Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.2A)

Company Name:	Antisense Therapeutics Limited (the 'Company')
ABN:	41 095 060 745
Reporting Period:	Financial year ended 30 June 2014
Previous Reporting Period:	Financial year ended 30 June 2013

Result for Announcement to the Market

The results of Antisense Therapeutics Limited for the year ended 30 June 2014 are as follows:

Revenues	down	59.20%	to	$82,936
Loss after tax attributable to members	up	22.75%	to	($3,013,272)
Net loss for the period attributable to members	up	22.75%	to	($3,013,272)

Brief explanation of figures reported above

The loss for the Company after income tax for the reporting period was $3,013,272 (2013: $2,454,842) and before income tax the loss for the reporting period was $3,013,272 (2013: $2,454,842). This result has been achieved after fully expensing all research and development costs, in the current reporting period of $2,146,463 (2013: $1,545,896).

For further details relating to the current period's results, refer to the Operations Report 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

	30 June 2014	30 June 2013[1]
Net Tangible Assets	$2,086,891	$4,647,055
Shares (No.)	144,096,128	143,795,457
Net Tangible Assets per Share (Cents)	1.45	3.23

[1]Capital was consolidated on a 10:1 basis on 13 November 2013, comparative results for Net tangible Asset and Earnings per Share have been restated to reflect this consolidation.

Loss per Share

	30 June 2014	30 June 2013
Basic loss per share (Cents)	(2.09)	(1.74)
Diluted loss per share (Cents)	(2.09)	(1.74)

Status of Audit of Accounts

This Appendix 4E is based on accounts which have been audited. The audit report is included within the financial report which accompanies this Appendix 4E. The audit opinion is subject to an emphasis of matter paragraph regarding continuation of the Company as a going concern.

Annual Financial Report

For the Year Ended 30 June 2014

Contents

Operations Report

Overview of Company's Activities

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

During the period under review, the following key events were reported by the Company.

- ATL1103 Phase II Trial Positive Interim Results
- ATL1102 Stem Cell Mobilisation Trial Commencement
- ATL1103 Acromegaly Phase II Trial Recruitment completed
- ATL1102 for MS Toxicology Main Study findings

Antisense Therapeutics' Mission

Antisense Therapeutics' mission is to develop and commercialise novel antisense therapeutics in-licensed from Isis Pharmaceuticals Inc (Isis), world leaders in antisense drug discovery and development. The Company's Research and Development activities are focused on developing 2nd generation antisense drugs for diseases where there is a significant and acknowledged unmet medical need and where the antisense technology has the potential to provide compounds with clear competitive advantages over existing therapies or drugs in development for those diseases.

Antisense Technology

Antisense drugs are small (12-21 nucleotides) pieces of DNA or RNA that are chemically modified to engineer good drug properties. Conventional medicines typically bring about their desired therapeutic effect by binding to a target protein directly, to interfere with the action of the disease causing protein. Antisense drugs on the other hand, are rationally designed to bind to a specific messenger RNA sequence with extraordinary precision and thereby block or stop the production of the disease causing protein in the first instance.

The antisense drugs in our pipeline incorporate Isis Pharmaceuticals Inc's (Isis) second-generation chemistry. Second-generation drugs are composed of both RNA-like and DNA-like nucleotides, while first-generation drugs are entirely DNA-like. Because RNA hybridizes more tightly to RNA than to DNA, the second-generation drugs have a greater affinity for their RNA targets and, therefore, greater potency. Second generation antisense drugs are more stable, allowing more convenient dosing regimens, better tolerated, and have broad disease application, including autoimmune, inflammatory, ocular, metabolic and cardiovascular diseases as well as cancer.

Isis Strategic Partnership

A fundamental element of the Antisense Therapeutics strategy is its access to leading antisense technology derived from its strategic partnership with Isis, a relationship that has been successfully operating for over 12 years. Isis has 32 drugs in development (either alone or in partnership with other pharmaceutical companies). Isis has several partnerships with major pharmaceutical companies, including drug development collaborations with Genzyme, GSK, and Biogen Idec. In 2013 Isis gained US FDA approval of the world's first systemically administered antisense drug mipomersen (KYNAMRO™).

The collaboration with Isis provides Antisense Therapeutics with access to Isis' antisense intellectual property, and development expertise to support development and commercialisation of the Company's pipeline of antisense drugs.

Projects Update

ATL1103 for Acromegaly, Diabetic Retinopathy and Nephropathy, and Cancer

ATL1103 is a second generation 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 predominantly in the liver, 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 an exciting clinical development opportunity. The therapeutic activity of ATL1103 has been demonstrated both in animal pharmacology studies, where ATL1103 has shown the successful suppression of serum IGF-I levels in both mice and primates, and in a Phase I clinical trial in healthy volunteers. 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.

In August 2012 the Company initiated a Phase II clinical trial of ATL1103, in patients with acromegaly and on 10th April 2013 the Company announced that dosing of patients had commenced.

Progress

In August 2013 the Company advised that acromegaly patients had been successfully enrolling into the ATL1103 Phase II trial. The Company also advised that it would submit a protocol amendment to perform an interim analysis of the Phase ll trial data to provide indicative data on the efficacy of ATL1103 in the Phase II trial.

On 27th November the Company advised that 16 patients had been enrolled into the Phase II trial and randomised to one of the two treatment regimens for dosing with ATL1103. Of the 16 patients randomised into the trial, 4 had completed the 3 month dosing phase as well as the follow up 2 month monitoring period. The Data Safety Monitoring Board (DSMB) recommended that recruitment into the trial continue and that the study proceed unchanged. In addition to the existing trial sites in the UK, Spain and France, ATL reported that Ethics approval had been received for 2 sites in Australia.

On the 23rd December the Company advised that positive results had been achieved from the interim analysis of the available data from the Phase II clinical trial. The interim analysis was undertaken on the 8 patients who had completed the full 3 months of dosing. Four of the patients received 200 mg of ATL1103 once per week and 4 received the higher dose of 200 mg twice per week (400 mg).

The interim analysis assessed the change (percentage reduction) from each patient's baseline (start of the study) serum sIGF-I levels to their levels after the completion of dosing with ATL1103. In the 4 patients who received the 400 mg per week dose, ATL1103 reduced sIGF-I levels consistently and by an average (mean) of 30% (range 4% to 48%) at week 14 (one week past the last dose) which is the primary efficacy time point for the trial. sIGF-I levels were reduced by a mean of 38% (28 – 48%) in the 3 patients who had lower body weights (58 - 83 kg at screening) and thereby received a relatively higher dose per kg bodyweight. The one patient showing the lowest sIGF-1 reduction at week 14 had the highest body weight (132 kg at screening). At the 200 mg per week dose, no consistent reduction in mean sIGF-I levels was observed at week 14, although some sIGF-I reduction was noted in individual patients. The time course data at the 400 mg per week dose generally showed a progressive rate of reduction in sIGF-I over the dosing period, providing further support for the therapeutic action of ATL1103 observed in the trial and suggestive that continued dosing of ATL1103 at the 400 mg per week dose for longer than 3 months could result in additional reductions in sIGF-I. These results

are in line with reductions in sIGF-I that could be therapeutically effective in a significant proportion of acromegaly patients.

The Company also advised in the 23 December announcement that no patients dosed with ATL1103 had withdrawn from the study nor had any serious adverse events, believed to be treatment-related, been reported and that both doses appeared to be well tolerated. ATL also highlighted that the positive safety profile to date suggested the drug may be tolerated at higher levels than 400 mg per week supporting the use of a higher dose in Phase III trials for dose escalation in patients with more active disease.

On 21 March 2014 the Company reported that 24 acromegalic patients had been successfully enrolled in the Phase II trial of ATL1103 and that 16 had completed dosing. No patients dosed with ATL1103 had withdrawn from the study nor had there been any reports of serious adverse events identified as treatment related.

Events after Balance Date

On 7 July 2014 the Company advised that 24 patients had completed the full 13 weeks of dosing in the trial and that an additional 2 acromegalic patients were enrolled into the trial (26 in total) who were to receive their final dose of ATL1103 by 19 July 2014, marking the completion of all dosing in the trial.

On 29th July the company advised that dosing of all 26 patients in the Phase II trial of ATL1103 had been completed and that patients will continue to be monitored for a period of two months after their last dose of ATL1103.

The Company advised that it expected to receive the results of the primary efficacy endpoint of the trial by the end of August 2014.

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 Phase II clinical trial in MS patients.

In June 2013 the Company announced that animal screening for a chronic toxicology study of ATL1102 in primates, being conducted at Pharmaron in China, had been completed and that the dosing of the screened animals with ATL1102 had commenced. Based on successful outcomes the Company would then look to commence planning for a Phase IIb study in MS patients.

Progress

On 12th December ATL announced that dosing in the primate toxicology study of ATL1102 had been completed.

On 1 April the Company reported that the results from the chronic toxicity study indicated that ATL1102 was well-tolerated when given subcutaneously for a 6-month dosing period at the 2 dose levels tested (1.5 and 3mg/kg/dose) and that the Company believed that the preclinical and clinical experience to date with ATL1102 should allow dosing in future trials at or above the 1.5 mg/kg/dose level.

Antisense Therapeutics advised that it was planning future regulatory agency discussions regarding the potential further development of ATL1102 for the multiple sclerosis indication at a pre-IND meeting with the US Food and Drug Administration (FDA).

Patent News

In April 2014 the Company reported that the US Patent Office had allowed US Patent 61/132973 entitled "Methods for treating multiple sclerosis (MS) using antisense oligonucleotides". This covers the use of the ATL1102 compound to reduce brain lesions in relapsing-remitting multiple sclerosis (RRMS), and progressive forms of MS including secondary progressive MS (SPMS) and primary progressive MS (PPMS) and at the desired doses, until 23 June 2029, with potential for an extension of up to five years.

What is Multiple Sclerosis?

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

ATL1102 for Stem Cell Mobilisation

Stem cell transplantation is a medical procedure used to improve clinical outcomes for patients undergoing chemotherapy to treat cancer. Blood cells are produced in the bone marrow and arise from special 'parent' cells, called hematopoietic stem cells. Some chemotherapy has toxic effects on bone marrow, so hematopoietic stem cells are collected from the blood of the patient – or from a donor's blood – before the patient receives chemotherapy. These collected stem cells are then stored and given back later to replace those lost during chemotherapy.

There are normally only a small number of stem cells in the blood, so stem cell mobilisation agents are typically used to increase this number before stem cell collection from a donor or patient. Granulocyte colony-stimulating factor (G-CSF) is the main agent used for hematopoietic stem cell mobilisation. While G-CSF is successful in mobilising hematopoietic stem cells, there is an opportunity to improve on the level of stem cell release achieved with the use of G-CSF alone by the addition of complimentary therapies.

The Company has identified a potential application for ATL1102 as a stem cell mobilisation agent for use in combination with G-CSF in stem cell transplantation.

Progress

On 1 October 2013 the Company announced its plans for a Phase I proof of concept clinical trial of ATL1102 in humans to be conducted in Australia and on 29th November 2013, announced that it had submitted a clinical trial application to the responsible Human Research Ethics Committee to conduct the trial.

The ATL1102 Stem Cell Mobilisation (SCM) Proof of Concept trial is a randomized, open label study to assess safety, tolerability, pharmacokinetics and pharmacodynamics, including effects on the release of hematopoietic stem cells, of ATL1102 dosed over 5 days (given on day 1, 3 and 5) alone or in combination with Granulocyte Colony-Stimulating Factor (G-CSF) in 10 healthy volunteers.

On 22 January the Company announced that approval to conduct the Proof of Concept trial had been received and on 18 March 2014 announced that the trial had commenced with results of the study anticipated to be reported mid-2014.

Events after Balance Date

On 23rd July the Company announced the results of the trial which showed that use of ATL1102 in combination with G-CSF did not appear to increase the release of CD34+ stem cells beyond that achieved with G-CSF alone. ATL1102 when dosed as a monotherapy, however, was observed to increase the number of CD34+ stem cells in the blood, though the level of CD34+ cell release was not regarded as sufficient to be therapeutically relevant for a commercially desirable product opportunity.

While the Company is assessing with clinical experts the potential feasibility (including from a safety/tolerability perspective) and commercial viability of longer dosing regimens of ATL1102, it is not planning to move forward with the clinical development of ATL1102 in the SCM indication as originally envisaged.

ATL1102 for Asthma

The Company has previously reported encouraging results achieved in an animal model of asthma with the inhaled form of an antisense compound targeting the VLA-4 molecule. Experimental studies showed that the delivery of an antisense drug against VLA-4 via inhalation to the lung significantly suppressed the key asthma indicators in allergen sensitized mice at very low inhaled doses, pointing to the potential application of ATL1102 as an inhaled treatment for asthma. The Company has conducted successful animal studies using inhaled ATL1102. Further development for the inhaled asthma application of ATL1102 would be undertaken with a partner.

Patent News

During the Period, the US Patent Office allowed for grant US patent No 11/666,001 entitled "Topical administrations of antisense compounds to VLA-4 for the treatment of respiratory conditions" which covers all potential useful inhaled doses of ATL's compound ATL1102 in the treatment of respiratory disease, with an extended period of patent protection to the fourth quarter 2028.

ATL1101 for Prostate Cancer

ATL1101 is an antisense inhibitor of insulin like growth factor 1 receptor (IGF-Ir). IGF-Ir is one of the best known of a family of cell signalling molecules that are referred to as "anti-apoptotic". These molecules prolong cell survival by inhibiting programmed cell death (apoptosis). Inhibition of cell survival molecules like IGF-Ir can render tumour cells more susceptible to cell death with cytotoxic (cell death inducing) drugs. Similar "chemosensitiser" therapeutic approaches targeting the IGF-Ir are under investigation in several large pharmaceutical companies, lending support to ATL's antisense-based strategy against the same target.

In animal studies ATL1101 demonstrated its effectiveness in suppressing human prostate cancer tumour growth in mouse models of human prostate cancer.

ATL has previously undertaken certain toxicology studies on ATL1101 that would potentially position the drug to move into a clinical study in patients with prostate cancer.

Further development of ATL1101 would be anticipated to occur with a partner.

Patent News

In September 2012 the Company announced that the European Patent Office had accepted for grant patent No 1597366 entitled "Modulation of insulin like growth factor 1 receptor expression" which covers ATL's

compound ATL1101 until 2024. The European patent application has subsequently been registered in the United Kingdom, Germany, France, Italy, Spain, Denmark, Finland, and Sweden during the period under review.

What is Prostate Cancer?

Prostate cancer is the second most frequently diagnosed cancer in men after skin cancer. Metastatic disease invariably progresses to hormone refractory or castrate-resistant prostate cancer (CRPC) if given enough time. Prostate tumours are initially androgen (male sex hormone) dependent, and can be treated with androgen ablation therapy (the term "castration" can be used to describe removal of the source of androgen), however once the disease progresses to its most dangerous and aggressive form, CRPC, treatment options are limited and prognosis is poor. Treatment options depend on disease severity and include radiation and chemotherapy, which are designed to induce programmed cell death (apoptosis) of tumour cells. There is a pressing need for the development of new treatment options for CRPC.

R&D Tax Incentive

During the year the Company received from the ATO a payment of $974,187 in relation to R&D expenditure incurred in the 30 June 2013 financial year.

Capital Raising

On 20 December 2013 the Company announced the successful completion of the Company's Loyalty Issue of Options.

The total amount raised from the Loyalty Issue was approximately $548,982 before associated costs.

During the period, the Company undertook a consolidation of ordinary shares on a 10:1 basis and 47 million options were issued. For further details, please refer to Note 16 Contributed Equity.

Non-Dilutive Funding Facility

In June 2014 the Company reported that it had entered into a funding facility with Macquarie Bank Limited to access capital ahead of anticipated receipt of its R&D Tax incentive refund.

This non-dilutive (non-equity related) secured facility has a limit of A$1.0 million and is due for repayment in full by 30 November 2014 from the proceeds of the Company's anticipated 2014 R&D Tax incentive refund estimated to be approx. A$1.1 million.

Financial Position

At 30 June 2014, the Company had cash reserves of $1,334,513 (2013: $3,999,814).

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.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the page 34.

Intellectual Property Report

Antisense Therapeutics currently has ownership in 8 patent families with 49 patents registered and 14 patent applications pending covering its three antisense drugs ATL1101, ATL1102, and ATL1103 and their applications. Antisense Therapeutics has also licensed from Isis Pharmaceuticals, 19 Isis proprietary patents and applications directed to the antisense drug platform together with rights to 11 other Isis manufacturing patent families.

Since reporting on the status of the Company's intellectual property portfolio in the 2013 Annual Report, the Company has successfully expanded its patent portfolio as follows:

- 3 key US patents and an Australian and Canadian patent have been allowed, issued, and/or registered;
    - US 8,623,836, covering ATL1103 variants and 71 other antisense to human GHr that reduce GHr has been registered and Canadian patent 2,517101 covering ATL1103 has been allowed;
    - US 8,759,314 covering ATL1102 in the treatment of the non-relapsing forms of MS, primary progressive and secondary progressive MS and Australian patent 2009271678 covering ATL1102 in the treatment of MS have been registered; and
    - US 8,765,700 covering the inhaled use of the ATL1102 compound and other antisense to VLA-4 for topical inhaled use in the treatment of respiratory disease including asthma has been issued;
- A US continuation application 14/137842 has been lodged covering the use of ATL1103 and other antisense to GHr to reduce serum levels of the growth hormone binding protein;

- International application PCT/AU2014/000613 has been lodged covering the use of ATL1103 in combination with Octreotide-LAR, Lanreotide-LAR and other somatostatin agonists, for the treatment of acromegaly;

- 3 national phase applications (US, Canada, Japan,) have been lodged from International application PCT/AU2013/000095 covering the use of ATL1103 in combination with the GHr antagonist Somavert™, for the treatment of acromegaly and cancer.

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

Country	Patent application or Patent No.	Current Status	Expiry
ATL1103 Patent Portfolio **			
US	7,803,781	Patent Registered	2025*
US	8,299,039	Patent Registered	2024*
US	13/655319 Continuation of US10/927466 US2005/282761	Under Examination	2024*
International	PCT/US2004/005896	National Phase applications	
Australia	2004217508	Patent Registered	2024*
Canada	2,517,101	Allowed	2024
Europe***	04715642.7	Under Examination	2024*
Europe***	11194098.7 Divisional of 04715642.7	Under Examination	2024*
Japan	2006-508878	Patent Registered	2024*

Country	Patent application or Patent No.	Current Status	Expiry
Japan	Divisional of 2006-508878	Under Examination	2024*
New Zealand	542595	Patent Registered	2024
USA	7,846,906	Patent Registered	2024*
USA	8,623,836	Patent Registered	2024*
USA	14/137852 Continuation of US/12/953105	Under Examination	
International	PCT/AU2013/000095	National Phase Applications	2032
Canada		Filed	2032
Japan		Filed	2032
USA		Filed	2032
International	PCT/AU2014/000613	International Phase	2033
ATL1102 Patent Portfolio **			
USA	US 5968 826	Patent Registered	2018 **
USA	US 6258 790	Patent Registered	2018*/**
International	PCT/US99/18796	National Phase applications	
Australia	AU 759938	Patent Registered	2019 *
Canada	2,345,209	Patent Registered	2019
Japan	2000-574727	Patent Registered	2019*
Japan	2006-000258	Patent Registered	2019*
Europe	EP1123414	Regional Phase - granted	
Denmark	DK/EP1123414	Patent Registered	2019*
Finland	EP(FI)1123414	Patent Registered	2019*
France	EP(FR)1123414	Patent Registered	2019*
Germany	DE69934998.2-08	Patent Registered	2019*
Italy	IT40051BE2007	Patent Registered	2019*
Spain	ES2279632	Patent Registered	2019*
Sweden	SE99942290.0	Patent Registered	2019*
United Kingdom	EP(UK)1123414	Patent Registered	2019*
ATL1102 MS Patent Portfolio **			
International	PCT/US2009/003760	National Phase applications	
Australia	AU 2009271678	Patent Registered	2029*
Canada	2,728562	Under Examination	2029
Japan	2011-516297	Under Examination	2029*
Europe***	09798248.2	Under Examination	2029*
USA	8,415,314	Patent Registered	2029*
USA	8,759,314	Patent Registered	2029*

Country	Patent application or Patent No.	Current Status	Expiry
ATL1102 Inhaled Asthma Patent Portfolio **			
International	PCT AU 2005/001634	National Phase applications	
USA	US 8,765,700	Patent Registered	2028*
Japan	JP 2007-535071	Abandoned	Relying on data exclusivity
Australia	AU 2005327506	Patent Registered	2025*
Canada	CA 2,584,614	Under examination	2025
New Zealand	NZ 554277	Patent Registered	2025
Europe	EP1809302	Regional Phase - granted	
Denmark	DK/EP1809302T3	Patent Registered	2025*
Finland	EP(FI)1809302	Patent Registered	2025*
France	EP(FR)1809302	Patent Registered	2025*
Germany	DE 60 2005 035 821.8	Patent Registered	2025*
Italy	IT73129 BE/2012	Patent Registered	2025*
Spain	ES2392449	Patent Registered	2025*
Sweden	SE1809302T3	Patent Registered	2025*
United Kingdom	EP(UK)1809302	Patent Registered	2025*
ATL1101 Patent Portfolio **			
International	PCT/AU2004/00160	National Phase applications	
Australia	2004210882	Patent Registered	2024 *
Canada	2515484	Patent Registered	2024
Japan	4753863	Patent Registered	2024*
New Zealand	541637	Patent Registered	2024
USA	US7468356	Patent Registered	2025 *
USA	US8217017	Patent Registered	2025*
Europe	EP1597366	Regional Phase- granted	
Denmark	DK/EP1597366	Patent Registered	2024*
Finland	EP(FI)1597366	Patent Registered	2024*
France	EP(FR)1597366	Patent Registered	2024*
Germany	DE1597366	Patent Registered	2024*
Italy	IT1597366	Patent Registered	2024*
Spain	ES1597366	Patent Registered	2024*
Sweden	SE1597366	Patent Registered	2024*
United Kingdom	EP(UK)1597366	Patent Registered	2024*
USA	US12/578,471	Under examination	2029

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

** ATL1101, ATL1102, ATL1103 are also protected internationally by other Isis proprietary antisense technology patents and applications to which Antisense Therapeutics has world-wide license including US7015315 to 2023. Antisense technology patents are potentially extendible for up to 5 years to 2028 in the US.

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

Directors' Report

The Board of Directors of Antisense Therapeutics Limited present their report on the consolidated entity (referred to hereafter as 'the Company') consisting of Antisense Therapeutics Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the Board of Directors report as follows:

Directors

The names of the Directors in office at any time during, or since the end of the year are as follows:

Mr. Robert W Moses	Independent Non-Executive Chairman
Appointed to the Board	23 October 2001
Last elected by shareholders	1 November 2013
Qualifications	BA, MBA, FAICD, FAIM
Experience	Robert (Bob) Moses was formerly Corporate Vice President of CSL Limited. Mr. Moses draws on more than 40 years' experience in the pharmaceutical/biotechnology industry. During the period 1993-2001, Mr. Moses played a central role in CSL's development internationally. Prior to joining CSL, Mr. Moses was Managing Director of commercial law firm Freehills, Chairman and CEO of a NASDAQ listed medical service company, and Corporate Manager of New Business Development at ICI (now Orica). Mr. Moses is also the former Non-Executive Chairman of TGR Biosciences Pty Ltd. Mr. Moses also spent 17 years in various management roles at the multinational pharmaceutical company Eli Lilly.
Interest in shares and options	2,124,000 ordinary shares and 708,001 options over ordinary shares.
Committees	Chairman of the Remuneration Committee and member of the Audit Committee.
Directorships held in other entities	Mr. Moses is currently Non-Executive Chairman of Sylvan Scientific Limited.

Mr. Mark Diamond	Managing Director
Appointed to the Board	31 October 2001
Qualifications	BSc, MBA, MAICD
Experience	Mark Diamond has over 25 years' experience in the pharmaceutical and biotechnology industry. Before joining Antisense Therapeutics Limited as MD and CEO in 2001, Mr. Diamond was employed in the US as Director, Project Planning/Business Development at Faulding Pharmaceuticals. Prior to this he held the positions of Senior Manager, Business Development and In-licensing within Faulding's European operation based in the UK and International Business Development Manager with Faulding in Australia.
Interest in shares and options	1,053,567 ordinary shares and 351,189 options over ordinary shares.
Committees	Nil
Directorships held in other entities	Nil

Dr. Chris Belyea	Independent Non-Executive Director
Appointed to the Board	13 November 2000
Last elected by shareholders	1 November 2013
Qualifications	BSc(Hons), PhD, FIPAA
Experience	Chris Belyea has a PhD in physics from the University of Melbourne and is a registered patent attorney. He became the founding CEO of Antisense Therapeutics Limited in November 2000 and remained in this role until January 2002 (shortly after Antisense Therapeutics Limited was listed on the Australian Stock Exchange). He worked for the Australian patent firm Griffith Hack & Co for 5 years before joining Circadian Technologies Limited as its Licensing and Projects Manager in 1996. In 1998 Dr. Belyea became founding CEO and member of the board of biotechnology company, Metabolic Pharmaceuticals Ltd. He served with Metabolic as an executive until mid-2008, and now runs his own patent attorney practice.
Interest in shares and options	111,666 ordinary shares and 61,222 options over ordinary shares.
Committees	Chairman of the Audit Committee and member of the Remuneration Committee.
Directorships held in other entities	Until 30 August 2008 Dr Belyea served as a Director of Metabolic Pharmaceuticals Limited.

Dr. Graham Mitchell	Independent Non-Executive Director
Appointed to the Board	24 October 2001
Last elected by shareholders	8 November 2011
Qualifications	AO, RDA, BVSc, FACVSc, PhD, FTSE, FAA
Experience	Graham Mitchell through Foursight Associates Pty Ltd, acts as joint Chief Scientist for the Victorian Government Department of Environment and Primary Industries. Dr. Mitchell is a Non-Executive Director of Avipep Pty Ltd and is a Principal of Foursight. Dr. Mitchell has held the position of Director of Research in the R&D Division of CSL Limited and for many years was a research scientist at The Walter & Eliza Hall Institute (WEHI). He is currently a Board Member of WEHI.
Interest in shares and options	109,745 ordinary shares and 60,582 options over ordinary shares.
Committees	Member of the Remuneration Committee.
Directorships held in other entities	Nil

Directors have been in office since the start of the financial year to the date of this report, unless stated otherwise.

Company Secretary

Mr. Phillip Hains held the position of Company Secretary since the start of the financial year to the date of this report.

Mr. Hains has served as the Company's Company Secretary and Chief Financial Officer since 9 November 2006. He is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'.

The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management services.

Principal Activity

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

Dividends

The Directors did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2014 financial year.

Significant Changes in State of Affairs

There have been no other significant changes in the nature of Antisense Therapeutics Limited's principal activities during the financial year.

Significant Events after Balance Date

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

Likely Developments and Expected Results

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

Operating and Financial Review

The loss of the Company after income tax for the financial year was $3,013,272 (2013: $2,454,842). This result has been achieved after fully expensing all research and development costs.

The Company had unused bank loan facilities of $680,000 and cash reserves of $1.3 million at 30 June 2014. The unused bank loan facilities have increased to $950,000 from 1 July 2014 (refer to Note 14 Borrowings for further details)

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

Risk Management

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

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

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

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

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

Biotechnology Companies – Inherent Risks

Pharmaceutical research and development (R&D)

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

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

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

Partnering and licensing

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

Regulatory Approvals

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

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

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

Competition

The Company will always remain subject to the material risk arising from the intense competition that exists in the pharmaceutical industry. A material risk therefore exists that one or more competitive products may be in human clinical development now or may enter into human clinical development in the future. Competitive products focusing on or directed at the same diseases or protein targets as those that the Company is working on may be developed by pharmaceutical companies or other antisense drug companies including Isis 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.

Environmental Regulation and Performance

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

Meetings of Directors

During the financial year, 14 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Board Meetings		Committee Meetings			
			Audit		Remuneration	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Mr Robert W Moses	14	13	2	2	-	-
Mr Mark Diamond	14	14	0	2	-	-
Dr Chris Belyea	14	13	2	2	-	-
Dr Graham Mitchell	14	14	0	2	-	-

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

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

Indemnification and Insurance of Directors and other Officers

Under the Company's constitution:

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

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

The Company has insured its Directors, the Company Secretaries and executive officers for the financial year ended 30 June 2014. Under the Company's Directors' and Officers' Liability Insurance Policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

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

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

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

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

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

Share Options on Issue as at the Date of this Report

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

Class	Date of Expiry	Exercise Price	No. Under Option
ANPO	31 January 2017	$0.27	46,950,984
ANPAU	30 July 2018	$0.00	72,000

Proceedings on Behalf of the Company

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

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

Non-Audit Services

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

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

	2014 $	2013 $
Taxation Services	18,500	44,870

Auditor's Independence Declaration

The Auditors Independence Declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2014 has been received and can be found in the 'Auditor's Independence Declaration' section of this Annual Report.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Antisense Therapeutics support and adhere to good corporate governance practices. The Company's Corporate Governance Statement is contained in the 'Corporate Governance Statement' section of this Annual Report.

Remuneration Report (Audited)

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

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

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

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

The Directors of Antisense Therapeutics Limited during the year were:

Mr Robert W Moses	Independent Non-Executive Chairman
Mr Mark Diamond	Managing Director
Dr Chris Belyea	Independent Non-Executive Director
Dr Graham Mitchell	Independent Non-Executive Director

The other Key Management Personnel of Antisense Therapeutics Limited during the year were:

Dr George Tachas	Director, Drug Discovery & Patents
Mr Phillip Hains	Company Secretary and Chief Financial Officer

Section A: Principles used to determine the nature and amount of Remuneration

Remuneration Policy

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

Remuneration Policy versus Company Performance

The Company's Remuneration Policy is not directly based on the Company's earnings. The Company's earnings have remained negative since inception due to the nature of the Company. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by the Company.

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

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

Net Loss financial year 2014	$3,013,272
Net Loss financial year 2013	$2,454,842
Net Loss financial year 2012	$1,801,278
Net Loss financial year 2011	$1,813,550
Net Loss financial year 2010	$3,424,875

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

Financial year 2014	$0.14
Financial year 2013	$0.01
Financial year 2012	$0.02
Financial year 2011	$0.01
Financial year 2010	$0.01

Remuneration Committee

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

Non-Executive Director Remuneration

Objective

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

Structure

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

In the year ended 30 June 2014, the Non-Executive Directors were remunerated in aggregate $130,293 per annum, excluding superannuation.

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

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

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

Executive Director and Executive Officer Remuneration

Objective

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

Structure

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

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

Fixed Remuneration

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

Variable Remuneration – Short Term Incentive Scheme

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

The Short Term Incentive Scheme operates as follows:

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

Variable Remuneration – Long Term Incentive Scheme

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

Section B: Details of Remuneration

Details of Remuneration for the year ended 30 June 2014

The remuneration for each Director and each of the other Key Management Personnel of the Company during the year ended 30 June 2014 was as follows:

30 Jun 2014	Short-term employee benefits				Post-employment Benefits		Long-term Benefits	Termination Benefits	Share-based Payments			Total
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Other $	Pension and Super Contribution $	Other $	Long Service Leave $	$	Equity-settled share-based payment transactions $	Cash-settled share-based payment transactions $	All other forms of share-based payment compensation $	$
Directors												
Mr Robert W Moses	56,293	-	-	-	5,207	-	-	-	-	-	-	61,500
Mr Mark Diamond	366,000	-	-	-	27,450	-	7,157	-	-	-	-	400,607
Dr Chris Belyea	37,500	-	-	-	3,469	-	-	-	-	-	-	40,969
Dr Graham Mitchell	36,500	-	-	-	3,376	-	-	-	-	-	-	39,876
			-									
	496,293	**-**	**-**	**-**	**39,502**	**-**	**7,157**	**-**	**-**	**-**	**-**	**542,952**
Other Key Management Personnel												
Dr George Tachas	220,185	-	-	-	20,367	-	4,306	-	-	-	-	244,858
Mr Phillip Hains [1]	99,000	-	-	-	-	-	-	-	-	-	-	99,000
	319,185	**-**	**-**	**-**	**20,367**	**-**	**4,306**	**-**	**-**	**-**	**-**	**343,858**
	815,478	**-**	-	**-**	**59,869**	**-**	**11,463**	**-**	-	-	**-**	**886,810**

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

Details of Remuneration for the year ended 30 June 2013

The remuneration for each Director and each of the other Key Management Personnel of the Company during the year ended 30 June 2013 was as follows:

30 Jun 2013	Short-term employee benefits				Post-employment Benefits		Long-term Benefits	Termination Benefits	Share-based Payments			Total
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Other $	Pension and Super Contribution $	Other $	Long Service Leave $	$	Equity-settled share-based payment transactions $	Cash-settled share-based payment transactions $	All other forms of share-based payment compensation $	$
Directors												
Mr Robert W Moses	59,478	-	-	-	-	-	-	-	-	-	-	59,478
Mr Mark Diamond	355,833	100,000	-	-	27,450	-	19,141	-	-	-	-	502,424
Dr Chris Belyea	36,625	-	-	-	3,296	-	-	-	-	-	-	39,921
Dr Graham Mitchell	33,500	-	-	-	3,015	-	-	-	-	-	-	36,515
Prof. George Werther *	17,375	-	-	-	1,564	-	-	-	-	-	-	18,939
	502,811	**100,000**	**-**	**-**	**35,325**	**-**	**19,141**	**-**	**-**	**-**	**-**	**657,277**
Other Key Management Personnel												
Dr George Tachas	214,654	50,000	-	-	19,319	-	10,850	-	-	-	-	294,823
Mr Phillip Hains [1]	94,500	-	-	-	-	-	-	-	-	-	-	94,500
	309,154	**50,000**	**-**	**-**	**19,319**	**-**	**10,850**	**-**	**-**	**-**	**-**	**389,323**
	811,965	**150,000**	**-**	**-**	**54,644**	**-**	**29,991**	**-**	**-**	**-**	**-**	**1,046,600**

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

* Ceased in his role as Independent Non-Executive Director with the Company during the 2012/2013 financial year.

Performance based Remuneration for the year ended 30 June 2014

	% of Total Remuneration for the Year that consisted of cash bonuses %	Estimated maximum value of bonus for the year $	Estimated minimum value of bonus for the year $	% of remuneration that is performance based %	% of remuneration that is non-performance based %
Directors					
Mr Robert W Moses	-	-	-	-	100%
Mr Mark Diamond	-	35%	-	-	100%
Dr Chris Belyea	-	-	-	-	100%
Dr Graham Mitchell	-	-	-	-	100%
Other Key Management Personnel					
Dr George Tachas	-	35%	-	-	100%
Mr Phillip Hains	-	-	-	-	100%

Performance based Remuneration for the year ended 30 June 2013

	% of Total Remuneration for the Year that consisted of cash bonuses %	Estimated maximum value of bonus for the year $	Estimated minimum value of bonus for the year $	% of remuneration that is performance based %	% of remuneration that is non-performance based %
Directors					
Mr Robert W Moses	-	-	-	-	100%
Mr Mark Diamond	20%	35%	-	20%	80%
Dr Chris Belyea	-	-	-	-	100%
Dr Graham Mitchell	-	-	-	-	100%
Prof. George Werther *	-	-	-	-	100%
Other Key Management Personnel					
Dr George Tachas	17%	35%	-	17%	83%
Mr Phillip Hains	-	-	-	-	100%

* Ceased in his role as Independent Non-Executive Director with the Company during the 2012/2013 financial year.

Section C: Share-based Compensation

(a) Shareholdings

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

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

30 June 2014	Balance at start of the year [1]	Granted as Compensation	Options Exercised [2]	Net Change Other	Balance at end of the year	Balance held nominally at the end of the reporting period
Directors						
Mr Robert W Moses	2,124,000	-	-	-	2,124,000	-
Mr Mark Diamond	1,053,567	-	-	-	1,053,567	-
Dr Chris Belyea	111,666	-	-	-	111,666	-
Dr Graham Mitchell	109,745	-	-	-	109,745	-
	3,398,978	**-**	**-**	**-**	**3,398,978**	**-**
Other Key Management Personnel						
Dr George Tachas	335,324	-	150,000	-	485,324	-
Mr Phillip Hains	233,052	-	-	-	233,052	-
	568,376	**-**	**150,000**	**-**	**718,376**	**-**
	3,967,354	**-**	**150,000**	**-**	**4,117,354**	**-**

1 The Company undertook a consolidation of ordinary shares on a basis of 10:1 on 13 November 2013.

2 The 150,000 options were exercised at nil value.

(b) Options and Rights

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

30 June 2014	Balance at start of the year[1]	Granted as Compensation	Options Exercised	Net Change Other [2]	Total at the end of the year	Total vested at end of the year	Total Vested and exercisable at the end of the year	Total vested and unexercisable at the end of the year
Directors								
Mr Robert W Moses	-	-	-	708,001	708,001	708,001	708,001	-
Mr Mark Diamond	-	-	-	351,189	351,189	351,189	351,189	-
Dr Chris Belyea	24,000	-	-	37,222	61,222	61,222	61,222	-
Dr Graham Mitchell	24,000	-	-	36,582	60,582	60,582	60,582	-
	48,000	**-**	**-**	**1,132,994**	**1,180,994**	**1,180,994**	**1,180,994**	**-**
Other Key Management Personnel								
Dr George Tachas	150,000	-	(150,000)	159,276	159,276	159,276	159,276	-
Mr Phillip Hains	-	-		77,684	77,684	77,684	77,684	-
	150,000	**-**	**(150,000)**	**236,960**	**236,960**	**236,960**	**236,960**	**-**
	198,000	**-**	**(150,000)**	**1,369,954**	**1,417,954**	**1,417,954**	**1,417,954**	**-**

[1] The Company undertook a consolidation of ordinary shares on a basis of 10:1 on 13 November 2013.

[2] Refers to the loyalty options issued on the 23 December 2014

Section D: Employment Contracts of Key Management Personnel

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

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

Section E: Additional Information

(a) Equity issued as part of remuneration for the year ended 30 June 2014

The following table discloses the value of options granted, exercised or lapsed during the year ended 30 June 2014 for Directors:

	Options Granted Value at Grant Date $	Options Exercised Value at Exercise Date $	Options Lapsed Value at time of Lapse $	Value of options included in remuneration for the year $	Value of options yet to be expensed $	% of Total Remuneration for that year consisted of options %
Directors						
Mr Robert W Moses	-	-	-	-	-	-
Mr Mark Diamond	-	-	-	-	-	-
Dr Chris Belyea	-	-	-	-	-	-
Prof. Graham Mitchell	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Other Key Management Personnel						
Dr George Tachas	-	9,000	-	-	-	-
Mr Phillip Hains	-	-	-	-	-	-
	-	**9,000**	**-**	**-**	**-**	**-**

During the financial year ended 30 June 2014, no other options were granted, exercised or lapsed by any of the Key Management Personnel.

(b) Loans to Directors and Other Key Management Personnel

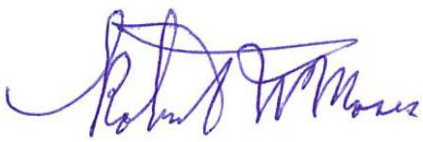
There were no loans made to Directors or other Key Management Personnel of the Company, including their personally related parties.

(c) Other transactions with Other Key Management Personnel

Transactions between Key Management Personnel are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

	2014 $	2013 $
Purchases from Belyea IP		
Belyea IP is a consulting company owned and operated by Dr Chris Belyea who is a Non-Executive Director of the Company		
Service fees paid to Belyea IP during the year:	2,900	2,700
Patent renewals cost reimbursed to Belyea IP during the year:	28,793	23,653
Total amounts recognised as expense by the Company:	**31,693**	**26,353**
At the end of the financial year, the Company owed Belyea IP:	-	-

This report is made in accordance with a resolution of Directors.



Mr Robert W Moses
Independent Non-Executive Chairman

Mr Mark Diamond
Managing Director

Dated: This the 22nd Day of August 2014

Corporate Governance Statement

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

The format of the Corporate Governance Statement is based on the Australian Stock Exchange Corporate Governance Council's ("the Council") "Corporate Governance Principles and Recommendations". In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together will the reasons for the departure. The Company's Corporate Governance Statement is structured with reference to the Council's principles and recommendations, which are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Remunerate fairly and responsibly

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

The Company's corporate governance practices were in place throughout the year ended 30 June 2014. For further information on the corporate governance policies adopted by the Company, please refer to its website: www.antisense.com.au**.**

Structure of the Board

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

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

- review, evaluate, provide input into and approve, on a regular basis, the Company's corporate governance strategy;
- monitor senior management's performance and implementation of strategy, and ensure appropriate resources are available;
- review, evaluate and approve the Company's budget and forecasts;
- review, evaluate, approve and monitor major resource allocations and capital investments, and any acquisitions and divestitures;
- review and monitor the financial and operating results of the Company;

- review and evaluate the overall corporate organisational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- review, evaluate and approve compensation strategy as it relates to senior management of the Company;
- review and ratify systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- appoint and remove the Managing Director (Chief Executive Officer);
- ratify the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
- monitor its own performance and recommend and implement appropriate changes in composition and size.

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

In the context of Director independence, to be considered independent, a Non-Executive Director may not have a direct or indirect material relationship with the Company. The board considers that a material relationship is one which impairs or inhibits, or has the potential to impair or inhibit, a Director's exercise of judgment on behalf of the Company and its shareholders.

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

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

Name	**Position**
Mr Robert W Moses	Independent Non-Executive Chairman
Dr Graham Mitchell	Independent Non-Executive Director
Dr Chris Belyea	Independent Non-Executive Director

The term in office of each current Director is as follows:

Name	**Term in Office**
Mr Robert W Moses	13 years
Mr Mark Diamond	13 years
Dr Chris Belyea	14 years
Dr Graham Mitchell	13 years

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

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

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

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

Diversity Policy

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

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

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

The following table demonstrates the Company's gender diversity as at 30 June 2014:

	Number of Males	Number of Females
Directors	4	-
Key Management Personnel	2	-
Other Company Employees	-	2

The Company employed 8 employees at the end of 30 June 2014 (2013: 9 employees).

Integrity in Financial Reporting

In accordance with the Board's policy, the Chief Executive Officer and Chief Financial Officer have made attestations recommended by the Council as to the Company's financial condition prior to the Board signing this Annual Report.

Audit Committee

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

The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements. All members of the Audit Committee are Non-Executive Directors. The Audit Committee is also responsible for the nomination of the external auditor and for

reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory review. The Audit Committee Charter can be found on the Company's website.

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

Qualifications of Audit Committee members

Dr Chris Belyea, Non-Executive Director and chairman of the Audit Committee, was the Managing Director and Chief Scientific Officer of Metabolic Pharmaceuticals Limited, a listed Australian biopharmaceutical company. In these roles he obtained experience with and knowledge of financial reporting and risk management processes relevant to the biotechnology industry.

Mr Robert W Moses draws on more than 40 years' experience in the pharmaceutical/biotechnology industry. He has held the positions of Vice President of CSL Limited, Managing Director of commercial law firm Freehills and spent 17 years in various management roles at the multinational pharmaceutical company Eli Lilly. For details regarding other Non-Executive Chairman positions currently held by Mr Robert W Moses, refer to the section headed 'Directors' in the Directors' Report.

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

Encourage Enhanced Performance

Policies and procedures in place with respect to monitoring the performance of the Board are set out in the Directors' Report under the section headed 'Remuneration Report'.

The Board undertakes an annual evaluation of Board and Director performance. All senior executives of the Company are subject to an annual performance evaluation. During the reporting period the Board and individual performance evaluations were conducted on an informal basis.

Remuneration Committee

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

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

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

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

Timely and Balanced Disclosure

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

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

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

Rights of Shareholders

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

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

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

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

External Auditor is required to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit, and the preparation and content of the Auditor's Report. Any shareholder wishing to make inquiries of the Company is advised to contact the registered office. All public announcements made by the Company can be obtained from the ASX's website www.asx.com.au.

Recognise and Manage Risk

The Board has established a policy for risk oversight and management within the Company. This is periodically reviewed and updated. Management reports risks identified to the Board through the monthly Operations Report, and via direct and timely communication to the Board where and when applicable. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

The CEO and CFO have given a statement to the Board that:

a) the Company's Financial Statements are founded on a sound system of risk management and internal compliance and control which implements the Policies adopted by the Board; and
b) the Company's 'Risk Management and Internal Compliance and Control System', in so far as it relates to financial risk, is operating effectively in all material aspects.

Legitimate Interests of Stakeholders

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

Auditors' Independence Declaration

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Building a better working world

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

In relation to our audit of the financial report of Antisense Therapeutics Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Don Brumley
Partner
Melbourne
22 August 2014

Annual Financial Statements

For the year ended 30 June 2014

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	Consolidated Entity 2014 $	2013 $
Revenue	3	82,936	203,285
Other income	3	1,140,990	1,091,889
Depreciation expenses	4	(9,753)	(8,041)
Administration expenses	4	(1,830,981)	(1,870,219)
Occupancy expenses	4	(115,238)	(113,872)
Patent expenses	4	(153,477)	(223,629)
Research and development expenses	4	(2,146,463)	(1,545,896)
Foreign exchange gains/(losses)	4	18,714	11,641
Loss before income tax		**(3,013,272)**	**(2,454,842)**
Income tax benefit	5	-	-
Net loss for the year		**(3,013,272)**	**(2,454,842)**
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(3,013,272)**	**(2,454,842)**

	Note	2014 Cents	2013 Cents
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share	8	(2.09)	(1.74)
Diluted loss per share	8	(2.09)	(1.74)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2014

	Note	Consolidated Entity 2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	1,334,513	3,999,814
Trade and other receivables	10	1,167,859	1,013,258
Prepayments		140,053	175,350
Total Current Assets		**2,642,425**	**5,188,422**
Non-Current Assets			
Plant and equipment	11	13,596	12,734
Total Non-Current Assets		**13,596**	**12,734**
TOTAL ASSETS		**2,656,021**	**5,201,156**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	249,881	298,011
Borrowings	14	50,000	-
Provisions	15	269,249	256,090
Total Current Liabilities		**569,130**	**554,101**
TOTAL LIABILITIES		**569,130**	**554,101**
NET ASSETS		**2,086,891**	**4,647,055**
EQUITY			
Contributed equity	16	52,416,936	51,783,828
Reserves	17	960,855	1,140,855
Accumulated losses		(51,290,900)	(48,277,628)
TOTAL EQUITY		**2,086,891**	**4,647,055**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2014

Consolidated Entity	Contributed Equity	Option Reserve	Accumulated Losses	Total
	$	$	$	$
As at 30 June 2012	**49,722,775**	**1,365,855**	**(45,822,786)**	**5,265,844**
Loss for the year	-	-	(2,454,842)	(2,454,842)
Total comprehensive loss for the year	**-**	**-**	**(2,454,842)**	**(2,454,842)**
Transactions with owners in their capacity as owners:				
Issue of shares	2,071,449	-	-	2,071,449
Options exercised net of costs	-	(225,000)	-	(225,000)
Transaction costs on share issues	(10,396)	-	-	(10,396)
As at 30 June 2013	**51,783,828**	**1,140,855**	**(48,277,628)**	**4,647,055**
Loss for the year	-	-	(3,013,272)	(3,013,272)
Total comprehensive loss for the year	**-**	**-**	**(3,013,272)**	**(3,013,272)**
Transactions with owners in their capacity as owners:				
Issue of shares	180,270	-	-	180,270
Options exercised net of costs	-	(180,000)	-	(180,000)
Options issued net of costs	454,378	-	-	454,378
Transaction costs on share issues	(1,540)	-	-	(1,540)
As at 30 June 2014	**52,416,936**	**960,855**	**(51,290,900)**	**2,086,891**

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the year ended 30 June 2014

	Notes	Consolidated Entity 2014 $	2013 $
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Payments to suppliers and employees		(4,167,717)	(3,706,634)
Interest received		85,645	221,645
R&D tax concession refund		974,187	651,803
NET OPERATING CASH FLOWS	**20(a)**	**(3,107,886)**	**(2,833,186)**
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payment for purchases of plant and equipment		(10,615)	(5,576)
NET INVESTING CASH FLOWS		**(10,615)**	**(5,576)**
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Proceeds from issues of securities		563,696	1,846,449
Capital raising costs		(110,588)	(10,396)
NET FINANCING CASH FLOWS		**453,108**	**1,836,053**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		(2,665,393)	(1,002,709)
Cash & cash equivalents at the beginning of the year		3,999,814	4,967,523
Effects of exchange rate changes on cash & cash equivalents		92	35,000
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	**9**	**1,334,513**	**3,999,814**

The accompanying notes form part of these financial statements.

Note 1. Statement of Significant Accounting Policies

Corporate Information

The financial report of Antisense Therapeutics Limited and its subsidiaries (the 'Company') for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 22 August 2014. The financial report is for the Company consisting of Antisense Therapeutics Limited and its subsidiaries.

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

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

Basis of Preparation

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

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated.

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

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

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

Going Concern

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

The Company will need to access additional capital for any further development of its various development projects, and to continue to pay its debts as and when they fall due for a period of 12 months from signing the financial report. The ability of the Company to successfully access additional capital, and the amount of additional funds required is dependent on the outcome of its product development programs. The Company is actively seeking to partner certain products in its pipeline which may provide additional capital in the form of license fees and funding for the continued development of its product pipeline. The Company is also continuing to exploit the available Australian Government R&D funding arrangements as well as pursuing other capital raising initiatives.

The Company has incurred a loss after tax of $3,013,272 for the year ended 30 June 2014, had an operating cash outflow of $3,136,794 and has a net current asset position of $2,073,295. Notwithstanding the material uncertainty pertaining to the ability of the Company to access additional capital, the financial statements have been prepared on a going concern basis. Accordingly the financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Statement of Compliance

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

New, revised or amending Accounting Standards and Interpretations adopted

The following amending Standards have been adopted from 1 July 2013. Adoption of these Standards did not have any effect on the financial position or performance of the Company:

Ref	Title	Summary
AASB 10	**Consolidated Financial Statements**	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.

Ref	Title	Summary
AASB 11	**Joint Arrangements**	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly-controlled Entities - Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.
AASB 12	**Disclosure of Interests in Other Entities**	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
AASB 13	**Fair Value Measurement**	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.
AASB 119	**Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)**	The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.
AASB 2012-2	**Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities**	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.

Ref	Title	Summary
AASB 2012-5	**Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle**	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).
AASB 2012-9	**Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039**	AASB 2012-9 amends AASB 1048 Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.
AASB 2011-4	**Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
AASB 2012-3	**Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities**	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2012-10	**Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments**	AASB 2012-10 amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Other than the amended accounting standards listed above, all other accounting standards adopted by the Company are consistent with the most recent Annual Report for the year ended 30 June 2013.

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Company for the annual reporting period ended 30 June 2014:

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 9	*Financial Instruments*	On 24 July 2014 The IASB issued the final version of **IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.** IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 Jan 2018	The Company is still determining if there will be any potential impact	1 July 2018

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 9	*Financial Instruments (continued)*	(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.	1 Jan 2015	The Company is still determining if there will be any potential impact	1 July 2015
AASB 2012-3	*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities*	The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.	1 January 2014	No impact	1 July 2014
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.	1 January 2014	No impact	1 July 2014

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 2013-4	*Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*	This amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.	1 January 2014	No impact	1 July 2014
AASB 2013-5	*Amendments to Australian Accounting Standards - Investment Entities*	This amendement allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.	1 January 2014	No impact	1 July 2014

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	This Standard comprises Parts A-C, each addressed below. Part A of this Standard updates references to the Framework for the Preparation and Presentation of Financial Statements (July 2004) (Framework) in particular Australian Accounting Standards (including Interpretations) as a consequence of the issue of AASB CF 2013-1 in December 2013. Part B of this Standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031. Part C of this Standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge accounting and makes consequential amendments to AASB 9 and numerous other Standards. Part C also amends AASB 9 to permit requirements relating to the 'own credit risk' of financial liabilities measured at fair value to be applied without applying the other requirements of AASB 9 at the same time. Furthermore, Part C of this Standard amends the mandatory effective date of AASB 9 so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2017 instead of 1 January 2015. Part C of this Standard adds to or amends the Australian Accounting Standards – Reduced Disclosure Requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements. AASB 1053 Application of Tiers of Australian Accounting Standards provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015	Minimal	Part A Conceptual Framework – 1 July 2014; Part B Materiality – 1 July 2014; Part C Financial Instruments – 1 July 2015

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
	Annual Improvements to IFRSs 2010-2012 Cycle	These amendments affect several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.	1 July 2014	No impact	1 July 2014

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
	Annual Improvements to IFRSs 2011-2013 Cycle	These amendments affect four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.	1 July 2014	No impact	1 July 2014

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
IFRS 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*) The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation	1 January 2017	No impact	1 July 2017

Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Antisense Therapeutics Ltd as at 30 June 2014 and the results of all subsidiaries for the year then ended.

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

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

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

(b) Revenue recognition

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

Interest - control of the right to receive the interest payment.

Licensing revenue - right to receive the licensing revenue has been confirmed.

(c) Government grants

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

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is expected to compensate.

(d) Borrowing costs

Borrowing costs are expensed as incurred.

(e) Leases

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

(f) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

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

(g) Trade and other receivables

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

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

(h) Foreign currency translation

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

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

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

All exchange differences are taken to profit or loss.

(i) Income tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting loss nor taxable profit or loss.

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

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

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

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

(j) Goods and services tax (GST)

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

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

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

(k) Plant and Equipment

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

	Life	Method
Plant and equipment	3-5years	Straight line

(l) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

(m) Research and Development Costs

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

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

(n) Impairment of non-financial assets

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

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

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

(o) Trade and other payables

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

(p) Employee benefits

Wages, salaries and annual leave

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

Long Service Leave

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

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(q) Share-based payment transactions

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees are provided with long-term incentives through the Company's Employee Option Plan.

The cost of these transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial option pricing model, further details of which are given in note 16. The cost of these transactions is recognised, together with a corresponding increase in equity, over the period in which the options vest.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting dates reflects:

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

(ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. No expense is recognised for awards that do not ultimately vest and an adjustment to the expense is made for awards that will no longer vest. This opinion is formed based on the best available information at balance date.

(r) Contributed equity

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

(s) Earnings per share

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

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

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Parent Information

The financial information for the parent entity, Antisense Therapeutics Limited, disclosed in Note 2 has been prepared on the same basis as the consolidated statements.

Note 2. Parent Information

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the accounting standards.

Statement of Financial Position	Parent Entity 2014 $	Parent Entity 2013 $
ASSETS		
Total Current Assets	**2,642,425**	**5,188,422**
Total Non-Current Assets	**13,597**	**12,734**
TOTAL ASSETS	**2,656,022**	**5,201,156**
LIABILITIES		
Total Current Liabilities	**569,131**	**554,101**
TOTAL LIABILITIES	**569,131**	**554,101**
NET ASSETS	**2,086,891**	**4,647,055**
EQUITY		
Contributed equity	52,416,936	51,783,828
Reserves	960,855	1,140,855
Accumulated losses	(51,290,900)	(48,277,628)
TOTAL EQUITY	**2,086,891**	**4,647,055**

Statement of Comprehensive Income	Parent Entity 2014 $	Parent Entity 2013 $
Net loss for the year	(3,013,272)	(2,454,842)
Total comprehensive loss for the year	(3,013,272)	(2,454,842)

Note 3. Revenue and other income

	2014 $	2013 $
Revenue		
Interest from external parties	82,936	203,285
Total Revenue	**82,936**	**203,285**
Other income		
Research and development tax concession	1,140,990	1,091,889
Total Other income	**1,140,990**	**1,091,889**
Total Revenue & Other Income	**1,223,926**	**1,295,174**

Note 4. Expenses

	2014 $	2013 $
Administration expenses		
Compliance expenses	252,295	227,738
Office expenses	90,558	44,833
Corporate employee expenses	672,655	832,526
Business development expenses	815,473	765,122
Total Administration expenses	**1,830,981**	**1,870,219**
Occupancy expenses		
Rent	98,777	98,777
Other expenses	16,461	15,095
Total Occupancy expenses	**115,238**	**113,872**
Research and development expenses		
R&D ATL 1101	-	-
R&D ATL 1102	616,232	125,952
R&D ATL 1103	1,374,370	1,226,883
R&D staff costs	155,861	193,061
Total Research and development expenses	**2,146,463**	**1,545,896**
Patent expenses	153,477	223,629
Depreciation expenses	9,753	8,041
Foreign exchange gains/(losses)	(18,714)	(11,641)
Total Expenses	**4,237,198**	**3,750,016**

Note 5. Income Tax Benefit

		2014 $	2013 $
(a)	**The components of tax benefit comprise:**		
	Current tax	-	-
	Deferred tax	-	-
	Withholding tax refund on income earned in foreign tax jurisdiction	-	-
		-	**-**
(b)	**The prima facie tax on loss from ordinary activities before tax at 30% (2013: 30%) is as follows:**	**(903,982)**	**(736,453)**
	Add tax effect of:		
	Entertainment	483	557
	Share based payments	-	-
		483	**557**
	Less tax effect of:		
	Research and development tax concession	759,826	648,624
	Non-assessable grant income	(342,297)	(291,881)
	Section 40-880 deductions	(60,689)	(54,054)
		356,840	**302,689**
	Benefit of tax losses not brought to account	**546,660**	**433,207**
	Withholding tax paid / (refund) on income earned in foreign tax jurisdiction	-	-
	Income tax (benefit) attributable to the Company	**-**	**-**
	The applicable weighted average effective tax rates are as follows:	0%	0%
(c)	**Deferred Tax Assets and Liabilities**		
	Foreign Exchange	-	-
	Accruals	12,716	9,444
	Provision for Annual Leave & Long Service Leave	3,948	16,200
	Other	11,402	151,909
	Gross Deferred Tax Assets	**28,066**	**177,553**
	Foreign Exchange	9,977	9,138
	Accruals	-	-
	Other	-	-
	Gross Deferred Tax Liabilities	**9,977**	**9,138**
	Net Deferred Tax Asset / (Liability) not recognised	**18,089**	**168,415**
	Net Deferred Tax Asset / (Liability)	**-**	**-**

Note 6. Key Management Personnel Compensation

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

	2014 $	2013 $
Short-term employee benefits	815,478	961,965
Post-employment benefits	59,869	54,644
Long-term benefits	11,463	29,991
	886,810	**1,046,600**

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

Note 7. Auditor's Remuneration

	2014 $	2013 $
Remuneration of the auditor of the Company, Ernst & Young for:		
— auditing or reviewing the financial report	47,741	46,350
— taxation services	18,500	44,870
	66,241	**91,220**

Note 8. Loss per Share

	2014	2013
Basic loss per share (cents)	(2.09)	(1.74)
Diluted loss per share (cents)	(2.09)	(1.74)
a) Net loss used in the calculation of basic and diluted loss per share	($3,013,272)	($2,454,842)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	144,094,081	141,187,129

c) Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. All the options on issue do not have the effect of diluting the loss per share therefore; they have been excluded from the calculation of diluted loss per share.

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.

The Company undertook a consolidation of ordinary shares on a basis of 10:1 on 13 November 2013.

Note 9. Cash and Cash Equivalents

	2014 $	2013 $
Cash at bank and on hand	129,215	999,814
Term deposits	1,205,298	3,000,000
	1,334,513	**3,999,814**

The interest rates on cash at bank and term deposits at 30 June 2014 was 2.35% and 3.15% (2013: 1.25% and 3.75%). The term deposits have maturity periods of 30 days.

Note 10. Trade and Other Receivables

	2014 $	2013 $
Interest receivable	1,276	3,985
Australian Tax Office receivable	4,832	3,307
Research and development tax concession receivable	1,139,739	972,936
Other receivables	22,012	33,030
	1,167,859	**1,013,258**

Note 11. Plant and Equipment

	2014 $	2013 $
At cost	172,209	161,594
Accumulated depreciation	(158,613)	(148,860)
Net book value	**13,596**	**12,734**
Balance at the beginning of the year	12,734	15,199
Additions	10,615	5,576
Depreciation expense	(9,753)	(8,041)
Balance at the end of the year	**13,596**	**12,734**

Note 12. Intangibles

	2014 $	2013 $
At cost	6,387,500	6,387,500
Accumulated impairment losses / amortisation	(6,387,500)	(6,387,500)
	-	-

The intangible assets have finite useful lives.

(a) The intangible assets relate to certain rights granted to Antisense Therapeutics Limited by Isis Pharmaceuticals Inc. ('Isis') upon listing of the Company. The main features of the agreement are as follows:

- Isis has granted Antisense Therapeutics Limited certain rights to use Isis technology (i.e. Isis' patented technology) to commercialise antisense drugs to a number of protein targets (i.e. a research licence for each protein target). A certain number of these research licences to protein targets are also extendible to commercialisation licences.
- The agreements with Isis provide access to and assistance in expanding Antisense Therapeutics Limited's drug pipeline and also provide access to and assistance in the Company's development projects including an exclusive license to a multiple sclerosis drug in Isis' preclinical pipeline; access to Isis manufacturing for provision of bulk quantities of antisense compounds for clinical trials; and access to Isis' preclinical development services for a sufficient period to allow smooth technology transfer.

(b) The intangible assets were amortised on a straight-line basis over the term of the rights granted, five years. At 30 June 2007, the intangible assets had been fully amortised.

Note 13. Trade and Other Payables

	2014 $	2013 $
Trade payables	116,860	160,048
Accrued expenses	128,444	133,386
Other payables	4,577	4,577
	249,881	**298,011**

Note 14. Borrowings

Unrestricted access was available at the reporting date to the following lines of credit:

	2014 $	2013 $
Total facilities:		
Bank loan	730,000	-
Used at the reporting date:		
Bank loan	50,000	-
Unused at the reporting date:		
Bank loan	680,000	-

The bank loan relates to the secured funding facility the Company has entered into with the Macquarie Bank Limited during the year. The facility is secured over the Company's present and future assets and properties. The facility has a limit of A$1.0 million from 1 July 2014 and may be drawn at any time. The facility will be terminated on the earlier of 30 November 2014 and the date the Company receives payment of all claimed R&D Tax Incentive Offsets (approx. A$1.1 million) under the R&D Tax Incentive Program relating to the 2014 financial year.

Note 15. Provisions

	2014 $	2013 $
Current employee provisions	269,249	256,090
Non-Current employee provisions	-	-
	269,249	**256,090**

Note 16. Contributed Equity

	Note	2014 $	2013 $
Ordinary fully paid shares	16(a)	51,207,891	51,029,161
Options over ordinary shares	16(b)	1,209,045	754,667
		52,416,936	**51,783,828**

Note 16. Contributed Equity (Continued)

16(a) Ordinary Shares	2014 No.	2014 $	2013 No.	2013 $
Balance at the beginning of the year	1,437,954,566	51,029,161	1,265,111,320	48,968,108
Shares issued during the year	3,001,000	180,270	172,843,246	2,061,053
Consolidation 10:1 Nov 2013	(1,296,859,438)	-	-	-
Transaction costs relating to share issues	-	(1,540)	-	-
Balance at the end of the year	**144,096,128**	**51,207,891**	**1,437,954,566**	**51,029,161**

2014	Details	Number	Issue Price $	$
2 July 2013	Exercise of ANPAU Unlisted Options	3,000,000	-	180,000
13 November 2013	Consolidation of shares 10:1 basis	(1,296,859,438)	-	-
8 January 2014	Exercise of ANPO Options	1,000	0.270	270
		(1,293,858,438)		**180,270**

2013	Details	Number	Issue Price $	$
3 July 2012	Exercise of ANPAU Unlisted Options	240,000	0.063	15,000
3 July 2012	Exercise of ANPO Listed Options	1,744,370	-	-
13 July 2012	Exercise of ANPO Listed Options	30,647,565	0.011	337,124
24 July 2012	Exercise of ANPAU Unlisted Options	3,000,000	0.070	210,000
24 July 2012	Exercise of ANPO Listed Options	22,818,054	0.011	250,999
2 August 2012	Exercise of ANPO Listed Options	114,052,957	0.011	1,254,583
3 August 2012	Exercise of ANPO Listed Options	340,300	0.011	3,743
Capital Raising costs associated with the above issues		-	-	(10,396)
		172,843,246		**2,061,053**

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

Note 16. Contributed Equity (Continued)

16 (b) Options	2014		2013	
	No.	$	No.	$
Balance at the beginning of the year	-	754,667	173,993,250	754,667
Options issued during the year	46,951,984	563,426	-	-
Options exercised during the year	(1,000)	(110)	(169,603,246)	-
Options expired during the year	-	-	(4,390,004)	-
Transaction costs relating to option issues	-	(108,938)	-	-
Balance at the end of the year	**46,950,984**	**1,209,045**	**-**	**754,667**

2014	Details	Number	Issue Price $
23 December2013	Issue of Loyalty Options (ANPO)	45,728,528	548,982
23 December 2013	Issue of Private Placement Options	223,456	2,444
23 December 2013	Issue of Options for Management Fees to Patersons	1,000,000	12,000
8 January 2014	Exercise of Loyalty Options (ANPO)	(1,000)	(110)
Capital raising costs associated with the above issues		-	(108,938)
		46,950,984	**454,378**

2013	Details	Number	Issue Price $
3 July 2012	Exercise of ANPO Listed Options	(1,744,370)	-
13 July 2012	Exercise of ANPO Listed Options	(30,647,565)	-
24 July 2012	Exercise of ANPO Listed Options	(22,818,054)	-
31 July 2012	Expiry of ANPO Options	(4,390,004)	-
2 August 2012	Exercise of ANPO Listed Options	(114,052,957)	-
3 August 2012	Exercise of ANPO Listed Options	(340,300)	-
		(173,993,250)	**-**

Note 17. Reserves

(a) Nature and Purpose of the Reserve

The option reserve recognises the proceeds from the issue of options over ordinary shares and the expense recognised in respect of share based payments, see note 21 for further detail.

Note 17. Reserves (Continued)

	2014		2013	
	No.	$	No.	$
Unlisted options over fully paid ordinary shares	3,720,000	1,140,855	9,860,000	1,365,855
Options exercised	(3,000,000)	(180,000)	(3,240,000)	(225,000)
Options expired / forfeited	-	-	(2,900,000)	-
Consolidation on 10:1 basis Nov 2013	(648,000)	-	-	-
	72,000	**960,855**	**3,720,000**	**1,140,855**

2014	Details	Number	Issue Price $
2 July 2013	Exercise of ANPAU Unlisted Options	(3,000,000)	(180,000)
13 November 2013	Consolidation on 10:1 basis	(648,000)	-
		(3,648,000)	**(180,000)**

2013	Details	Number	Issue Price $
3 July 2012	Exercise of ANPAU Unlisted Options	(240,000)	(15,000)
24 July 2012	Exercise of ANPAU Unlisted Options	(3,000,000)	(210,000)
27 June 2013	Expiry of ANPAS Options	(2,900,000)	-
		(6,140,000)	**(225,000)**

Options Outstanding at 30 June 2014

	No. of Options	
Date of Issue	27 Oct 2008	20 Nov 2013
On issue at beginning of year	3,720,000	-
Issued during the year	-	46,951,984
Exercised during the year	(3,000,000)	(1,000)
Expired during the year	-	-
Forfeited during the year	-	-
Consolidation 10:1 Nov 2013	(648,000)	-
Outstanding at balance date	**72,000**	**46,950,984**
Expired subsequent to balance date	-	-
Exercised subsequent to balance date	-	-
Outstanding at date of Directors' Report	**72,000**	**46,950,984**
Original number of recipients	4	923
Number of current holders	3	849
Exercise price	-	$0.27
Exercise period from	27 Oct 2008	20 Nov 2013
To (expiration day)	30 Jul 2018	31 Jan 2017
The following proportion of options vest from the dates shown:		
100%	27 Oct 2008	20 Nov 2013

Note 18. Commitments and Contingencies

	2014 $	2013 $
Lease expenditure commitments:		
- not later than 12 months	24,693	24,693
- between 12 months and 5 years	-	-
	24,693	**24,693**

The lease expenditure commitments relate to the leasing of office premises. The lease is for a term of one year, expiring October 2014.

Note 19. Operating Segments

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

The operating segments are identified by management based on the manner in which the expenses are incurred, and for the purpose of making decisions about resource allocation and performance assessment. Discrete financial information about each of these operating segments is reported by the executive management team to the board on a regular basis.

Segments:

- ATL 1102 - Multiple Sclerosis
- ATL 1103 - Growth and Sight Disorders

30 June 2014	Note	ATL1102 Multiple Sclerosis	ATL1103 Growth and Sight Disorders	Total
Revenue				
Segment Revenue		-	-	-
Unallocated Revenue	19(a)	-	-	82,936
Total Revenue		**-**	**-**	**82,936**
Result				
Segment Result		(262,034)	(590,010)	(852,044)
Unallocated Result	19(b)	-	-	(2,244,164)
Income Tax Benefit		-	-	-
Net Result		**(262,034)**	**(590,010)**	**(3,013,272)**

Note 19. Operating Segments (Continued)

30 June 2013	Note	ATL1102 Multiple Sclerosis	ATL1103 Growth and Sight Disorders	Total
Revenue				
Segment Revenue		-	-	-
Unallocated Revenue	19(a)	-	-	203,285
Total Revenue		**-**	**-**	**203,285**
Result				
Segment Result		21,648	(376,494)	(354,846)
Unallocated Result	19(b)	-	-	(2,303,281)
Income Tax Benefit		-	-	-
Net Result		**21,648**	**(376,494)**	**(2,454,842)**

		2014 $	2013 $
19(a)	**Unallocated Revenue**		
	- Interest from external parties	82,936	203,285
		82,936	**203,285**
19(b)	**Unallocated Result**		
	- R&D Tax Concession Refund	2,432	93,900
	- Compliance expenses	(252,295)	(227,738)
	- Business development expenses	(815,473)	(765,122)
	- Employee expenses	(672,655)	(832,526)
	- Patent expenses	(153,477)	(223,629)
	- Other expenses	(352,696)	(348,166)
		(2,244,164)	**(2,303,281)**

Note 20. Cash Flow Information

(a) Reconciliation of cash flow from operations with loss after income tax

	2014 $	2013 $
Net Loss for the year	**(3,013,272)**	**(2,454,842)**
Add back depreciation expense	9,753	8,041
(Increases) in trade and other receivables	(154,601)	(389,196)
(Increases)/Decreases in prepayments	35,297	(93,002)
Increases/(Decreases) in trade and other payables	(48,130)	76,812
Increases in other current liabilities	50,000	-
Increases in provisions	13,159	54,001
Add back foreign exchange	(92)	(35,000)
Net cash flows used in operating activities	**(3,107,886)**	**(2,833,186)**

(b) Non-cash financing and investing activities

See note 16 for issue of options to suppliers. Expenses associated with share based payments are included in share based payment expenses and R&D expenses.

Note 21. Share-based Payments

Executives may also be provided with longer-term incentives through the Company's Employee Option Plan, to allow the Executives to participate in and benefit from the growth of the Company as a result of their efforts and to assist in motivating and retaining these key employees over the long term. There are currently 4 employees eligible to participate in this scheme. Options issued to employees are not listed options and as such do not have a readily available market value. There were no share-based payments made to employees during the year (2013: nil).

Note 22. Events after the Balance Date

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

Note 23. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

	2014 $	2013 $
Purchases from Belyea IP		
Belyea IP is a consulting company owned and operated by Dr Chris Belyea who is a Non-Executive Director of the Company		
Service fees paid to Belyea IP during the year:	2,900	2,700
Patent renewals cost reimbursed to Belyea IP during the year:	28,793	23,653
Total paid by the Company to Belyea IP during the year:	**31,693**	**26,353**
At the end of the financial year, the Company owed Belyea IP:	-	-

Note 24. Financial Risk Management Objectives and Policies

(a) Financial Instruments

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

	2014 $	2013 $
Cash and cash equivalents	1,334,513	3,999,814
Trade and other receivables	1,167,859	1,013,258
Trade and other payables	249,881	298,011
Borrowings	50,000	-

The Company does not have any derivative instruments at 30 June 2014.

(b) Risk Management Policy

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

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

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

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

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

(c) Significant Accounting Policy

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

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

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

Note 24. Financial Risk Management Objectives and Policies (continued)

(d) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution. The capital structure of the Company consists of equity attributed to equity holders of the Company, comprising contributed equity, reserves and accumulated losses disclosed in notes 16 and 17. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Company's Management the Board monitors the need to raise additional equity from the equity markets.

(e) Financial Risk Management

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

Interest Rate Risk

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

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

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

The Company's exposure to interest rate risk and the weighted average interest rates on the Company's financial assets and financial liabilities is as follows:

Note 24. Financial Risk Management Objectives and Policies (Continued)

30 June 2014	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate within Year	Fixed Interest Rate 1 to 5 years	Fixed Interest Rate over 5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	3.51	128,815	1,205,298	-	-	400	1,334,513
Trade and other receivables	-	-	-	-	-	1,167,859	1,167,859
		128,815	**1,205,298**	**-**	**-**	**1,168,259**	**2,502,372**
Financial Liabilities							
Trade and other payables	-	-	-	-	-	249,881	249,881
Borrowings	14.00	-	-	-	-	50,000	50,000
		-	**-**	**-**	**-**	**299,881**	**299,881**

30 June 2013	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate within Year	Fixed Interest Rate 1 to 5 years	Fixed Interest Rate over 5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash and cash equivalents	3.12	999,414	3,000,000	-	-	400	3,999,814
Trade and other receivables	-	-	-	-	-	1,013,258	1,013,258
		999,414	**3,000,000**	**-**	**-**	**1,013,658**	**5,013,072**
Financial Liabilities							
Trade and other payables	-	-	-	-	-	298,011	298,011
		-	**-**	**-**	**-**	**298,011**	**298,011**

There has been no change to the Company's exposure to interest rate risk or the manner in which it manages and measures its risk in the year ended 30 June 2014.

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

Note 24. Financial Risk Management Objectives and Policies (Continued)

	(Higher) / Lower 2014	(Higher) / Lower 2013
2014: +1% (2013: +1%)	13,345	39,998
2014: - 1% (2013: -1%)	(13,345)	(39,998)

Foreign Currency Risk

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

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

	2014 $	2013 $
Cash and cash equivalents (AUD/GBP)	1,029	537,441
Trade and other payables (AUD/USD)	40,362	34,025
Trade and other payables (AUD/GBP)	44,115	100,273
Trade and other payables (AUD/EUR)	2,329	9,247

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

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

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

There has been no change in the manner the Company manages and measures its risk in the year ended 30 June 2014.

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

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

Note 24. Financial Risk Management Objectives and Policies (Continued)

	(Higher) / Lower 2014	(Higher) / Lower 2013
Cash and cash equivalents		
AUD/GBP: 2014: +3% (2013: +3%)	31	16,123
AUD/GBP: 2014: -3% (2013: -3%)	(31)	(16,123)
Trade and other payables		
AUD/USD: 2014: +3% (2013: +3%)	(1,211)	(1,021)
AUD/USD: 2014: -3% (2013: -3%)	1,211	1,021
AUD/GBP: 2014: +3% (2013: +3%)	1,323	3,008
AUD/GBP: 2014: -3% (2013: -3%)	(1,323)	3,008
AUD/EUR: 2014: +3% (2013: +3%)	70	277
AUD/EUR: 2014: -3% (2013: -3%)	(70)	(277)

Credit Risk

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

Historically the Company has had minimal trade and other receivables, with the majority of its funding being provided via shareholder investment. Traditionally the Company's trade and other receivables relate to GST refunds and Research and Development Tax Concession amounts due to the Company from the Australian Tax Office. At 30 June 2014 GST accounted for $4,832 (2013: $3,307) of the trade and other receivables, respectively. At 30 June 2014, accrued interest from the Commonwealth Bank amounted to $911 (2013: $3,985)).

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

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

	0-30 days $	31-60 days $	61-90 days $	90+ days $
2014 Trade and other receivables	1,159,628	-	-	8,231
2013 Trade and other receivables	1,005,027	-	-	8,231

Note 24. Financial Risk Management Objectives and Policies (Continued)

Liquidity Risk

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

The Company has analysed its trade and other payables below:

	0-30 days $	31-60 days $	61-90 days $	90+ days $
2014 Trade and other payables	249,881	-	-	-
2013 Trade and other payables	298,011	-	-	-

Note 25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Percentage owned (%) 2014	2013
Parent Entity			
Antisense Therapeutics Limited			
Subsidiaries of Antisense Therapeutics Limited			
Antisense Therapeutics (HK) Pty Ltd [1]	Australia	100	100

[1] On 10 July 2012 the parent entity incorporated Antisense Therapeutics (HK) Pty Ltd, a wholly owned subsidiary. The purpose of this new incorporated entity is to facilitate the provision of the relevant licenses to ATL1102 intellectual property in a proposed Joint Venture with a Chinese Company.

Note 26. Company Details

The registered office of the Company is:

6-8 Wallace Avenue, Toorak, Victoria, 3142

The principal place of business of the Company is:

6-8 Wallace Avenue, Toorak, Victoria, 3142

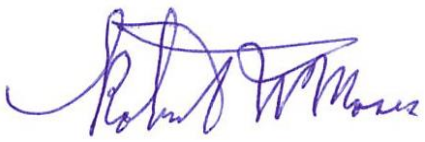
Directors' Declaration

The Directors of the Company declare that:

In the opinion of the Directors:

1. the financial statements and notes, as set out on pages 35 to 74 are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company;
    c. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.



Mr Robert W Moses
Independent Non-Executive Chairman

Mr Mark Diamond
Managing Director

Dated: This the 22nd Day of August 2014.

Independent Auditor's Report

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

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

Report on the financial report

We have audited the accompanying financial report of Antisense Therapeutics Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

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Opinion

In our opinion:

a. the financial report of Antisense Therapeutics Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 'Going Concern' in the financial report. As indicated within Note 1 the continuing operations of the Company are dependent upon future funding (from either license receipts, R&D funding or additional capital raisings).

The Directors cannot be certain of the success or of the timing of the intended fund raising activities.

As a result of these matters, there is material uncertainty whether the company will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in pages 19 to 28 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Antisense Therapeutics Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

Don Brumley
Partner
Melbourne
22 August 2014

Company Directory

DIRECTORS

Mr Robert W Moses	Independent Non-Executive Chairman
Mr Mark Diamond	Managing Director
Dr Chris Belyea	Independent Non-Executive Director
Dr Graham Mitchell	Independent Non-Executive Director

COMPANY SECRETARY

Mr Phillip Hains

COMPANY

Antisense Therapeutics Limited
ABN 41 095 060 745

REGISTERED OFFICE

6-8 Wallace Avenue
Toorak, Victoria, 3142

PRINCIPAL PLACE OF BUSINESS

6-8 Wallace Avenue
Toorak, Victoria, 3142
Telephone: + 61 (0)3 9827 8999
Fax: + 61 (0)3 9827 1166

SOLICITORS

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

SHARE REGISTRY

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney, NSW, 2000
Telephone: 1300 737 760
International: +61 (0)2 9290 9600

SECURITIES QUOTED

Australian Securities Exchange
- Ordinary Fully Paid Shares (ASX Code: ANP)

American Depository Receipts (ADR)
Level 1 ADR Program, ADRs are traded in the US over-the-counter (OTC) market.
Ratio: 1 ADR = 20 ordinary shares
Symbol: ATHJY
CUSIP: 037183100

WEBSITE

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