approval from The Royal Children's Hospital Melbourne Human Research Ethics Committee (HREC) for the Phase 2 trial of ATL1102 in DMD patients.

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 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 31 December 2017 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 2017.

On behalf of the board

Mr Robert W Moses
Independent Non-Executive Chairman

Mr Mark Diamond
Managing Director

Dated: This the 28th Day of February 2018.

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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 2017, 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 2017 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 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

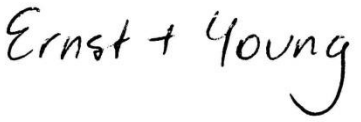
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, 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 2017 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.

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.

Building a better working world

Independence

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



Ernst & Young

Joanne Lonergan
Partner
Melbourne
28 February 2018