



11 October 2016

NOTICE OF ANNUAL GENERAL MEETING

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

Yours sincerely

Mark Diamond
Managing Director



NOTICE OF ANNUAL GENERAL MEETING

Including Explanatory Notes and Proxy Form

To be held on:

Thursday 10 November 2016

11.00am (AEDT)

(Registration commencing 15 minutes earlier)

At:

Giorgios Restaurant
1235 High Street
Armadale, Victoria
Australia 3143

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

ANTISENSE THERAPEUTICS LIMITED

ACN 095 060 745

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Antisense Therapeutics Limited ACN 095 060 745 (**Company**) will be held at Giorgios Restaurant, 1235 High Street, Armadale, Victoria on Thursday, 10 November 2016 at 11.00am (AEDT), for the purposes of considering and, if thought fit, passing each of the resolutions referred to in this Notice of Meeting.

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

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

BUSINESS OF THE MEETING

2016 Annual Financial Report

To receive and consider the Annual Financial Report of the Company for the year ended 30 June 2016 (**2016 Annual Report**), comprising the Financial Report, the Directors' Report, and the Auditor's Report. At the Meeting, a representative of the Company's auditors, Ernst & Young will be available to answer any questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 1: Non-binding resolution to adopt the 2016 Remuneration Report

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

"That for the purposes of Section 250R(2) of the Corporations Act, the Remuneration Report for the financial year ended 30 June 2016 as disclosed in the Directors' Report is adopted."

Voting Exclusion and Restriction Statement

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

- (a) a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2016; or
- (b) a closely related party of a KMP;

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

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

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

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

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

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

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

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

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

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

Resolution 2: Re-election of Non-Executive Director – Mr Robert Moses

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

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

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

Resolution 3: Election of Non-Executive Director – Dr Gary Pace

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

“That Dr Gary Pace, a Non-Executive Director of the Company approved to fill a casual vacancy in 2015 until the end of this Annual General Meeting in accordance with the Company’s Constitution, who, being eligible offers himself for election, be elected as a Director of the Company.”

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

Resolution 4: Election of Non-Executive Director – Mr William Goolsbee

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

“That Mr William Goolsbee, a Non-Executive Director of the Company approved to fill a casual vacancy in 2015 until the end of this Annual General Meeting in accordance with the Company’s Constitution, who, being eligible offers himself for election, be elected as a Director of the Company.”

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

Resolution 5: Selective Capital Reduction

To consider, and if thought fit, pass the following resolution pursuant to section 256C(2) of the Corporations Act as a special resolution:

“That pursuant to sections 256B and 256C(2) of the Corporations Act 2001 (Cth), the share capital of Antisense Therapeutics Limited be reduced by cancelling all ordinary shares held by the company formerly named Cortendo Cayman Ltd (being 15, 025, 075 fully paid ordinary shares) for no consideration.”

Further details in respect of Resolution 5 are set out in the Explanatory Notes accompanying this Notice of Meeting.

Resolution 6: Amendment to Constitution

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

“That the Company’s Constitution be amended by:

a) Inserting a new clause 8A as follows:

8A. Non Marketable Parcels

8A.1 *If one or more Members hold less than a Marketable Parcel of Shares, the Directors may invoke the procedure for the sale of Shares under this clause 8A (**Procedure**).*

8A.2 *To invoke the Procedure, the Directors must give each Member (or each Member whose Shares are not held in a CHESS Holding) who holds less than a Marketable Parcel of Shares (**Eligible Member**) written notice (**Notice of Divestiture**) that complies with this clause 8A.*

- 8A.3 A Notice of Divestiture given to an Eligible Member must:
- (a) state that the Shares referred to in the Notice of Divestiture are liable to be sold in accordance with the Procedure if the Eligible Member does not advise the Company before a specified date (**Relevant Date**) that the Eligible Member wishes to keep those Shares; and
 - (b) if the Eligible Member holds Shares in a CHESS Holding, contain a statement to the effect that if those Shares remain in a CHESS Holding after the Relevant Date, the Company may, without further notice, move those Shares from the CHESS Holding to an Issuer Sponsored Holding or a certificated holding for the purposes of divestment by the Company in accordance with the Procedure.
- 8A.4 The Relevant Date must be six weeks or more after the date that the Notice of Divestiture is sent.
- 8A.5 A copy of a Notice of Divestiture must be given to any other person required by the operating rules of an applicable clearing and settlement facility licensee.
- 8A.6 If an Eligible Member on whom a Notice of Divestiture has been served, wants to keep the Shares referred to in the Notice of Divestiture, the Eligible Member must give the Company written notice before the Relevant Date, advising the Company that the Eligible Member wants to keep those Shares in which event the Company will not sell the Shares.
- 8A.7 If an Eligible Member on whom a Notice of Divestiture has been served does not give the Company written notice before the Relevant Date advising the Company that the Eligible Member wants to keep the Shares referred in the Notice of Divestiture, the Company may:
- (a) if the Eligible Member holds those Shares in a CHESS Holding, move those Shares from the CHESS Holding to an Issuer Sponsored Holding or a certificated holding; and
 - (b) in any case, sell those Shares in accordance with the Procedure,
- but only if the Shares held by the Eligible Member on the Relevant Date is less than a Marketable Parcel.
- 8A.8 Any Shares which may be sold under this clause 8A may be sold on the terms, in the manner (whether on-market, by private treaty, through a share sale facility established by, on behalf or, or at the request of the Company, or otherwise) and at the time or times determined by the Directors and, for the purposes of a sale under this clause 8A, each Eligible Member:
- (a) appoints the Company as the Eligible Member's agent for sale;
 - (b) authorises the Company to effect on the Eligible Member's behalf a transfer of the Shares sold and to deal with the proceeds of the sale of the Shares in accordance with clause 8A.10;
 - (c) appoints the Company, its Directors and the Secretary jointly and severally as the Eligible Member's attorneys to execute an instrument or take other steps, in the Eligible Member's name and on the Eligible Member's behalf, as they or any of them may consider appropriate to transfer the Shares sold; and
 - (d) authorises each of the attorneys appointed under clause 8A.8(c) to appoint an agent to do a thing referred to in clause 8A.8(c).
- 8A.9 The title of the transferee to Shares acquired under this clause 8A is not affected by an irregularity or invalidity in connection with the sale of Shares to the Transferee.
- 8A.10 The proceeds of any sale of Shares under this clause 8A less any unpaid calls and interest (**Sale Consideration**) will be paid to the relevant Eligible Member in accordance with clause 90.

8A.11 *If the Eligible Member has been issued with a share certificate or certificates in respect of the Shares to which the Sale Consideration relates, the Company must not pay the Sale Consideration to the Eligible Member until the Eligible Member has provided the Company with the share certificate or certificates or if the certificate or certificates has or have been lost or destroyed, by a statement and undertaking under subsection 1070D(5) of the Corporations Act.*

8A.12 *Subject to the Corporations Act, the Company or the purchaser will bear all costs, including brokerage and stamp duty, associated with the sale of any Shares under this clause.*

8A.13 *The Procedure may only be invoked once in any 12 month period after its adoption or renewal.*

8A.14 *If the Procedure has been invoked and there is an announcement of a takeover bid for Shares, no more sales of Shares may be made under this clause 8A until after the close of the offers made under the takeover. The Procedure may then be invoked again.*

b) Making amendments to the definitions set out in clause 1.1 to delete the term 'Non Marketable Parcel' and to amend the definition of the term 'Marketable Parcel' to reflect the definition in Chapter 19 of the ASX Listing Rules.

c) Making certain amendments to the definitions set out in clause 1.1 (including to the terms 'CHESS and 'CHESS Holdings') to replace redundant references to the SCH Business Rules with references to the ASX Settlement Operating Rules and making consequential amendments to clauses 23.1, 23.3 and 24.3 to incorporate the amended definitions.

Further details in respect of Resolution 6 are set out in the Explanatory Notes accompanying this Notice of Meeting.

Resolution 7: New Option Issue

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

*"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 46,950,984 New Options (**New Option Issue**) under a public offer on the terms and conditions described in the Explanatory Notes to this Notice of Meeting, be and is hereby approved".*

Voting Exclusion and Restriction Statement

The Company will disregard any votes cast on this Resolution by Mark Diamond, Robert Moses, Dr Graham Mitchell and their associates, who have voluntarily excluded themselves from voting on this Resolution.

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

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

Further details in respect of Resolution 7 are set out in the Explanatory Notes accompanying this Notice of Meeting.

Resolution 8A: Approve Director participation in New Option Issue – Mr Mark Diamond

To consider, and if thought fit, pass with or without amendment the following resolution as an ordinary resolution:

"That pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise application for, and issue of 351,189 New Options (being the same number of ANPO Options currently held by Mark Diamond) each at an issue price of A\$0.002 to Mark Diamond (or his nominee) on the terms and conditions set out in the Explanatory Note."

Voting Exclusion and Restriction Statement

The Company will disregard any votes cast on this Resolution by Mark Diamond, Robert Moses, Dr Graham Mitchell and their associates.

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

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

Resolution 8B: Approve Director participation in New Option Issue – Mr Robert Moses

To consider, and if thought fit, pass with or without amendment the following resolution as an ordinary resolution:

"That pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise application for, and issue of 708,001 New Options (being the same number of ANPO Options currently held by Robert Moses) each at an issue price of A\$0.002 to Robert Moses (or his nominee) on the terms and conditions set out in the Explanatory Note."

Voting Exclusion and Restriction Statement

The Company will disregard any votes cast on this Resolution by Robert Moses, Mark Diamond, Dr Graham Mitchell and their associates.

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

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

Resolution 8C: Approve Director participation in New Option Issue – Dr Graham Mitchell

To consider, and if thought fit, pass with or without amendment the following resolution as an ordinary resolution:

"That pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise application for, and issue of 60,582 New Options (being the same number of ANPO Options currently held by Dr Graham Mitchell) each at an issue price of A\$0.002 to Dr Graham Mitchell (or his nominee) on the terms and conditions set out in the Explanatory Note."

Voting Exclusion and Restriction Statement

The Company will disregard any votes cast on this Resolution by Robert Moses, Dr Graham Mitchell, Mark Diamond and their associates.

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

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

Further details in respect of Resolutions 8A-8C are set out in the Explanatory Notes accompanying this Notice of Meeting.

Resolution 9: Approval of 10% Placement Facility

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

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

Voting Exclusion and Restriction Statement

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of Resolution 9 by a person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any associates of those persons.

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

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

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

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

Further details in respect of Resolution 9 are set out in the Explanatory Notes accompanying this Notice of Meeting.

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

By the order of the Board



Phillip Hains
Company Secretary

Dated: 11 October 2016

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

NOTES

Voting Entitlements

In accordance with section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that a Shareholder's voting entitlement at this Meeting will be taken to be the entitlement of the person shown in the register of members as at 7:00pm (AEDT) on *Tuesday 8 November 2016*. Transactions registered after that time will be disregarded in determining the Shareholders entitled to attend and vote at the Meeting.

Proxies

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

By Fax: +61 2 9290 9655

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

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

- Proxies given by a corporation must be signed either under seal or under the hand of a duly authorised attorney. In addition, should the constitution of a corporation permit the execution of documents without using a common seal, the documents must be signed by two directors or a director and a company secretary, or for a proprietary company that has a sole director who is also a company secretary, that director.

- If a body corporate is appointed as proxy, please write the full name of that body corporate (eg, Company X Pty Ltd). Do not use abbreviations. The body corporate will need to ensure that it:
 - appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act; and
 - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting. If no such evidence is received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

Body corporate representatives

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

Appointing the chair as your proxy

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

The chair of the Meeting intends to exercise all available proxies by voting in favour of all Resolutions.

Definitions

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

ANTISENSE THERAPEUTICS LIMITED

ACN 095 060 745

EXPLANATORY NOTES TO NOTICE OF 2016 ANNUAL GENERAL MEETING

These Explanatory Notes accompany and form part of the Antisense Therapeutics Limited Notice of Annual General Meeting to be held at Giorgios Restaurant, 1235 High Street, Armadale, Victoria on Thursday 10 November 2016 at 11.00am (AEDT).

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

BUSINESS OF THE MEETING

Resolution 1: Non-binding resolution to adopt 2016 Remuneration Report

Background

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

The purpose of Resolution 1 is to lay before the Shareholders, the Company's Remuneration Report for the year ended 30 June 2016 (**Remuneration Report**) so that Shareholders may ask questions about or make comments on the management of the Company in accordance with the requirements of the Corporations Act and vote on an advisory and non-binding resolution to adopt the Remuneration Report.

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

The Remuneration Report is contained within the 2016 Annual Report. You may view the Annual Report by visiting the Company's website www.antisense.com.au, or you may order a hard copy of the Annual Report by phoning +61 (0)3 9827 8999.

The vote on the resolution for adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if at least 25% of the votes cast on the resolution at the 2016 Annual General Meeting are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2016 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2017 annual general meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of Directors (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the 2017 annual general meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

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

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

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

Resolution 2: Re-election of Non-Executive Director – Mr Robert Moses

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

First appointed to the Board 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.

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

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

Resolution 3: Election of Non-Executive Director – Dr Gary Pace

Under the Constitution of the Company, the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. Any person appointed as Director pursuant to this power will hold office until the end of the next annual general meeting of the Company, at which the Director may be elected but he or she will not be taken into account in determining the number of Directors who must retire by rotation at the meeting in accordance with the Constitution.

First appointed to the Board Appointed by Directors as a casual Director on 9 November 2015 pursuant to clause 55.1 of the Constitution (such appointment ending at the close of the 2015 AGM on 12 November 2015) and appointed by Directors as a casual Director on 12 November 2015 pursuant to clause 55.1 of the Constitution.

Qualifications B.Sc. PhD

Experience Dr Pace is currently a Director of four other public companies; ResMed (ASX/NYSE, RMD); Pacira Pharmaceuticals Inc. (NASDAQ: PCRX) ; Transition Therapeutics Inc. (NASDAQ: TTHI) and Simavita Limited (ASX:SVA as well as several private companies. He has also previously held directorships in other ASX listed biotechnology companies including Peplin Ltd. Dr Pace holds a B.Sc. (Hons I) from the University of New South Wales and a PhD from the Massachusetts Institute of Technology where he was a Fulbright Fellow and General Foods Scholar. He has authored or co-authored over 50 research and review papers, has been awarded 24 patents. In addition he has held visiting academic positions at the Massachusetts Institute of Technology and the University of Queensland. Dr Pace is an elected Fellow of the Australian Academy of Technological Sciences and Engineering.

Committees Nil

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

Resolution 4: Election of Non-Executive Director – Mr William Goolsbee

Under the Constitution of the Company, the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. Any person appointed as Director pursuant to this power will hold office until the end of the next annual general meeting of the Company, at which the Director may be elected but he or she will not be taken into account in determining the number of Directors who must retire by rotation at the meeting in accordance with the Constitution.

First appointed to the Board Appointed by Directors as a casual Director on 15 October 2015 pursuant to clause 55.1 of the Constitution (such appointment ending at the close of the AGM on 12 November 2015) and appointed by Directors as a casual Director on 12 November 2015 pursuant to clause 55.1 of the Constitution.

Qualifications BA

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

Committees Mr. Goolsbee holds a B.A. degree from the University of California at Santa Barbara.
Nil

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

Resolution 5: Selective Capital Reduction

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

Background

As noted in the ASX announcement on 29 April 2016, the Company has entered into a Deed of Settlement, Termination and Transfer (**Deed of Settlement**) with Cortendo Cayman Ltd (now renamed Strongbridge Biopharma Ltd) (a member of the Strongbridge Biopharma group) (**Strongbridge**) setting out the terms of the termination of the Licence Agreement for ATL1103.

Under the terms of the Deed of Settlement, in addition to the Company earlier in the year receiving \$1,000,000; drug compound and all data, applications and approvals including orphan drug designation, with respect to ATL1103, Strongbridge has agreed to the cancellation of 15,025,075 fully paid ordinary shares Strongbridge holds in the Company for no monetary consideration. At the time, Strongbridge paid the Company US\$2 million for this equity holding in ANP.

The purpose of Resolution 2 is to effect the cancellation of all Shares held by Strongbridge, in accordance with the terms of the Deed of Settlement.

The reduction of capital will represent a reduction of 8.5% of the issued capital in the Company. Existing shareholder's ownership in ANP will increase proportionally upon cancellation of the Shares held by Strongbridge. Importantly the cancellation of these shares also removes the overhang of an investor (being Strongbridge) who is now no longer a strategic or long term investor in the Company.

Corporations Act 2001 (Cth)

Section 256B of the Corporations Act has the effect that the Company may reduce its share capital in a way that is not otherwise authorised by law if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders.

In respect of paragraph (a) the Company believes the share reduction is fair and reasonable to the company's shareholders as a whole, as the Company is not required to pay any monies for the returned shares.

Paragraph (b) does not apply to a reduction of share capital for no consideration, as is the case with this reduction.

In respect of paragraph (c), the Corporations Act specifies different procedures for the necessary shareholder approval depending on whether the capital reduction is a selective capital reduction or an equal capital reduction. The proposed reduction of the Company's share capital is a selective capital reduction as it does not apply to each holder of Shares in proportion to the number of Shares they hold, and the terms of the proposed reduction are not the same for each holder of Shares.

Section 256C(2) of the Corporations Act provides that a selective reduction of capital can be approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced by way of the reduction, or by their associates.

Further, if the reduction involves the cancellation of shares, the reduction must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

Accordingly, the Company is proposing that the reduction of capital be approved by special resolution. The Company has held a meeting with Strongbridge (being the shareholder whose shares are to be cancelled) at which a special resolution has been passed approving the cancellation of all Shares held by Strongbridge, for the purposes of satisfying the second limb of section 256C(2) of the Corporations Act as set out above.

In accordance with the Corporations Act, the Company must lodge with ASIC a copy of any resolution passed in accordance with section 256C(2) of the Corporations Act within 14 days after it is passed. The Company may not make the reduction until 14 days after lodgement of the resolution with ASIC.

The Directors of the Company believe that Resolution 2 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

ASX Listing Rules

ASX Listing Rule 7.20 provides that if a company proposes to reorganise its capital, it must tell its security holders in writing each of the following:

The effect of the proposal on the number of securities and the amount unpaid (if any) on the securities (Listing Rule 7.20.1)

The effect of the proposed capital reduction is that the number of Shares on issue will be reduced by 15,025,075. There are no unpaid amounts on any of the Shares that are proposed to be cancelled.

The proposed treatment of any fractional entitlements arising from the reorganisation. (Listing Rule 7.20.2)

There will be no fractional entitlements arising from the reorganisation.

The proposed treatment of any convertible securities on issue (Listing Rule 7.20.3)

The Company does not have any convertible securities on issue.

Resolution 6: Amendment to Constitution

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

Background

As noted in the 'Company Strategy Update' ASX announcement on 24 May 2016, the Company has proposed the amendment to the Constitution as set out in Resolution 6 as part of its capital management initiatives. The amendments will give the Company the flexibility to implement a facility for the sale of less than 'marketable parcels' of shares in the Company. This may allow the Company to reposition its share register by initiating the sale of small parcels of shares in the Company.

Summary of Amendments

The proposed amendments to the Constitution provide that, if any Shareholder holds a less than marketable parcel of Shares, the Company may initiate the sale of these Shares at its discretion.

Shareholders holding a less than marketable parcel of Shares who do not wish for the Shares to be sold, will not be required to sell their Shares under the amended Constitution provided that Shareholder gives notice to the Company within the required timeframe.

A Shareholder whose shareholding is sold under these provisions will retain the consideration for their Shares (less any unpaid calls and interest), and the Company or the purchaser of the Shares will bear the costs of the sale.

The Company is using this opportunity to make other necessary amendments relating to the definitions section of the Constitution. A copy of the Constitution (showing the proposed amendments in mark up) may be viewed by visiting the Company's website www.antisense.com.au, or you may order a hard copy of the Constitution by phoning +61 (0)3 9827 8999.

Corporations Act

Section 136(2) of the Corporations Act provides that a company may modify its constitution, or a provision of its constitution, by special resolution. Accordingly, the Company is proposing that the amendment to its Constitution be approved by special resolution.

ASX Listing Rules

ASX Listing Rule 15.13 provides that a company's constitution must not permit it to sell the shares of a holder who has less than a marketable parcel of those shares unless the constitution provides for each of the following:

The entity may do so only once in any 12 month period (Listing Rule 15.13.1)
Provided for under clause 8A.13 of the Constitution.

The entity must notify the security holder in writing of its intention (Listing Rule 15.13.2)
Provided for under clause 8A.2 of the Constitution.

The security holder must be given at least 6 weeks from the date the notice is sent in which to tell the entity that the holder wishes to retain the holding. (Listing Rule 15.13.3)
Provided for under clause 8A.4 of the Constitution.

If the security holder tells the entity under rule 15.13.3 that the holder wishes to retain the holding, the entity will not sell it. (Listing Rule 15.13.4)
Provided for under clause 8A.6 of the Constitution.

The power to sell lapses following the announcement of a takeover. However, the procedure may be started again after the close of the offers made under the takeover. (Listing Rule 15.13.5)
Provided for under clause 8A.14 of the Constitution.

The entity or the purchaser must pay the costs of the sale. (Listing Rule 15.13.6)

Provided for under clause 8A.12 of the Constitution.

The proceeds of the sale will not be sent until the entity has received any certificate relating to the securities (or is satisfied that the certificate has been lost or destroyed). (Listing Rule 15.13.7)

Provided for under clause 8A.11. The Company notes that it has not issued any share certificates, therefore the Eligible Members will not be required to take any action in respect of share certificates in order to receive their Sale Consideration (as that term is defined in the Constitution).

Resolution 7: New Option issue

Background

As part of its strategic capital management plan and pursuant to regaining control of all rights to ATL1103 from Strongbridge, the Company receiving \$1million upon termination of the License Agreement earlier in the year and pending cancellation of Strongbridge shareholding in ANP under the Deed of Settlement with Strongbridge, as a reward regime for its shareholders, and as a way of distributing part of the value regained by the Company through the Deed of Settlement with Strongbridge the Company intends to issue free bonus options (**Bonus Options**) to all of its ordinary shareholders on a pro rata basis, with the terms of the Bonus Options to be determined by the Company following the AGM, and the issue will be expected to occur following the proposed sale of shares under the less than marketable parcel share program (noting this program is subject to the approval of Resolution 6 at this Meeting).

Eligible shareholders will receive Bonus Options (no application is required) in accordance with the ASX Listing Rules and the timetable to be set out in a prospectus to be lodged by the Company following the AGM. The Company also intends to make an offer of new options (**New Options**), which will be open to the public in a limited capacity but will be offered as first priority to current option holders. In recognising that ATL1103 partnering plans have not progressed as expected (due to termination of Strongbridge license agreement), the Company believes these two initiatives provide all long-term supportive shareholders and option holders a benefit of greater exposure in the Company to successful completion of business development opportunities currently being progressed by the Company.

The Company will prepare and lodge a prospectus in respect of the Bonus Options and New Options shortly after the Meeting. No funds will be raised as a result of the Bonus Option issue. If all new options are taken up the Company would expect to receive \$93,901.97 as a result of the New Option issue. Eligible shareholders will receive Bonus Options in accordance with the ASX Listing Rules and the timetable to be set out in a prospectus to be lodged by the Company following the Meeting. No application is required by shareholders to receive Bonus Options. A priority application form will be included in the prospectus for current option holders to apply for New Options. Directors will have discretion to allot the balance of New Options not applied for by existing option holders. The Company will apply for quotation of both the Bonus Options and the New Options.

In accordance with the ASX Listing Rules, the priority entitlement of existing option holders in respect of the offer of New Options is at least 10% of the offer. The Company will limit the number of New Options it issues to a holder of ordinary securities to the higher of 5% of all New Options being offered under the priority entitlement and the number the option holder would be entitled to under a pro rata issue of all the New Options.

ASX Listing Rules

ASX Listing Rule 7.1 prohibits, subject to certain exceptions under ASX Listing Rule 7.2, a company from issuing or agreeing to issue equity securities that would represent more than 15% of the number of fully paid ordinary securities on issue 12 months prior to the date of issue of (or agreement to issue) such equity securities, without the prior approval of the company's shareholders.

As the offer and issue of Bonus Options will be a 'pro rata' issue for the purposes of ASX Listing Rule 7.2 Exception 1, shareholder approval is not required for the purposes of ASX Listing Rule 7.1 for the Company to offer and issue the Bonus Options.

None of the exceptions under ASX Listing Rule 7.2 apply to the offer and issue of the New Options (with the exception of the issue of New Options to Directors, if approved, as set out in the Explanatory Note to Resolution 8) and accordingly, Resolution 7 has been proposed to seek approval from Shareholders for the issue of the New Options, for the purposes of ASX Listing Rule 7.1 and for all other purposes, to successful applicants.

Pursuant to, and in accordance with, ASX Listing Rule 7.3 the following information is provided in relation to Resolution 7:

Maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue

A total of 46,950,984 New Options are proposed to be issued under the offer.

The date by which the entity will issue the securities (which must be no later than 3 months after the date of the meeting).

The issue date of the New Options will be 9 December 2016.

The issue price of the securities, which must be either a fixed price or a minimum price

The issue price of the New Options will be A\$0.002 per New Option.

The names of the persons to whom the entity will issue the securities (if known) or the basis on which those persons will be identified or selected

The names of the persons who will take up the offer and be issued New Options is not known. As set out above, current option holders will receive priority under the offer and Directors will allocate any remaining New Options at their discretion.

The terms of the securities

Issue date: 9 December 2016.

Expiry date: 9 December 2019.

Issue price: A\$0.002 per New Option.

Exercise price: A\$0.08 per New Option.

Entitlement to underlying securities on exercise: 1 fully paid ordinary share per New Option which will rank equally in all respects with the Company's existing shares on issue.

The intended use of the funds raised

The funds raised by the application price of the New Options will be applied towards meeting expenses of the Bonus Option and New Option Offers. The Bonus Options do not have an application price.

Voting Exclusion statement

This is not required pursuant to Listing Rule 7.3.8 due to the inclusion of the statement in the final paragraph of the background to Resolution 7, however the Directors participating in the New Option Issue being Robert Moses, Mark Diamond and Dr Graham Mitchell have opted to voluntarily exclude themselves from voting in relation to Resolution 7 and so a voting exclusion statement has been included in respect of these Directors for this Resolution 7.

Directors' recommendation

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 7.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 7.

Resolutions 8A – 8C: Approve Director participation in New Option Issue

Background

As set out in the Background to Resolution 7 above, current option holders will have priority in the application process under the New Option Issue. Each of Robert Moses, Mark Diamond and Dr Graham Mitchell, being Directors, hold ANPO options (being the current options on issue by the Company), and intend to apply for an equivalent number of New Options under the New Option Issue, as described in the table below LR10.11 requires shareholder approval in order for Directors to participate in an offer of securities such as the New Options Issue. Subject to Shareholder

approval, the Directors' subscription for New Options as part of the New Option Issue will be for a combined value of A\$2,239.55 and is summarised below.

Resolutions 8A to 8C seek to obtain Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of New Options to the Directors as set out below.

Resolution	Director	Number of ANPO options	Number of New Options Director intends to apply for under New Option Issue	Issue price for New Options
8A	Mark Diamond	351, 189	351, 189	\$702.38
8B	Robert Moses	708,001	708,001	\$1,416.00
8C	Dr Graham Mitchell	60,582	60,582	\$121.16
Total		1,119,772	1,119,772	\$2,239.55

Corporations Act 2001 (Cth)

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party. Section 210 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given arm's length terms, that is on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a).

The Company considers that the proposed issue of securities the subject of Resolutions 8A – 8C will be on arm's length terms and, as such, fall within the exception set out in section 210 of the Corporations Act. The Company has reached this view as the terms upon which the Directors will acquire the securities are the same as the terms as the New Options Issue.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Directors of the Company are related parties of the Company and therefore Shareholder approval for director participation in the New Option Issue is required under Listing Rule 10.11.

In accordance with ASX Listing Rule 7.2 (Exception 14) if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1. Accordingly, if approved, the issue of New Options to Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Pursuant to, and in accordance with, ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 8A – 8C:

The name of the person

The Directors names are set out in the table above. The New Options will be issued to these Directors or their nominees.

The maximum number of securities to be issued (if known)

As set out in the table above.

The date by which the entity will issue the securities, which must be not than one month after the date of the meeting
9 December 2016.

The issue price of the securities and a statement of the terms of issue

As set out in the Explanatory Note relating to Resolution 7.

A voting exclusion statement

Included in the Notice of Meeting (under Resolutions 8A, 8B and 8C) to which this Explanatory Memorandum relates.

The intended use of the funds raised

As set out in the Explanatory Note relating to Resolution 7.

Resolution 9: Approval of 10% Placement Facility

Background

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

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

The Directors of the Company believe that Resolution 9 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

ASX Listing Rules

ASX Listing Rule 7.1A

(a) Shareholder approval

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

(b) Equity Securities

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

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

(c) Formula for calculating 10% Placement Facility

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

$$(A \times D) - E$$

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

- (A) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;

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

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

D is 10%

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

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

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

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

(e) Minimum Issue Price

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

3. ASX Listing Rule 7.1A

The effect of Resolution 9 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4. Specific Information required by ASX Listing Rule 7.3A

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

- (a) Any Equity Securities issued will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 9 is approved by the Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table (in the case of unlisted options, only if the unlisted options are exercised). There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

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

The table also shows:

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

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.03 50% decrease in Deemed Price	\$0.04 Deemed Price	\$0.06 50% Increase in Deemed Price
Current Variable A	10% Voting Dilution	16,148,741 Shares	16,148,741 Shares	16,148,741 Shares
161,487,408 Shares	Funds raised	\$430,633	\$645,950	\$968,924
50% increase in current Variable A	10% Voting Dilution	24,223,111 Shares	24,223,111 Shares	24,223,111 Shares
242,231,112 Shares	Funds raised	\$645,950	\$968,924	\$1,453,387
100% increase in current Variable A	10% Voting Dilution	32,297,482 Shares	32,297,482 Shares	32,297,482 Shares
322,974,816 Shares	Funds raised	\$861,266	\$1,291,899	\$1,937,849

The table above has been prepared on the following assumptions:

- (i) The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting;
- (ii) No unlisted options are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A. The Company has 72,000 unlisted options and 46,950,984 listed options (ANPO) on issue at the date of this Notice of Meeting;
- (iii) The table does not demonstrate an example of dilution that may be caused to a particular shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting;

- (iv) The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the “15% rule”;
 - (v) The price of ordinary securities is deemed for the purposes of the table above to be \$0.04 cents, being the closing price of the Company’s listed securities on ASX on 3 October 2016, rounded up to two decimal places (**Deemed Price**). The Deemed Price is indicative only and does not consider the 25% discount to market that the securities may be placed at;
 - (vi) The table does not demonstrate the effect of listed or unlisted options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities or ASX Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration including for joint venture, licensing or collaboration agreements or the acquisition of new products (although the Company presently has no proposal to do so). In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing specific Company projects and/or general working capital.

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

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

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

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

- (e) The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its 2012, 2013, 2014 and 2015 AGM.
- (f) A voting exclusion statement is included in the Notice of Meeting to which this Explanatory Memorandum relates. At the date of that Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder’s votes will therefore be excluded under the voting exclusion in the Notice.

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

GLOSSARY

ASIC means the Australian Securities and Investments Commission.

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

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

Board means the Board of directors of the Company.

Company means Antisense Therapeutics Limited ABN 41 095 060 745.

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

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

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

Glossary means this glossary.

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

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

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

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

Shareholder means a holder of at least one Share as shown on the register of members of the Company as at 7.00 p.m. (AEDT) on Tuesday 8 November.

All Correspondence to:

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

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

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

Name/Address 1
Name/Address 2
Name/Address 3
Name/Address 4
Name/Address 5
Name/Address 6

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11.00am (AEDT) on Tuesday 8 November 2016.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11.00am (AEDT) on Tuesday 8 November 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged by:

📠 **By Fax** + 61 2 9290 9655

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

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000 Australia

Attending the Meeting

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

Name/Address 1
Name/Address 2
Name/Address 3
Name/Address 4
Name/Address 5
Name/Address 6

Your Address

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

PROXY FORM

STEP 1 APPOINT A PROXY

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

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

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Giorgios Restaurant, 1235 High Street, Armadale, Victoria 3143 on Thursday, 10 November 2016 at 11.00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 8A, 8B and 8C I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 8A, 8B and 8C are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 8A, 8B and 8C). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Ordinary Resolutions		FOR	AGAINST	ABSTAIN*		FOR	AGAINST	ABSTAIN*	
Res 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Res 7	New Option Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 2	Re-election of Non-Executive Director – Mr Robert Moses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 8A	Approve Director participation in New Option Issue – Mr Mark Diamond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 3	Election of Non-Executive Director – Dr Gary Pace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 8B	Approve Director participation in New Option Issue – Mr Robert Moses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 4	Election of Non-Executive Director – Mr William Goolsbee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 8C	Approve Director participation in New Option Issue – Dr Graham Mitchell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 5	Selective Capital Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 9	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6	Amendment to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

STEP 3 SIGNATURE OF SHAREHOLDERS
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Annual Report 2016



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Overview of Company's Activities

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

Antisense Therapeutics' Mission

Antisense Therapeutics' mission is to develop and commercialise novel antisense therapeutics in-licensed from Ionis Pharmaceuticals Inc (Ionis), world leaders in antisense drug discovery and development. The Company's Research and Development activities are focused on developing its pipeline of 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 competitive advantages over existing therapies or drugs in development for those diseases.

Antisense Technology

Antisense technology prevents the production of proteins involved in disease processes, which results in a therapeutic benefit to patients.

Proteins are fundamental components of all living cells and include many types of molecules, such as enzymes, hormones and antibodies, necessary for carrying out the body's functions. The overproduction or abnormal production of proteins is implicated or associated with many diseases. Antisense prevents undesirable protein production in disease.

Antisense drugs are small (12-21 nucleotides) pieces of DNA or RNA that are chemically modified to create drugs. 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.

Ionis Strategic Partnership

A fundamental element of the Antisense Therapeutics strategy is its access to leading antisense technology derived from its strategic partnership with Ionis, a relationship that has been operating for over 15 years. Using its proprietary antisense technology, Ionis has created a large pipeline of first-in-class or best-in-class drugs, with over a dozen drugs in mid-to-late-stage development. Ionis has several partnerships with major pharmaceutical companies, including drug development collaborations with GSK, Roche, Bayer and Biogen. In 2013 Ionis gained US FDA approval of the world's first systemically administered antisense drug mipomersen (KYNAMROTM).

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

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, ATL1103 in turn reduces IGF-I levels in the blood (serum). There are a number of diseases that are associated with excess GH and IGF-I action. These diseases include acromegaly, an abnormal growth disorder of organs, face, hands and feet; diabetic retinopathy, a common disease of the eye and a major cause of blindness; diabetic nephropathy, a common disease of the kidney and major cause of kidney failure, and certain forms of cancer.

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

Operations Report *continued*

In May 2015 the Company entered into an exclusive license agreement with Strongbridge Biopharma plc (formerly Cortendo AB). The agreement provided Strongbridge with development and commercialization rights to ATL1103 for endocrinology applications.

Progress

On 9 September the Company announced that dosing had commenced in its ATL1103 higher dose study with two patients having received their initial dose of ATL1103 at one of the Australian clinical trial sites.

On 9th March 2016 the Company announced that Strongbridge had advised the Company of its intention to return ATL1103 to Antisense Therapeutics to enable Strongbridge to prioritise their resources and development work on other areas of their endocrine portfolio.

On 9th May the Company provided an update on the ATL1103 higher dose study advising that dosing of three patients had been completed. Antisense Therapeutics reported that the patients had received all 26 doses of ATL1103 and that two patients had completed their 8 week follow up period. There were no reports of any serious adverse events related to dosing with ATL1103.

The principal investigator of the study, Dr David Torpy, an endocrinologist at the Royal Adelaide Hospital, requested that the 3rd patient continue dosing with ATL1103 as they had responded well to treatment with ATL1103. A protocol amendment to the study was approved by the Adelaide Hospital Ethics Committee for ongoing dosing of this patient for an additional 12 weeks. ATL also advised that it anticipated submitting an amendment to the study protocol for approval to conduct an interim analysis on all 3 patients who had completed the initial 13 weeks of dosing. The interim analysis would assess the change (percentage reduction) from each of the 3 patient's baseline (start of the study) IGF-I levels to their levels post dosing.

On 29th April the Company advised that it had reached an agreement with Strongbridge on the terms of the termination of the License Agreement for ATL1103. Under the Deed of Settlement, Termination and Transfer Strongbridge in return for the release of all obligations and potential liabilities under the License Agreement paid A\$1million. Additionally all 15,025,075 shares owned by SB will be returned to the Company and in due course, cancelled in accordance with the *Corporations Act* procedures. As part of the termination agreement, Strongbridge also agreed to transfer to ANP: all of the non-GMP and GMP ATL1103 drug compound in

Strongbridge's possession; all data, reports, records, materials and information resulting from Strongbridge's development activities; and all of its right, title and interest in and to all applications and approvals, including orphan drug designation, with respect to ATL1103.

On 12th May Antisense Therapeutics announced that the US Food and Drug Administration (FDA) had granted Orphan Drug designation to the Company's drug ATL1103 for treatment of Acromegaly. Orphan drug designation is granted by the FDA to drugs intended for the safe and effective treatment of rare diseases that affect fewer than 200,000 people in the U.S. The FDA provides incentives for companies to develop products for rare diseases which may include tax credits towards the cost of clinical trials, waiver of US prescription drug filing fees and orphan product exclusivity upon marketing authorisation, which means that the FDA may not approve any other applications to market the same drug for the same indication for seven years.

On 28th June the Company announced that the European Commission had granted orphan medicinal product designation for the Company's drug ATL1103 for the treatment of Acromegaly in the European Union (EU). The approval was based on the recommendation of a positive opinion from the European Medicines Agency (EMA) Committee for Orphan Medicinal Products (COMP). The COMP assessed the scientific documentation for ATL1103 against the criteria for orphan designation, with the COMP stating in their opinion that ATL1103 "...will be of significant benefit to those affected by that condition". Orphan designation in the EU enables sponsors to benefit from a number of incentives, including 10 years of market exclusivity once the medicine is on the market. During that exclusivity period, the EMA and the EU Member states shall not accept another application for a marketing authorization, for the same therapeutic indication, in respect of a similar medicinal product. Other benefits relate to assistance in developing clinical protocols, reduced fees, and access to the EU-funded research grants.

Events After Balance Date

On 27th July the Company announced that positive results were achieved from the Interim Analysis of ATL1103 Higher Dose Study in 3 acromegaly patients. Patients were dosed with ATL1103 at 300 mg twice weekly, capped at a weekly dose of 6 mg/kg.

sIGF-I levels were reduced in all 3 patients by an average of 18.6% ($P = 0.06^*$) at week 14 (one week past the last dose which is the primary efficacy endpoint in the trial) and an average of 26.7% at week 13 being the last week of dosing ($P = 0.04^*$). Normalisation of sIGF-I was achieved in one patient who received the highest dose per kg of bodyweight (6 mg/kg). This was consistent with the previous Phase II study of ATL1103 where patients who received more drug per kg of bodyweight had greater reductions in their sIGF-I. Reductions of sIGF-I to $< 1.3 \times \text{ULN}$ was achieved in the other two patients who had larger body weights (over 100kgs) and therefore received relatively lower doses of ATL1103 on a mg per kg basis (5.5 and 5.8 mg/kg/week) suggesting a therapeutic benefit in these 2 patients.

ATL1103 appeared to be well-tolerated at the higher mg doses tested in the trial. No patient withdrew from the study and there were no serious adverse events reported. Mild injection site reactions - ISRs (redness, bruising, swelling and itching) were the most common adverse event reported, though these ISRs were of lesser severity and incidence when compared to the previous Phase II trial following the use of ISR mitigation strategies (e.g. icing of the injection site pre and post dosing and use of nanoneedles) recommended by Ionis. An elevated creatine kinase level had also been reported as adverse without apparent clinical sequelae.



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.

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

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 IIa clinical trial in MS patients. The Phase IIa clinical trial data on ATL1102 has been published in the medical Journal Neurology (Limmroth et al, Neurology, 2014 Nov 11; 83(20): 1780-8).

The Company previously reported that the US Food and Drug Administration (FDA) had responded affirmatively to the Company's plan to submit a U.S. Investigational New Drug (IND) application for initiation of longer term Phase IIb human trials of ATL1102 for the treatment of MS and that supportive guidance had been obtained from the agency's Pre-IND assessment of the development strategy for ATL1102, including potential design(s) for a Phase IIb study in MS patients.

The Company also previously reported that it had signed a global agreement with innovative expanded access provider myTomorrows (Amsterdam, The Netherlands) to implement an Early Access Program (EAP) for ATL1102 for the potential treatment of MS patients who have no other treatment options in Europe.

Progress

In July 2015 the Company advised that it was exploring a number of value adding opportunities for ATL1102, including partnering for further clinical development in MS. The Company stated that in consultation with Destum Partners who are assisting Antisense Therapeutics in managing the partnering process for ATL1102, the Company is continuing to seek to partner ATL1102 but with increasing focus on ATL1102's potential application in treating secondary progressive SP-MS where there is a high unmet medical need with few treatment options available and therefore may provide both increased and broader commercial appeal for ATL1102.

On 12th October the Company provided an update on the EAP advising that it had executed an agreement for the manufacture of an initial quantity of new ATL1102 drug compound with the new ATL1102 compound to be formulated into injectable product for potential use in the EAP.

On 8th December the Company advised that the data from the testing of ATL1102 in an animal cancer research study would be presented at The American Society of Hematology (ASH) 57th Annual Meeting in Orlando Florida. The data from this pilot animal study, conducted at the Children's Hospital Los Angeles (CHLA), showed that ATL1102, led to the rapid mobilization of acute myeloid leukemia (AML) cells to the peripheral blood in mice that had been engrafted with human AML cells. A new provisional patent application incorporating this data and covering ATL1102's potential application in AML and other leukemias was filed by the Company.

On 17th June the Company advised of its intention to submit an Investigational New Drug (IND) application for a Phase IIb trial in SP-MS patients with the Food and Drug Administration (FDA) by end 3rd Q'2016 and that in parallel, the Company was actively pursuing potential non-dilutive funding sources and other development opportunities for Antisense Therapeutics to conduct the Phase IIb trial in the event the Company determines this to be the best path forward. In order to potentially help ATL access such grant funding, the Company advised it had executed an agreement with consulting firm FreeMind which specialises in assisting life science organisations secure non-dilutive funding from US Federal Agencies and Private Foundations. The Company also reported on the drug manufacture of ATL1102 for potential use in the EAP and that the compound had been manufactured and formulation of this material into injectable product was complete and undergoing testing to confirm it is ready for human clinical use.

Antisense Therapeutics also advised that as a first step towards activating the EAP the Company was proposing to undertake a small investigative study of ATL1102 in relapsing SP-MS patients in Germany with Professor Volker Limmroth (Cologne City Hospital, Department of Neurology, Germany) and that with FreeMind's assistance, the Company would also pursue potential grant funding for this study.

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.

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.

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 Antisense Theapeutic’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 and this data has been published (Furukawa J et al Prostate 2010 1:70(2): 2006-18). The Company 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 clinical development of ATL1101 would be undertaken with a partner.

R&D Tax Incentive

During the year the Company received from the ATO a payment of \$706,327 in relation to R&D expenditure incurred in the 30 June 2015 financial year.

Financial Position

At 30 June 2016, the Company had cash reserves of \$4,800,718 (2015: \$6,829,605).

Events after Balance Sheet Date

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

Intellectual Property Report

Antisense Therapeutics currently has 9 patent families with 75 patents registered and 19 patent applications pending covering its three antisense drugs ATL1101, ATL1102, and ATL1103 and their applications. Antisense Therapeutics has also licensed from Ionis Pharmaceuticals, 19 Ionis proprietary patents and applications directed to the antisense drug platform together with rights to 11 other Isis manufacturing patent families.

Since reporting on the status of the Company's intellectual property portfolio in the 2015 Annual Report the Company has expanded its patent portfolio as follows:

- A key US patent and a key European patent have been issued and registered;
- US patent 9,371,530 covering ATL1103 and other antisense to human GHR reduction of GH Binding Protein, the soluble form of the GHR has been granted;
- European 11194098.8 covering ATL1103 and other antisense to GHR reduction of IGF-I has been granted and registered in 10 European countries; and
- NZ patent 629004 covering ATL1103 used in combination with GHR antagonist Somavert has been granted to 2033.
- The International application PCT/Au2014/000613 has been filed to cover the use of ATL1103 used in combinations with somatostatin agonists to 2034; and
- Australian patent application 2011301712 has been accepted and US continuation application 15/046352 has been filed covering the use of ATL1102 reduction of circulating immune cells for the treatment of immunological disease to 2031.

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

Country	Patent application or Patent No.	Current Status	Expiry
ATL1103 Patent Portfolio**			
USA	7,803,781	Patent Registered	2025*
USA	8,299,039	Patent Registered	2024*
USA	8,637,484	Patent Registered	2024*
International	PCT/US2004/005896	National Phase applications	
Australia	2,004,217,508	Patent Registered	2024*
Canada	2,517,101	Patent Registered	2024
Europe***	04715642.7	Under Examination	2024*
Europe***	11194098.7 Divisional of 04715642.7	Regional Phase - granted	
Denmark		Patent Registered	2024*
Finland		Patent Registered	2024*
France		Patent Registered	2024*
Germany		Patent Registered	2024*
Italy		Patent Registered	2024*
Spain		Patent Registered	2024*
Sweden		Patent Registered	2024*
Switzerland		Patent Registered	2024*
The Netherlands		Patent Registered	2024*
United Kingdom		Patent Registered	2024*

Country	Patent application or Patent No.	Current Status	Expiry
Japan	2006-508878	Patent Registered	2024*
Japan	Divisional of 2006-508878	Under Examination	2024*
New Zealand	542,595	Patent Registered	2024*
USA	7,846,906	Patent Registered	2024*
USA	8,623,836	Patent Registered	2024*
USA	9,371,530	Patent Registered	2024*
USA	Continuation filed	Filed	2024*
International	PCT/AU2013/000095	National Phase Applications	
Australian	2,013,214,698	Under Examination	2033
Canada	2,863,499	Under Examination	2033
Europe	13743020.3	Under Examination	2033
Japan	2014-555044	Under Examination	2033
New Zealand	629,004	Patent Registered	2033
USA	14/376390	Under Examination	2033
USA	15/007,0011 Divisional filed	Filed	2033
International	PCT/AU2014/000613	International Phase	
Australian	2,014,280,847	Filed	2034
Canada	2,918,787	Filed	2034
Europe	14810926.7	Filed	2034
Japan	2016-518801	Filed	2034
New Zealand	715,825	Filed	2034
USA	14/897896	Filed	2034
ATL1102 Patent Portfolio**			
USA	US 5968 826	Patent Registered	2018 **
USA	US 6258 790	Patent Registered	2018*/**
International	PCT/US99/18796	National Phase applications	
Australia	AU 759938	Patent Registered	2019 *
Canada	2,345,209	Patent Registered	2019
Japan	2000-574727	Patent Registered	2019 *
Japan	2006-000258	Patent Registered	2019 *
Europe	EP1123414	Regional Phase - granted	2019 *
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 *

Intellectual Property Report *continued*

Country	Patent application or Patent No.	Current Status	Expiry
ATL1102 MS Patent Portfolio**			
International	PCT/US2009/003760	National Phase applications	
Australia	AU 2009271678	Patent Registered	2029*
Canada	2,728,562	Under Examination	2029
Europe***	09798248.2	Regional Phase - granted	
Denmark		Patent Registered	2029*
Finland		Patent Registered	2029*
France		Patent Registered	2029*
Germany		Patent Registered	2029*
Italy		Patent Registered	2029*
Spain		Patent Registered	2029*
Sweden		Patent Registered	2029*
Switzerland		Patent Registered	2029*
The Netherlands		Patent Registered	2029*
United Kingdom		Patent Registered	2029*
Europe ***	Divisional of 09798248.2	Under Examination	2029*
Japan	2011-516297	Under Examination	2029*
Japan	2014-208153 (Divisional of 2011-5516297)	Under Examination	2029*
USA	8,415,314	Patent Registered	2029*
USA	8,759,314	Patent Registered	2029*
ATL1102 Methods of reducing circulating leukocytes / Methods of mobilizing AML cells****			
Australia	2,011,301,712	Accepted	2031*
Canada	2,811,228	Re-instated	2031*
USA	15/046352 (Continuation of 13/823101)	Filed	2031*
Provisional****	2,015,904,547	Filed	2036*
ATL1102 Inhaled Asthma Patent Portfolio **			
International	PCT AU 2005/001634	National Phase applications	
Australia	AU 2005327506	Patent Registered	2025*
Canada	CA 2,584,614	Under Examination	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*

Country	Patent application or Patent No.	Current Status	Expiry
Spain	ES2392449	Patent Registered	2025*
Sweden	SE1809302T3	Patent Registered	2025*
United Kingdom	EP(UK)1809302	Patent Registered	2025*
Japan	JP 2007-535071	Abandoned	Relying on data exclusivity
New Zealand	NZ 554277	Patent Registered	2025
USA	US 8,765,700	Patent Registered	2028*
ATL1101 Patent Portfolio **			
International	PCT/AU2004/00160	National Phase applications	
Australia	2,004,210,882	Patent Registered	2024 *
Canada	2,515,484	Patent Registered	2024
Europe	EP1597366		
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*
Japan	4,753,863	Patent Registered	2024*
New Zealand	541,637	Patent Registered	2024
USA	US7468356	Patent Registered	2025*
USA	US8217017	Patent Registered	2025*
USA	9,084,770	Patent Registered	2029
USA	US14/731203 (continuation of 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

Directors

The Board of Directors of Antisense Therapeutics 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 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Board of Directors report as follows:

Mr. Robert W Moses

Independent Non-Executive Chairman

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

Experience:

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

Interest in shares & options: 3,354,434 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 listed entities: Nil

Mr. Mark Diamond

Managing Director

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

Experience:

Mark Diamond has over 26 years' experience in the pharmaceutical and biotechnology industry. Before joining Antisense Therapeutics Limited as MD and CEO in 2001, Mr. Diamond was employed in the US as Director, Project Planning/Business Development at Faulding Pharmaceuticals. Prior to this he held the positions of Senior Manager, Business Development and In-licensing within Faulding's European operation based in the UK and International Business Development Manager with Faulding in Australia.

Interest in shares & options:

1,457,914 ordinary shares and 351,189 options over ordinary shares.

Committees:

Nil

Directorships held in other listed entities:

Nil

Dr Graham Mitchell

Independent Non-Executive Director

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

Experience:

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

Interest in shares & options: 240,180 ordinary shares and 60,582 options over ordinary shares.

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

Directorships held in other listed entities: Nil

Dr Gary Pace

Independent Non-Executive Director

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

Experience:

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

Interest in shares & options:

Nil

Committees:

Nil

Directorships held in other listed entities:

Dr Pace is currently a director of ResMed, Pacira Pharmaceuticals Inc., Transition Therapeutics Inc. and Simavita Limited.

Dr Chris Belyea

Independent Non-Executive Director

Qualifications: BSc(Hons), PhD, FIPAA
Appointed to the Board: 13 November 2000
Resigned from the Board: 12 November 2015

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 & options:

285,579 ordinary shares and 61,222 options over ordinary shares.

Committees:

Chairman of the Audit Committee and member of the Remuneration Committee (up to 12 November 2015)

Directorships held in other listed entities:

Nil

Mr William Goolsbee

Independent Non-Executive Director

Qualifications: BA
Appointed to the Board: 15 October 2015

Experience:

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

Interest in shares & options:

Nil

Committees:

Nil

Directorships held in other listed entities:

Mr Goolsbee is currently a Director of Sarepta Therapeutics Inc.

Mr Phillip Hains

Company Secretary and Chief Financial Officer

Appointed to the Board: 9 November 2006

Experience:

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

Directors' Report *continued*

Principal Activities

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

Dividends

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

Significant Changes in the State of Affairs

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

Significant Events After the Balance Date

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

Likely Developments and Expected Results

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

Operating and Financial Review

The net loss after tax of the Group for Year Ended 30 June 2016 was \$2,514,443 (2015 profit: \$706,918). This result has been achieved after fully expensing all research and development costs.

The Company had a cash reserve of \$4,800,718 at 30 June 2016.

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

Risk Management

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

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

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

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

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

Biotechnology Companies – Inherent Risks

Pharmaceutical Research and Development (R&D)

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

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

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

Partnering and licensing

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

Regulatory Approvals

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

Delays may be experienced in obtaining such approvals, or the regulatory authorities may require repeat of different or expanded animal safety studies or human clinical

trials, and these may add to the development cost and delay products from moving into the next phase of drug development and up to the point of entering the market place. This may adversely affect the competitive position of products and the financial value of the drug candidates to the Company.

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

Competition

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

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.

Biotechnology Companies – Inherent Risks *continued*

Environmental Regulation and Performance

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

Directors' Meetings

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

	Board Meetings		Meetings of committees			
	No. eligible to attend	No. attended	Audit		Remuneration	
No. eligible to attend			No. attended	No. eligible to attend	No. attended	
Robert W Moses	6	6	2	2	2	2
Mr Mark Diamond	6	6	2	2	2	2
Dr Graham Mitchell	6	6	2	2	2	2
Dr Gary Pace	4	3	1	1	-	-
Mr William Goolsbee	5	4	1	1	1	1
Dr Chris Belyea	2	2	1	1	2	2

Committee Membership

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

	Audit Committee	Remuneration Committee
Chairman	Dr Chris Belyea (to 12 November 2015); and Dr Graham Mitchell (from 23 February 2016)	Mr Robert W Moses
Members	Mr Robert W Moses	Dr Chris Belyea (to 12 November 2015); and Dr Graham Mitchell

Indemnification and Insurance of Directors and Officers

Under the Company's constitution:

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

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

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

- (1) indemnifies the Director to the extent permitted by law and the Constitution against certain liabilities and legal costs incurred by the Director as an officer of any Group Company;
- (2) requires the Company to maintain, and pay the premium for, a D&O Policy in respect of the Director; and
- (3) provides the Director with access to particular papers and documents requested by the Director for a Permitted Purpose,

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

Indemnification of Auditors - Ernst and Young

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

Proceedings on Behalf of the Company

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

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

Share Options on Issue as at the Date of the Report

UNISSUED SHARES

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

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

Auditor Independence and Non-Audit Services

AUDITOR'S INDEPENDENCE DECLARATION

The Auditors Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2016 has been received and can be found in the 'Auditor's Independence Declaration' section of this Annual Report.

Non-Audit Services

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

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

	2016 \$	2015 \$
Tax compliance services	19,250	17,000
	19,250	17,000

Remuneration Report (Audited)

1. Remuneration Report Overview

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

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

Name	Position
Directors:	
Mr Robert W Moses	Independent Non-Executive Chairman
Mr Mark Diamond	Managing Director
Dr Graham Mitchell	Independent Non-Executive Director
Mr William Goolsbee	Independent Non-Executive Director (Appointed 15 October 2015)
Dr Gary Pace	Independent Non-Executive Director (Appointed 9 November 2015)
Dr Chris Belyea	Independent Non-Executive Director (Resigned 12 November 2015)
Other key management personnel:	
Dr George Tachas	Director, Drug Discovery & Patents
Mr Phillip Hains	Company Secretary and Chief Financial Officer

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

A. Remuneration Policy

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

B. Remuneration Policy versus Company Performance

The Company's Remuneration Policy is not directly based on the Company's earnings. Prior to the year ended 30 June 2016, the Company's earnings had remained negative since inception due to the nature of the Company. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by the Company.

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

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

Net loss financial year 2016	\$2,514,443
Net profit financial year 2015	\$706,918
Net loss financial year 2014	\$3,013,272
Net loss financial year 2013	\$2,454,842
Net loss financial year 2012	\$1,801,278

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

30 June 2016	\$0.031
30 June 2015	\$0.12
30 June 2014	\$0.14
30 June 2013	\$0.10
30 June 2012	\$0.18

C. The Remuneration Committee

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

D. Non-Executive Director Remuneration

OBJECTIVE

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

STRUCTURE

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of

Non-Executive Directors shall be determined from time to time by a General Meeting. An amount (not exceeding the amount approved at the General Meeting) is determined by the Board and then divided between the Non-Executive Directors as agreed. The latest determination was at the General Meeting held on 13 November

2001 when shareholders approved the aggregate maximum sum to be paid or provided as remuneration to the Directors as a whole (other than the Managing Director and Executive Directors) for their services as \$300,000 per annum.

In the year ended 30 June 2016, 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.

E. Executive Director and Executive Officer Remuneration

OBJECTIVE

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

STRUCTURE

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

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

FIXED REMUNERATION

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

VARIABLE REMUNERATION - SHORT TERM INCENTIVE SCHEME

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

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.

Remuneration Report (Audited) *continued*

VARIABLE REMUNERATION – LONG TERM INCENTIVE SCHEME

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

3. Details of Remuneration

A. Details of Remuneration

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

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

⁽¹⁾ Dr Chris Belyea resigned from the Board of Directors on 12 November 2015.

⁽²⁾ Remunerated through The CFO Solution (see Section 5 below and the Company Secretary details above for further detail)

The remuneration for each Director and each of the other Key Management Personnel of the Company during the Year Ended 30 June 2015 was as follows:

30 June 2015	Short-term employee benefits	Post-employment Benefits	Long-term Benefits	Total
	Cash salary & fees	Pension & Super Contribution	Long Service Leave	
	\$	\$	\$	\$
Directors				
Mr Robert W Moses	56,293	5,348	-	61,641
Mr Mark Diamond	366,000	27,450	7,146	400,596
Dr Chris Belyea	37,500	3,563	-	41,063
Dr Graham Mitchell	36,500	3,468	-	39,968
	496,293	39,829	7,146	543,268
Other Key Management Personnel				
Dr George Tachas	220,185	20,918	4,300	245,403
Mr Phillip Hains ⁽¹⁾	99,000	-	-	99,000
	319,185	20,918	4,300	344,403
	815,478	60,747	11,446	887,671

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

4. Share-Based Compensation

Shareholdings

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

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

30 June 2016	Balance at start of the year	Granted as Compensation	Options Exercised	Net Change Other	Total	Balance held nominally at the end of the reporting period
Directors						
Mr Robert W Moses	3,024,434	-	-	330,000	3,354,434	-
Mr Mark Diamond	1,357,914	-	-	100,000	1,457,914	-
Dr Chris Belyea	285,579	-	-	-	285,579	-
Dr Graham Mitchell	240,180	-	-	-	240,180	-
Mr William Goolsbee	-	-	-	-	-	-
Dr Gary Pace	-	-	-	-	-	-
	4,908,107	-	-	430,000	5,338,107	-
Other Key Management Personnel						
Dr George Tachas	659,236	-	-	-	659,236	-
Mr Phillip Hains ⁽¹⁾	233,052	-	-	4,020,877	4,253,929	-
	892,288	-	-	4,020,877	4,913,165	-
	5,800,395	-	-	4,450,877	10,251,272	-

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

Directors' Report *continued*

Remuneration Report (Audited) *continued*

4. Share-Based Compensation *continued*

Options and Rights

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

30 June 2016	Balance at start of the year	Granted as Compensation	Options Exercised	Net Change Other	Total vested at end of the year	Total vested and unexercisable at the end of the year	Balance held nominally at the end of the reporting period
Directors							
Mr Robert W Moses	708,001	-	-	-	708,001	708,001	-
Mr Mark Diamond	351,189	-	-	-	351,189	351,189	-
Dr Chris Belyea	61,222	-	-	-	61,222	61,222	-
Dr Graham Mitchell	60,582	-	-	-	60,582	60,582	-
Mr William Goolsbee	-	-	-	-	-	-	-
Dr Gary Pace	-	-	-	-	-	-	-
	1,180,994	-	-	-	1,180,994	1,180,994	-
Other Key Management Personnel							
Dr George Tachas	159,276	-	-	-	159,276	159,276	-
Mr Phillip Hains ⁽¹⁾	77,684	-	-	-	77,684	77,684	-
	236,960	-	-	-	236,960	236,960	-
	1,417,954	-	-	-	1,417,954	1,417,954	-

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

5. Employment Contracts of Key Management Personnel

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

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

6. Additional Information

(a) Equity issued as part of remuneration for the year ended 30 June 2015

During the financial year ended 30 June 2016, no 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 favourable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

	2016 \$	2015 \$
Belyea IP is a patent attorney business operated by Dr Chris Belyea		
Service fees paid to Belyea IP during the year:	4,900	5,200
Patent renewals cost reimbursed to Belyea IP during the year:	70,440	36,422
Total paid by the Company to Belyea IP during the year:	75,340	41,622
At the end of the financial year, the Company owed Belyea IP:	-	-

Dr Chris Belyea resigned from the Board of Directors on 12 November 2015 and therefore any balances with Belyea IP are not related party balances at 30 June 2016.

Signed in accordance with a resolution of the Directors.

Mr Robert W Moses
Independent Non-Executive Chairman

Mr Mark Diamond
Managing Director and Chief Executive Officer

Dated: This day 25th day of August 2016

Auditor's Independence Declaration



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

As lead auditor for the audit of Antisense Therapeutics Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Joanne Lonergan Partner
25 August 2016

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

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

- Principle 1.** Lay solid foundations for management and oversight
- Principle 2.** Structure the board to add value
- Principle 3.** Act ethically and responsibly
- Principle 4.** Safeguard integrity in corporate reporting
- Principle 5.** Make timely and balanced disclosure
- Principle 6.** Respect the rights of shareholders
- Principle 7.** Recognise and manage risk
- Principle 8.** Remunerate fairly and responsibly

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

The Company's corporate governance practices were in place throughout the year ended 30 June 2016. For further information on the corporate governance policies adopted by the Company, please refer to its website: www.antisense.com.au

Principle 1: Lay solid foundations for management and oversight

Role of the Board

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

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

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

Corporate Governance *continued*

Role of Management

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

- 1) Development and implementation of agreed corporate strategy and performance objectives;
- 2) Undertaking the day to day activities of the Company;
- 3) Identifying all matters to be included in a risk profile of the Company and ensuring that effective risk management systems are implemented and adhered to;
- 4) Observing the code of conduct;
- 5) Ensuring that the Board is fully informed of all matters which may have a material impact on the ability of the Company to meet its obligations.

Board Appointments

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

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

The Company Secretary

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

Diversity

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

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

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

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

The following table demonstrates the Company's gender diversity as at 30 June 2016:

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

The Company employed 9 employees at the end of 2016 (2015: 8 employees).

Board Performance Review

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

The Board has adopted an informal self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every year by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company. Performance reviews involve analysis based on key performance indicators aligned with the financial and non-financial objectives of the Company. A performance review in accordance with the processes disclosed occurred during the 2016 financial year.

Performance Review of KMP

On at least an annual basis, the Board conducts a formal performance review of the Chief Executive Officer and any other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. A performance review of KMP occurred during the 2016 financial year in accordance with this process.

Independent Advice

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

Principle 2: Structure the Board to add value

Board composition

The length of service, skills, experience and expertise of each Director in office at the date of this report and throughout the 2016 financial year are included in the Directors' Report under the section headed 'Directors'. The

Company's Board Charter stipulates that at least 50% of the Directors on the board should be independent Directors. Directors of Antisense Therapeutics Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

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

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

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

Name	Position
Mr Robert W Moses	Independent Non-Executive Chairman
Dr Graham Mitchell	Independent Non-Executive Director
Dr Chris Belyea	Independent Non-Executive Director
Dr Gary Pace	Independent Non-Executive Director (Appointed 9 November 2015)
Mr William Goolsbee	Independent Non-Executive Director (Appointed 15 October 2015)

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

Name	Term in Office
Mr Robert W Moses	15 years
Mr Mark Diamond	15 years
Dr Chris Belyea	16 years (Resigned 12 November 2015)
Dr Graham Mitchell	15 years
Mr William Goolsbee	Since 15 October 2015
Dr Gary Pace	Since 9 November 2015

To ensure the Board is appropriately equipped to discharge its responsibilities, it has developed guidelines for the nomination and selection of Directors and for the operation of the Board. As the Company'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.

Corporate Governance *continued*

Principle 2: Structure the Board to add value *cont'd*

Induction of New Directors and Ongoing Development

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

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

Principle 3: Act ethically and responsibly

Code of Conduct

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

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

Trading in Company Securities

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

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

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

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

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

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

CEO and CFO Declarations

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

External Auditor

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

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

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

Principle 5: Making timely and balanced disclosure

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

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

- (a) that a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and
- (b) that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Principle 6: Respect the rights of shareholders

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

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

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

- (b) giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- (c) making it easy for shareholders to participate in general meetings of the Company; and

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

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

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

Principle 7: Recognise and managing risk

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

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

The Company faces risks inherent to its business, including economic risks, which may materially impact the

Company's ability to create or preserve value for security holders over the short, medium or long term. The

Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company does not have separate risk committee.

Corporate Governance *continued*

Principle 7: Recognise and managing risk *continued*

The Board as whole is responsible is responsible for overseeing the establishment and implementation of the risk management system. Due to the size of the Board and the Company, it is perceived that no real efficiencies would be gained from the existence of separate risk committee.

The Board review's the entity's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework was conducted during the 2016 financial year.

Principle 8: Remunerate fairly and responsibly

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

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

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

The members of the Remuneration Committee at the date of this report were all independent Non-Executive Directors, being Mr Robert W Moses, 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'.

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

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

Annual Financial Statements

For the year ended 30 June 2016

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Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue	3	1,132,102	3,916,337
Other income	3	395,597	705,335
		1,527,699	4,621,672
Depreciation expenses	4	(5,882)	(8,172)
Administrative expenses	4	(1,792,216)	(1,884,169)
Occupancy expenses	4	(115,299)	(115,397)
Patent expenses	4	(311,501)	(205,353)
Research and development expenses	4	(1,847,505)	(1,675,820)
Foreign exchange gains/(losses)	4	30,261	(25,843)
Profit/(loss) before tax		(2,514,443)	706,918
Income tax benefit/(expense)	5	-	-
(Loss)/profit for the year		(2,514,443)	706,918
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive (loss)/income for the year, net of tax		(2,514,443)	706,918
Earnings per share	8		
Basic earnings/(loss) per share (cents)		(\$1.43)	\$0.45
Diluted earnings/(loss) per share (cents)		(\$1.43)	\$0.45

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9	4,800,718	6,829,605
Trade and other receivables	10	420,297	758,088
Prepayments		102,941	93,529
		5,323,956	7,681,222
Non-Current Assets			
Plant and equipment	11	3,403	5,424
		3,403	5,424
TOTAL ASSETS		5,327,359	7,686,646
LIABILITIES			
Current Liabilities			
Trade and other payables	12	458,154	305,489
Employee benefit liabilities	13	292,050	289,559
TOTAL LIABILITIES		750,204	595,048
NET ASSETS		4,577,155	7,091,598
EQUITY			
Contributed equity	14	56,714,725	56,714,725
Reserves	15	960,855	960,855
Accumulated losses		(53,098,425)	(50,583,982)
TOTAL EQUITY		4,577,155	7,091,598

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2016

	Contributed Equity (Note 14) \$	Reserves (Note 15) \$	Accumulated Losses \$	Total \$
As at 1 July 2014	52,416,936	960,855	(51,290,900)	2,086,891
Profit for the period	-	-	706,918	706,918
Total comprehensive income	-	-	706,918	706,918
Issue of share capital (Note 14)	4,516,700	-	-	4,516,700
Transaction costs on share issues	(218,911)	-	-	(218,911)
As at 30 June 2015	56,714,725	960,855	(50,583,982)	7,091,598
As at 1 July 2015	56,714,725	960,855	(50,583,982)	7,091,598
Loss for the period	-	-	(2,514,443)	(2,514,443)
Total comprehensive income	-	-	(2,514,443)	(2,514,443)
At 30 June 2016	56,714,725	960,855	(53,098,425)	4,577,155

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
OPERATING ACTIVITIES			
Licensing fees received		1,000,000	3,863,988
Payments to suppliers and employees		(3,596,565)	(3,775,898)
Interest received		134,842	41,046
R&D tax concession refund		436,697	1,139,739
Net cash flows (used in)/from operating activities	18	(2,025,026)	1,268,875
INVESTING ACTIVITIES			
Payment for purchases of plant and equipment	11	(3,861)	-
Net cash flows used in investing activities		(3,861)	-
FINANCING ACTIVITIES			
Proceeds from issues of securities		-	4,445,128
Capital raising costs		-	(218,911)
Net cash flows from financing activities		-	4,226,217
Net (decrease)/increase in cash and cash equivalents		(2,028,887)	5,495,092
Cash and cash equivalents at 1 July	9	6,829,605	1,334,513
Cash and cash equivalents at 30 June	9	4,800,718	6,829,605

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2016

Note 1: Significant Accounting Policies

1.a Corporate Information

The financial report of Antisense Therapeutics Limited and its subsidiaries (the 'Company') for the Year Ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 25 August 2016. The financial report is for the Company consisting of Antisense Therapeutics Limited and its subsidiaries.

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

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

1.b Basis of Preparation

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

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollar (\$), 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.

1.c Statement of Compliance

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

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

There has been no requirement to adopt any new, revised or amended Accounting Standards for the year ended 30 June 2016.

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 2016:

Reference	Title	Summary	Application	Impact on financial report	Application date
AASB 9	Financial Instruments	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <ul style="list-style-type: none"> a Financial assets that are debt instruments will be classified based on: <ul style="list-style-type: none"> (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. 	1 January	minimal	1 July 2018

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 1:

Significant Accounting Policies *continued*

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

Reference	Title	Summary	Application	Impact on financial report	Application date
AASB 9 <i>cont'd</i>	Financial Instruments	<p>e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: classification and measurement of financial liabilities; and derecognition requirements for financial assets and liabilities. AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting. 	1 January	minimal	1 July 2018
AASB 15	Revenue from Contracts with Customers	AASB 15 – replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations – establishes a new revenue recognition model – changes the basis for deciding whether revenue is to be recognised over time or at a point in time – provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) – expands and improves disclosures about revenue	1 January	minimal	1 July 2018

Reference	Title	Summary	Application	Impact on financial report	Application date
AASB 16	Leases	AASB 16 – replaces AASB 117 Leases and some lease-related Interpretations– requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases– provides new guidance on the application of the definition of lease and on sale and lease back accounting– largely retains the existing lessor accounting requirements in AASB 117– requires new and different disclosures about leases.	1 January	minimal	1 July 2018
AASB 2014-4	Amendments to	The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:	1 January	minimal	1 July 2019
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	The amendments introduce the equity method of accounting as one of the options to account for an entity’s investments in subsidiaries, joint ventures and associates in the entity’s separate financial statements.	1 January	minimal	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB’s Disclosure Initiative project. The amendments:	1 January 2016	minimal	1 July 2016
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.	1 January 2017	minimal	1 July 2017

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 1:

Significant Accounting Policies *continued*

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

Reference	Title	Summary	Application	Impact on financial report	Application date
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	minimal	1 July 2017

1.e Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Antisense Therapeutics Ltd as at 30 June 2016 and the results of all subsidiaries for the year then ended.

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

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

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

1.f Summary of Significant Accounting Policies

(a) Revenue Recognition

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

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

Licensing revenue - right to receive the licensing revenue has been confirmed, and no significant obligations remain.

(b) Government Grants

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

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

(c) Borrowing Costs

Borrowing costs are expensed as incurred.

(d) Leases

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

(e) Cash and Cash Equivalents

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

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

(f) Trade and Other Receivables

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

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

(g) Foreign Currencies

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

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

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

All exchange differences are taken to profit or loss.

(h) Income Taxes

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

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

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

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

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

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

Antisense Therapeutics Limited have not assessed unused tax losses carried forward at 30 June 2016, given the history of losses from prior periods. These losses do not expire and may be used to offset taxable income in the current year and in future periods. Given the history of losses, there is limited support for the recognition of these losses as deferred tax assets. On this basis, Antisense Therapeutics Limited has determined it cannot recognise deferred tax assets on the tax losses carried forward. Further, on this basis, deferred tax assets have not been recognised related to temporary differences.

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

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 1: Significant Accounting Policies *continued*

1.f Summary of Significant Accounting Policies *continued*

(i) Goods and Services Tax (GST)

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

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

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

(j) Plant and Equipment

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

	Life	Method
Plant and equipment	3-5 years	Straight line

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Employee Benefits

Wages, salaries and annual leave

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

Long Service Leave

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

(p) 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.

(q) Earnings Per Share

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

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

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

(r) Parent Information

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

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 2:

Information Relating to the Antisense Therapeutics Limited (the Parent)

	2016 \$	2015 \$
ASSETS		
Current assets	5,323,956	7,681,222
Non-current assets	3,403	5,424
Total assets	5,327,359	7,686,646
LIABILITIES		
Current liabilities	750,204	595,048
Total liabilities	750,204	595,048
EQUITY		
Contributed equity	56,714,725	56,714,725
Reserves	960,855	960,855
Retained earnings	(53,098,425)	(50,583,982)
Total equity	4,577,155	7,091,598
Net profit/(loss) for the year	(2,514,443)	706,918
Total comprehensive income of the Parent entity	-	-

Note 3: Revenue and Other Income

	2016 \$	2015 \$
REVENUE		
Licensing revenue	1,000,000	3,863,988
Interest from external parties	132,102	52,349
Total revenue	1,132,102	3,916,337
OTHER INCOME		
Research and development tax concession	395,597	705,335
Total other income	395,597	705,335
Total revenue & other income	1,527,699	4,621,672

The licence fee received is from Strongbridge Biopharma (formerly Cortendo Caymen Limited). In the current year final payment of \$1m has been received. This relates to a payment made to terminate the licensing partnership for ATL1103.

Government grants related to research and development tax incentives.

Note 4: Expenses

	2016 \$	2015 \$
Administration Expenses		
Compliance expenses	248,442	220,171
Office expenses	43,979	61,875
Corporate employee expenses	729,768	673,807
Business development expenses	770,027	928,316
Total Administration Expenses	1,792,216	1,884,169
Occupancy Expenses		
Rent	98,777	98,777
Other expenses	16,522	16,616
Suspense	-	4
Total Occupancy expenses	115,299	115,397
Research and development Expenses		
ATL 1102	1,806,896	267,051
ATL 1103	11,508	1,251,433
R&D Staff Costs	29,101	157,336
Total Research and Development Expenses	1,847,505	1,675,820
Patent expenses	311,501	205,353
Depreciation expenses	5,882	8,172
Foreign exchange gains/(losses)	(30,261)	25,843
Total Expenses	4,042,142	3,914,754

Note 5: Income Tax

	2016 \$	2015 \$
Accounting (loss)/profit before income tax	(2,514,443)	706,918
At Australia's statutory income tax rate of 30% (2015: 30%)	(754,333)	212,075
Research and development tax concession	794,522	485,831
Non-assessable grant income	(118,679)	(211,601)
Section 40-880 deductions	(50,391)	(73,824)
Entertainment	960	587
Tax (benefit)/ losses not previously recognised	(127,921)	413,068
Income tax expense reported in the statement of profit or loss	-	-
Income tax attributable to a discontinued operation	-	-
Income tax expense/(benefit) attributable to the Company	-	-
Deferred Tax		
Foreign exchange	-	772
Accruals	(33,986)	883
Provision for annual leave & long service leave	747	6,093
Other	(2,263)	10,566
Net deferred tax asset/ (liability) not recognised	(35,502)	18,314
Net deferred tax asset/ (liability)	-	-

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 5: Income Tax (*continued*)

Tax Losses

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

Note 6: Key Management Personnel Compensation

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

	2016 \$	2015 \$
Short-term employee benefits	888,695	815,478
Post-employment benefits	59,227	60,747
Long-term benefits	11,157	11,446
	959,079	887,671

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

Note 7: Auditors' Remuneration

The auditor of Antisense Therapeutics Limited is Ernst and Young.

	2016 \$	2015 \$
<i>Amounts received or due and receivable by Ernst and Young for:</i>		
An audit or review of the financial report of the entity	50,985	49,244
Other services in relation to the entity:		
Tax compliance services	19,250	17,000
	70,235	66,244

Note 8: Earnings per share (EPS)

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

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2016 ¢	2015 ¢
Net profit/(earnings/(losses)) used in the calculation of basic and diluted earnings/(losses) per share	(2,514,443)	706,918
Weighted average number of ordinary shares for basic EPS	175,198,815	157,859,146
Adjustments for calculation of diluted earnings/(losses) per share:		
Options over ordinary shares	-	72,000
Weighted average number of ordinary shares adjusted for the effect of dilution	175,198,815	157,859,146

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

Note 9: Cash and Cash Equivalents

	2016 \$	2015 \$
Cash at bank and on hand	300,718	329,605
Short-term deposits	4,500,000	6,500,000
	4,800,718	6,829,605

The interest rate on cash at bank at 30 June 2016 was 0.10% p.a. (2015: 0.10% p.a.). And the interest rates on term deposits at 30 June 2016 were 2.55% p.a. (2015: 2.15% p.a.) for 30 days and 2.85% p.a. (2015: 2.65%) for 90 days. The term deposits have maturity periods of 30 days and 90 days.

Note 10: Trade and Other Receivables

	2016 \$	2015 \$
Interest receivable	9,839	12,579
Australian Tax Office receivable	2,617	27,216
Research and development tax concession receivable	395,597	705,336
Other receivables	12,244	12,957
	420,297	758,088

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 11: Property, Plant and Equipment

	Property, plant and equipment \$
Cost or valuation	
At 1 July 2014	172,209
At 30 June 2015	172,209
At 1 July 2015	172,209
Additions	3,861
At 30 June 2016	176,070
Depreciation and impairment	
At 1 July 2014	(158,613)
Depreciation charge for the year	(8,172)
At 30 June 2015	(166,785)
At 1 July 2015	(166,785)
Depreciation charge for the year	(5,882)
At 30 June 2016	(172,667)

	2016 \$	2015 \$
Gross value	176,070	172,209
Accumulated depreciation	(172,667)	(166,785)
	3,403	5,424

Note 12: Trade and Other Payables

	2016 \$	2015 \$
Trade payables	214,791	175,412
Accrued expenses	238,786	125,500
Other payables	4,577	4,577
	458,154	305,489

Note 13: Employee Benefit Liabilities

	2016 \$	2015 \$
Current employee provisions	292,050	289,559
	292,050	289,559

Note 14: Contributed Equity

	Note	2016 \$	2015 \$
Ordinary fully paid shares	14(a)	55,505,680	55,505,680
Options over ordinary shares	14(b)	1,209,045	1,209,045
		56,714,725	56,714,725

Reconciliation of share movement in the period:

14(a) Ordinary Shares	2016		2015	
	No.	\$	No.	\$
At the beginning of the period	176,512,483	55,505,680	144,096,128	51,207,891
Shares issued during the year	-	-	32,416,355	4,516,700
Transaction costs relating to share issues	-	-	-	(218,911)
Cancellation of shares ⁽¹⁾	(15,025,075)	-	-	-
Balance at the end of the year	161,487,408	55,505,680	176,512,483	55,505,680

⁽¹⁾ Subject to shareholder approval, 15,025,075 shares will be cancelled due to the termination of the partnership agreement with Strongbridge Biopharma (formerly Cortendo Cayman Limited).

Details of movement in shares:

2016	Details	Number	Issue Price \$	AUD \$
30 June 2016	Shares to be cancelled	(15,025,075)	-	-

2015	Details	Number	Issue Price \$	AUD \$
1 October 2014	Placement	7,913,043	0.1150	910,000
12 November 2014	Share purchase plan	9,478,237	0.1150	1,090,000
15 May 2014	Issue of shares to Cortendo Cayman Limited	15,025,075	0.1675	2,516,700 (218,911)
	Transaction costs			(1,540)
		32,416,355		4,297,789

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.

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 14: Contributed Equity (*continued*)

Reconciliation of option movement in the period:

14(b) Options	2016		2015	
	No.	\$	No.	\$
At the beginning of the period	46,950,984	1,209,045	46,950,984	1,209,045
Options issued during the period	-	-	-	-
	46,950,984	1,209,045	46,950,984	1,209,045

There was no activity during the year ended 30 June 2016 or 30 June 2015.

Note 15: Reserves

Nature and Purpose of the Reserve

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

	2016		2015	
	No.	\$	No.	\$
Unlisted options over fully paid shares	72,000	960,855	72,000	960,855

There was no activity during the year ended 30 June 2016 or 30 June 2015.

Options outstanding as at 30 June 2016:

	No. of Options	
	27 Oct 2008	20 Nov 2013
On issue at beginning of year	72,000	46,950,984
Issued during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Forfeited during the year	-	-
Consolidation 10:1 Nov 2013	-	-
Outstanding at balance sheet 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	849
Number of current holders	4	818
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 16: Commitments and Contingencies

Operating Lease Commitments

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

	2016 \$	2015 \$
Within one year	24,693	24,693
	24,693	24,693

The lease expenditure commitments relate to the leasing of office premises. The lease is for a term of one year, expiring October 2016.

There are no contingencies in the current or preceding year.

Note 17: Operating Segments

30 June 2016	ATL1102 Multiple Sclerosis	ATL1103 Growth and Sight Disorders	Unallocated (Note a)	Total
Segment revenue	-	1,000,000	132,102	1,132,102
Segment result	(1,594,423)	171,616	(2,223,737)	(3,646,544)
Net result	(1,594,423)	1,171,616	(2,091,635)	(2,514,442)

30 June 2015	ATL1102 Multiple Sclerosis	ATL1103 Growth and Sight Disorders	Unallocated (Note a)	Total
Segment revenue	-	3,863,988	52,349	3,916,337
Segment result	(99,520)	(718,548)	(2,391,351)	(3,209,419)
Net result	(99,520)	3,145,440	(2,339,002)	706,918

17(a) Unallocated breakdown	2016 \$	2015 \$
Unallocated revenue		
Interest from external parties	132,102	52,349
	132,102	52,349
Unallocated result		
R&D tax concession refund	970,437	4,919
Compliance expenses	(243,442)	(220,171)
Business development expenses	(775,027)	(928,316)
Employee expenses	(729,768)	(673,807)
Patent expenses	(311,501)	(205,353)
Other expenses	(1,134,436)	(368,623)
	(2,223,737)	(2,391,351)

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 18: Cash Flow Information

	2016 \$	2015 \$
Cash flow reconciliation		
Reconciliation of net profit after tax to net cash flows from operations:		
Net (loss)/ profit before tax	(2,514,443)	706,918
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation expense	5,882	8,172
Share-based payments	-	71,572
Working capital adjustments:		
Movement in trade and other receivables	324,185	423,379
Movement in prepayments	(9,412)	46,524
Movement in trade and other payables	166,272	42,000
Movement in other current liabilities	-	(50,000)
Movement in provisions	2,490	20,310
Reconciliation of cash flow from operations with loss after income tax		
Net cash flows (used in)/from operating activities	(2,025,026)	1,268,875

Note 19: Events After the Reporting Period

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

Note 20: Related Party Transactions

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

	2016 \$	2015 \$
Purchases from Belyea IP		
Belyea IP is a patent attorney business operated by Dr Chris Belyea.		
Service fees paid to Belyea IP during the year:	4,900	5,200
Patent renewals cost reimbursed to Belyea IP during the year:	70,440	36,422
Total paid by the Company to Belyea IP during the year:	75,340	41,622
At the end of the financial year, the Company owed Belyea IP:	-	-

Note 21: Financial Risk Management Objectives and Policies

(a) Financial Instruments

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

	2016 \$	2015 \$
Cash and cash equivalents	4,800,718	6,829,605
Trade and other receivables	420,297	758,088
Trade and other payables	(458,154)	(305,489)

The Company does not have any derivative instruments at 30 June 2016 (2015: Nil).

(b) Risk Management Policy

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

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

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

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

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

(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.

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 21: 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 14 and 15. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Company's Management the Board monitors the need to raise additional equity from the equity markets.

(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:

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

30 June 2015	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	2.53	329,205	6,500,000	-	-	400	6,829,605
Trade and other receivables	-	-	-	-	-	744,480	744,480
	2.53	329,205	6,500,000	-	-	744,880	7,574,085
Financial Liabilities							
Trade and other payables	-	-	-	-	-	291,881	291,881

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 2016.

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

	(Higher) / Lower 2016	(Higher) / Lower 2015
2016: +1% (2015: +1%)	48,007	68,296
2016: -1% (2015: -1%)	(48,007)	(68,296)

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:

	2016 \$	2015 \$
Trade and other payables (AUD/USD)	124,724	31,109
Trade and other payables (AUD/GBP)	1,333	13,899
Trade and other payables (AUD/EUR)	24,849	10,108

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.

Notes to the Financial Statements *continued*

For the year ended 30 June 2016

Note 21: Financial Risk Management Objectives and Policies (*continued*)

(e) Financial Risk Management (*continued*)

FOREIGN CURRENCY RISK *continued*

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 2016.

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

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

	(Higher) / Lower 2016	(Higher) / Lower 2015
AUD/USD: 2016: +3% (2015: +3%)	(3,742)	(933)
AUD/USD: 2016: -3% (2015: -3%)	3,742	933
AUD/GBP: 2016: +3% (2015: +3%)	40	417
AUD/GBP: 2016: -3% (2015: -3%)	(40)	(417)
AUD/EUR: 2016: +3% (2015: +3%)	745	303
AUD/EUR: 2016: -3% (2015: -3%)	(745)	(303)

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 2016 GST accounted for \$5,342 (2015: \$13,608) of the trade and other receivables, respectively. At 30 June 2016, accrued interest from the Commonwealth Bank amounted to \$9,839 (2015: \$12,579).

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 \$
2016 Trade and other receivables	420,297	-	-	-
2015 Trade and other receivables	736,249	-	-	8,231

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 \$
2016 Trade and other payables	458,154	-	-	-
2015 Trade and other payables	291,881	-	-	-

Note 22: Group Information

Information about subsidiaries

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

			% Equity interest
Name	Principal Activities	Country of incorporation	2016
Antisense Therapeutics (HK) Pty Ltd	Provision of licenses	Australia	100

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.


Directors' Declaration

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

- 1.** In the opinion of the Directors:
 - (a)** the consolidated financial statements and notes of Antisense Therapeutics Limited for the financial Year Ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:
 - (i)** giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the Year Ended on that date; and
 - (ii)** complying with Accounting Standards and the Corporations Regulations 2001;
 - (b)** the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.c; and
 - (c)** there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2.** This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial Year Ended 30 June 2016.

On behalf of the board

Signed in accordance with a resolution of the Directors.



Mr Robert W Moses
Independent Non-Executive Chairman



Mr Mark Diamond
Managing Director and Chief Executive Officer

Dated: This day 25th day of August 2016



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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 2016, 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 judgement, 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.



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 2015 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.

Report on the remuneration report

We have audited the Remuneration Report included in pages 17 to 24 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Joanne Lonergan
Partner
Melbourne
25 August 2016

Shareholder Information

As at 7 September 2016

Number of Holders of Equity Securities

Ordinary Shares

176,512,483 fully paid ordinary shares are held by 2,699 individual shareholders.

All ordinary shares carry one vote per share.

Options

46,950,984 options exercisable at \$0.27 on or before 31 January 2017, are held by 789 individual holders.

72,000 options exercisable at nil on or before 30 July 2018 are held by 3 individual holders.

Distribution of Quoted Security holders

	No. of Holders	
	Ordinary Shares	Listed Options
1 - 1,000	476	140
1,001 - 5,000	715	260
5,001 - 10,000	365	98
10,001 - 100,000	881	230
100,001 +	262	61
Total number of shareholders	2,699	789
Unmarketable parcels (under \$500)	1,591	683

Twenty Largest Ordinary Shareholders

Shareholders	Number	%
1 CORTENDO CAYMAN LTD	15,025,075	8.512
2 POLYCHIP PHARMACEUTICALS PTY LTD	10,190,649	5.773
3 CITICORP NOMINEES PTY LIMITED	6,254,088	3.543
4 CITYCASTLE PTY LTD	4,080,433	2.312
5 SHARED OFFICE SERVICES PTY LTD <PHILANNE S/F A/C>	4,020,877	2.278
6 MR ROBERT WILLIAM MOSES	3,354,434	1.900
7 ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	3,208,310	1.818
8 FLINTBERG PTY LTD <OR SUPERANNUATION FUND A/C>	2,607,404	1.477
9 SKED PTY LTD <SUPER FUND A/C>	2,419,896	1.371
10 DABCO HOLDINGS PTY LTD	1,848,002	1.047
11 BAYSPEC PTY LTD	1,810,000	1.025
12 MR JASON ERIC CONSTABLE & MRS CATHERINE MICHELLE CONSTABLE <CONSTABLE SUPER FUND A/C>	1,707,391	0.967
13 MR SEK YUEN WAN	1,614,026	0.914
14 MR JAN MARACH & MRS RENATA MARACH	1,571,515	0.890
15 MR LESLIE SMITH	1,500,000	0.850
16 MR MARK DIAMOND	1,457,914	0.826
17 MR MICHAEL ANDREW CLARK	1,403,645	0.795
18 MRS MARGARET ANN RYAN & MR MICHEAL RODNEY RYAN	1,310,000	0.742
19 MR JAMES EDWARDS	1,285,216	0.728
20 MRS LOIS ALMA MOORE & MR ALISTAIR ALEXANDER MOORE <MOORE FAMILY SUPER FUND A/C>	1,261,993	0.715
Total	67,930,868	38.48
Total balance of remaining holders	108,581,615	61.52

Shareholder Information *continued*

Twenty Largest Listed Optionholders

Optionholders		Number	%
1	XCELERATE TRADING PTY LTD <XCELERATE TRADING A/C>	4,790,342	10.203
2	MR JAN MARACH & MRS RENATA MARACH	4,007,747	8.536
3	KIRZY PTY LTD <SPRINGDALE A/C>	3,350,000	7.135
4	MR LESLIE SMITH	2,336,667	4.977
5	MRS JANE CHRISTABEL KIDMAN <JANE KIDMAN A/C>	1,843,496	3.926
6	BOUDGARD NOMINEES PTY LTD <B & G SUPER FUND A/C>	1,779,967	3.791
7	MS LEE GARDINER	1,582,811	3.371
8	MR DAVID BOUVILLE	1,500,000	3.195
9	MR ANDREW LEONARD CLARK	1,440,000	3.067
10	CITYCASTLE PTY LTD	1,316,667	2.804
11	MR ROBERT WILLIAM MOSES	700,001	1.491
12	FLINTBERG PTY LTD <OR SUPERANNUATION FUND A/C>	677,501	1.443
13	ARMDIG PTY LTD	620,000	1.321
14	MR SINI MATHEW	581,769	1.239
15	CITICORP NOMINEES PTY LIMITED	506,846	1.080
16	PATERSONS SECURITIES LIMITED <CORPORATE FINANCE A/C>	464,427	0.989
17	MR PETER ALBERT DAVID SINGER	450,000	0.958
18	ANDNEL AUSTRALIA PTY LTD	390,743	0.832
19	SYED CORPORATION PTY LTD	387,393	0.825
20	MS YUK YING LAI & MR TZE WAI WONG	365,396	0.778
	Total	29,091,773	61.96
	Total balance of remaining holders	17,859,211	38.04

Unquoted Equity Securities Holdings Greater Than 20%

Nil

Substantial Shareholders

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

	No. of Shares
CORTENDO CAYMAN LTD	15,025,075
POLYCHIP PHARMACEUTICALS PTY LTD	10,190,649

DIRECTORS

- Mr Robert W Moses** Independent Non-Executive Chairman
- Mr Mark Diamond** Managing Director and Chief Executive Officer
- Dr Graham Mitchell** Independent Non-Executive Director
- Dr Gary Pace** Independent Non-Executive Director
- Mr William Goolsbee** Independent Non-Executive Director
- Dr Chris Belyea** Independent Non-Executive Director
(Resigned: 12 November 2015)

COMPANY SECRETARY

- Mr Phillip Hains** Company Secretary and Chief Financial Officer

COMPANY

Antisense Therapeutics Limited
ABN 41 095 060 745

REGISTERED OFFICE

6-8 Wallace Avenue, Toorak Victoria 3142
Australia

PRINCIPAL PLACE OF BUSINESS

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

SOLICITORS

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

SHARE REGISTER

Boardroom Pty Ltd
Level 12, 225 George Street, Sydney NSW 2000
Australia
Telephone: 1300 737 760

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

BANKERS

Commonwealth Bank of Australia
Melbourne Victoria

AUDITORS

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