

ASX Release

Appendix 4E and financial report for year end 30 June 17

Key points:

- **Revenue up 11.8% to \$3.13m, resulting from commercial activities and R&D tax incentive refund**
- **Strong balance sheet – costs tightly controlled and the Company remains well funded**
- **Core Detach[®] commercialisation activities successfully completed:**
 - **Submission of the Company's Australian regulatory application, and**
 - **Partnering discussions progressing with global animal health company, Zoetis**
- **Preparation to progress Anatara's human applications also well underway**

BRISBANE, 31st August 2017: Anatara Lifesciences (ASX: ANR) today released its Appendix 4E and review of operations for the period ending 30th June 2017.

Highlights from the period include:

- Increasing revenue from ordinary activities by 11.8% to \$3.13m
- Global animal health company, Zoetis, exercised its option on 21st August 2017 to negotiate a commercial agreement for the worldwide development, distribution and marketing of Detach[®]
- Achieving a significant milestone through the submission of the Company's application to register Detach[®] for commercial marketing in Australia with the Australian Pesticides and Veterinary Medicines Authority (APVMA)
- Completing a Target Animal Safety (TAS) study, which was used as the final clinical trials component for the APVMA dossier
- Advancing regulatory discussions to prepare for the launch of Detach[®] in several key international markets (in parallel with partnering activities), and establishing a "No Maximum Residue Limit" status for bromelain with the European Medicines Authority and mapping out the Asian regulatory pathway
- Further expanding the skillset and capabilities the Anatara team through both internal appointments and collaborations with La Trobe University

Anatara's Chairman and CEO, Dr Mel Bridges said, "FY17 really has been a watershed year for Anatara Lifesciences. We have invested in expanding our team, adding significant veterinary expertise and in engaging with regulators and with our potential end customers. The team have made important steps towards taking its first product, Detach[®], to market both through our direct efforts and through our partnering discussions with Zoetis."

"As we look ahead, shareholders can expect us to remain focused on launching the Detach[®] animal product internationally and continuing our work to develop gastrointestinal products for humans."

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About Anatara Lifesciences

Anatara Lifesciences is developing therapeutics for gastrointestinal diseases in production animals and humans. Its lead product Detach[®] is a natural plant based product that will help address global concerns around the overuse of antibiotics in production animals that is contributing to the rise of so-called “super bugs” that make infectious diseases harder to treat. The Anatara team has a strong track record in biological science as well as building and growing international biotech companies.

Review of operations

FY17 represents a watershed year for the Company. Anantara has advanced greatly in the past financial year and the team has made significant steps towards taking its first product, Detach®, to market.

About Detach®

Detach® is a modified release formulation of a natural extract from pineapple stems. It has been proven to be effective in reducing diarrhoea in pigs, known as scour, and may also be able to be used in other livestock species.

Detach® marches toward commercialisation

Zoetis negotiations

Immediately post the period, on 21 August 2017, Anantara announced that global animal health company, Zoetis Inc, had exercised its option to negotiate a commercial agreement for the worldwide development, distribution and marketing of Detach®.

The licensing negotiations follow an Exclusive Research Evaluation and License Option period, (announced 18 January 2016), during which time Zoetis completed a preliminary evaluation of Detach® as a non-antibiotic approach to help control scours in certain livestock species. It is expected negotiations will take some months to complete and there is no guarantee that a transaction will be completed.

Australian plans to launch Detach®

On 8 September 2016, Anantara announced it had successfully completed a pivotal safety study for Detach®, which concluded the clinical trials component of the Company's application to register the product with the Australian Pesticides and Veterinary Medicines Authority (APVMA).

In the study Detach® was administered to piglets at dose ranges higher and more frequent, than the recommended dose. The results confirmed that Detach® was safe, in keeping with the large safety database Anantara already held on the product.

On 4 October 2016, Anantara announced it had achieved a significant milestone through the submission of its application (or dossier) to the APVMA, to register Detach® for commercial marketing in Australia.

This dossier contained the relevant information required by the APVMA to assess the suitability of Detach® for registration and market approval. We are pleased to report that the APVMA review of this application is currently underway and has met all prospective APVMA review timelines.

Once the dossier has been approved by the APVMA, a marketing authorisation or registration will be issued, and Detach® can be made commercially available to farmers for the control of diarrhoea in their piglets. Submission of the dossier to the APVMA represented a major milestone to the Company and was the culmination of two years' work from the Anantara team.

While the APVMA review the application, the Company continues to prepare for market launch with the completion of extensive market research which has been invaluable in guiding the Detach® launch strategy and product positioning. The Company has developed an experienced veterinary team who are focused on successfully propelling our flagship product into the anti-diarrhoeal therapeutic pig market.

Asian plans to launch Detach®

On 6 June 2017, Anantara announced that significant progress had been made on mapping the regulatory route for the launch of Detach® into key Asian pork producing countries. These key markets represent

a large proportion of the world's pork industry and Anantara or a commercial partner will be able to use this information to access those markets.

European preparation to launch Detach®

Following an extensive review process, on 6 June 2017, Anantara announced it had received confirmation from the European Medicines Agency's (EMA) Committee for Medicinal Products for Veterinary Use, that bromelain, the active pharmaceutical ingredient in Detach®, was a non-toxic substance that can safely be used as a therapeutic in pigs. This part of the European registration process is known as establishing a "Maximum Residue Limit" (MRL) for food producing animals.

Obtaining a no MRL status is a significant outcome for Anantara as it confirms the safety of Detach®, when compared to antibiotics, where the doses are tightly regulated due to the safety limit that can be used in food-producing animals.

Furthermore, the team successfully renewed the Company's small-medium enterprise status (SME) with the EMA, which provides numerous administrative, financial and regulatory benefits including fee exemptions and reductions and assistance with translation and the regulatory aspects of the legislation.

Other markets

The Company successfully renewed its fee waiver status with the US Food and Drug Administration's (FDA) veterinary regulatory division, the Center for Veterinary Medicine (CVM). This program allows considerable discounts with respect to application fees for veterinary product registration in the USA.

Continuing to advance its regulatory strategy in other markets, the team has mapped out the regulatory route for registration in New Zealand; with the initiation of the New Zealand registration of Detach® dependent on the outcome of current partnering discussions. Earlier this year, the team also met with the Canadian Veterinary Drugs Directorate (VDD) to determine the regulatory requirements for the registration of Detach® in Canada.

Supporting the now, with an eye to the future...

On 6 June 2017, Anantara announced it had opened a research facility in Melbourne. These facilities have allowed for the expansion of the R&D team, established a technical support service for Detach®, and will ensure Anantara remains at the forefront of bromelain research and product development.

Our own research capabilities have been further augmented by a significant collaboration between Anantara, CSIRO and La Trobe's Institute for Molecular Science (LIMS). Grant funding of \$315,000 was awarded under the Science and Industry Endowment Fund's STEM+ Business Fellowship Program. The project will support the development of the next generation of products, focused on developing specific bromelain proteases for the treatment of gastrointestinal diseases in humans and animals.

Intellectual property – underpinning the future...

FY17 saw two of our patent applications progress to the next phase in the examination and granting process. The first of these, *"Anti-Diarrhea Formulation Which Avoids Antimicrobial Resistance"* PCT US2015/046509 has proceeded to the National Phase in Australia, USA, Canada, China, Europe, India, Japan, Thailand, the Philippines and South Korea. This patent application supports the current Detach® product.

The second application, *"Enzymatic Fractions with Anti-Inflammatory Activity"* has progressed to the international phase as PCT US2016/047523. This patent application is directed towards therapeutically useful fractions and mixtures of bromelains, and is anticipated to be employed in our future human health product portfolio.

Anatara Lifesciences Ltd
Appendix 4E
30 June 2017
ASX listing rule 4.2A

Name of entity	Anatara Lifesciences Ltd
ACN	145 239 872
Reporting period	30 June 2017
Previous reporting period	30 June 2016

Results for announcement to the market

				\$
Revenue for ordinary activities	Up	12.6%	to	3,152,231
Loss before interest and taxation (EBIT)	Up	135.5%	to	1,705,003
Net loss after tax (from ordinary activities) for the period attributable to members	Up	135.5%	to	1,705,003

Brief explanation of figures reported above

The Group reported a loss for the full-year ended 30 June 2017 of \$1,705,003 (2016: \$723,934). The loss is after fully expensing all research and development costs.

Dividends

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

	30 June 2017	30 June 2016
Net tangible asset backing	12,021,140	13,475,343
Shares (No.)	49,413,236	49,413,236
Net asset backing (cents per share)	24	27
	Cents	Cents
Losses per share:		
Basic loss per share	(0.03)	(0.01)
Diluted loss per share	(0.03)	(0.01)

Changes in controlled entities

N/A

Other information required by Listing Rule 4.3A

N/A

Status of Audit of Accounts

The accounts are in process of being audited.

Anatara Lifesciences Ltd

ACN 145 239 872

Preliminary final report for the year ended 30 June 2017

Anatara Lifesciences Ltd

ACN 145 239 872

Preliminary final report - 30 June 2017

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Anatara Lifesciences Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

		Consolidated entity	
		year ended	
		30 June	30 June
		2017	2016
	Notes	\$	\$
Licensing (evaluation) revenue		322,182	2,283,095
Interest received		298,488	352,144
Other income - R&D tax incentive		2,531,562	165,246
Expenses from operating activities			
Depreciation and amortisation expense		(16,941)	(15,125)
Research and development expenses		(1,122,370)	(735,071)
Patent expenses		(141,804)	(143,789)
Consultancy expenses		(796,935)	(760,671)
Staff expenses		(2,171,277)	(1,411,746)
Travel and accommodation		(299,973)	(261,709)
ASX and share registry fees		(80,736)	(70,085)
Other expenses		(227,198)	(126,223)
Loss before income tax		(1,705,002)	(723,934)
Income tax expense		-	-
Loss for the period		(1,705,002)	(723,934)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(1,705,002)	(723,934)
		Cents	Cents
Losses per share:			
Basic loss per share	3(a)	(0.03)	(0.01)
Diluted loss per share	3(a)	(0.03)	(0.01)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Anatara Lifesciences Ltd
Consolidated statement of financial position
As at 30 June 2017

		Consolidated entity	
		30 June	30 June
		2017	2016
Notes		\$	\$
ASSETS			
Current assets			
	5	8,766,869	6,387,041
Cash and cash equivalents			
Other receivables	6	1,331,684	60,272
Financial assets - term deposits		2,093,166	7,437,669
Other current assets - prepayments		83,926	18,720
Total current assets		12,275,645	13,903,702
Non-current assets			
Property, plant and equipment	7	40,932	16,259
Total non-current assets		40,932	16,259
Total assets		12,316,577	13,919,961
LIABILITIES			
Current liabilities			
Trade and other payables	8	197,794	403,377
Employee entitlements		97,644	41,241
Total current liabilities		295,438	444,618
Total liabilities		295,438	444,618
Net assets		12,021,139	13,475,343
EQUITY			
Share capital	9(a)	16,941,392	16,941,392
Other reserves	9(b)	448,422	197,624
Accumulated losses		(5,368,675)	(3,663,673)
Total equity		12,021,139	13,475,343

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes.

Anatara Lifesciences Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2017

Consolidated entity	Notes	Attributable to owners of Anatara Lifesciences Ltd			Total equity \$
		Share capital \$	Share-based payment reserves \$	Accumulated losses \$	
Balance at 1 July 2015		8,420,555	-	(2,939,739)	5,480,816
Loss for the period		-	-	(723,934)	(723,934)
Transactions with owners in their capacity as owners:					
Shares issued	9(a)	9,106,685	-	-	9,106,685
Capital raising cost	9(a)	(585,848)	-	-	(585,848)
Share-based payment expense	9(b)	-	197,624	-	197,624
		8,520,837	197,624	-	8,718,461
Balance at 30 June 2016		16,941,392	197,624	(3,663,673)	13,475,343
Balance at 1 July 2016		16,941,392	197,624	(3,663,673)	13,475,343
Loss for the period		-	-	(1,705,002)	(1,705,002)
Transactions with owners in their capacity as owners:					
Share-based payment expense	9(b)	-	250,798	-	250,798
Balance at 30 June 2017		16,941,392	448,422	(5,368,675)	12,021,139

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Anatara Lifesciences Ltd
Consolidated statement of cash flows
For the year ended 30 June 2017

	Consolidated entity	
	year ended	
	30 June	30 June
	2017	2016
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	327,325	2,283,095
Payments to suppliers and employees	(4,781,674)	(2,996,563)
Interest received	320,786	267,856
Research and development tax incentive	1,255,005	165,246
Net cash (outflow) from operating activities	10 (2,878,558)	(280,366)
Cash flows from investing activities		
Payments for purchases of plant and equipment	7 (41,614)	(6,608)
Withdrawal/(investment) from/(in) term deposits	5,300,000	(3,300,000)
Net cash inflow (outflow) from investing activities	5,258,386	(3,306,608)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	9(a) -	9,062,324
Proceeds from calls on shares and calls in arrears	9(a) -	(585,848)
Net cash inflow from financing activities	-	8,476,476
Net increase in cash and cash equivalents	2,379,828	4,889,502
Cash and cash equivalents at the beginning of the financial year	6,387,041	1,497,539
Cash and cash equivalents at end of period	5 8,766,869	6,387,041

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Anatara Lifesciences Ltd

Notes to the consolidated financial statements

30 June 2017

1 Summary of significant accounting policies

(a) Corporate information

The preliminary final report is for the Group consisting of Anatara Lifesciences Ltd (the "Company") and its subsidiaries.

Anatara Lifesciences Ltd is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The principal activities of the Group are to develop oral solutions for gastro-intestinal diseases in animals and in humans.

(b) Basis of preparation

The financial statements have been prepared in accordance with accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2016. The accounting policies have been applied consistently for the purpose of the preparation of these financial statements.

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.

The judgements, estimates and assumptions applied in the financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last financial statements for the year ended 30 June 2016.

2 Significant changes in the current reporting period

There have been no significant events of transactions in the current reporting period.

3 Loss per share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of Anatara Lifesciences Ltd as the numerator, i.e. no adjustments to loss were necessary during the year ended 30 June 2017 and 2016.

The weighted average number of shares for the purposes of the calculation of diluted loss per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic loss per share as follows:

(a) Basic loss per share

	Consolidated entity	
	year ended	
	30 June	30 June
	2017	2016
	Cents	Cents
Basic loss per share	(0.03)	(0.01)
Diluted loss per share	(0.03)	(0.01)

Anatara Lifesciences Ltd
Notes to the consolidated financial statements
30 June 2017
(continued)

3 Loss per share (continued)

(b) Reconciliation of loss used in calculating earnings per share

	Consolidated entity	
	year ended	
	30 June	30 June
	2017	2016
	\$	\$
Net loss used in the calculation of basic and diluted loss per share	1,705,001	(723,934)

(c) Weighted average number of shares used as the denominator

	Consolidated entity	
	year ended	
	2017	2016
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	49,413,236	48,587,665

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.

4 Dividends

No dividends were paid and no dividends are expected to be paid during the year ended in 30 June 2017 (2016: Nil).

5 Cash and cash equivalents

	Consolidated entity	
	30 June	30 June
	2017	2016
	\$	\$
Current assets		
Cash at bank and in hand	966,869	1,387,114
Term deposits	7,800,000	4,999,927
	8,766,869	6,387,041

Anatara Lifesciences Ltd
Notes to the consolidated financial statements
30 June 2017
(continued)

5 Cash and cash equivalents (continued)

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Consolidated entity	
	30 June	30 June
	2017	2016
	\$	\$
Balances as above	8,766,869	6,387,041
Balances per Consolidated statement of cash flows	8,766,869	6,387,041

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note for the group's other accounting policies on cash and cash equivalents.

6 Other receivables

	Consolidated entity	
	30 June	30 June
	2017	2016
	\$	\$
R&D rebate receivable	1,276,556	-
Other receivables	55,128	60,272
	1,331,684	60,272

7 Property, plant and equipment

	Plant and equipment	Total
	\$	\$
Consolidated entity		
Year ended 30 June 2017		
Opening net book amount	16,259	16,259
Additions	41,614	41,614
Depreciation charge	(16,941)	(16,941)
Closing net book amount	40,932	40,932

Anatara Lifesciences Ltd
Notes to the consolidated financial statements
30 June 2017
(continued)

7 Property, plant and equipment (continued)

Consolidated entity	Plant and equipment \$	Total \$
Year ended 30 June 2016		
Opening net book amount	24,776	24,776
Additions	6,608	6,608
Depreciation charge	(15,125)	(15,125)
Closing net book amount	16,259	16,259

8 Trade and other payables

	Consolidated entity 30 June 2017 \$	30 June 2016 \$
Trade payables	44,728	322,976
Accrued expenses	68,618	60,000
Payroll tax and other statutory liabilities	84,448	20,401
	197,794	403,377

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the the same as their fair value, due to their short-term nature.

9 Equity

(a) Share capital

	30 June 2017 Shares	30 June 2017 \$	30 June 2016 Shares	30 June 2016 \$
Ordinary shares				
Ordinary shares - fully paid	49,413,236	16,941,392	49,413,236	16,941,392
Total share capital	49,413,236	16,941,392	49,413,236	16,941,392

Anatara Lifesciences Ltd
Notes to the consolidated financial statements
30 June 2017
(continued)

9 Equity (continued)

(a) Share capital (continued)

Movements in ordinary share:

Details	Notes	Number of shares	\$
Opening balance 1 July 2015		37,750,000	8,420,555
Shares redeemed and capital raised		11,663,236	9,106,685
Transaction costs relating to share issues		-	(585,848)
Balance 30 June 2016		49,413,236	16,941,392
Balance 30 June 2017		49,413,236	16,941,392

(i) *Details of shares issued during the current year are as follows*

No shares have been issued during the current reporting period

Ordinary shares participate in dividends and the proceeds on winding up 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.

(b) Share-based payment reserve

	Share-based payments \$	Total \$
Consolidated entity		
Balance at 30 June 2016	197,624	197,624
Transactions with owners in their capacity as owners		
Share-based payment expenses	250,798	250,798
At 30 June 2017	448,422	448,422

As at 30 June 2017, the Company maintained two (2) share-based payment scheme, Executive Option Plan and Directors Option Plan. It also issued options under a collaboration agreement with Pork CRC.

Executive Option Plan

The Executive Option Plan is part of the remuneration package of the Company's Senior Management. The maximum term of the options granted under the plan ends on 14 December 2020. The options will vest as follows:

- 1/3 of the options will vest and be exercisable at any time from the date that is 12 months after the date of issue of the options;
- 1/3 of the options will vest and be exercisable at any time from the date that is 24 months after the date of issue of the options; and
- 1/3 of the options will vest and be exercisable at any time from the date that is 36 months after the date of issue of the options.

The Executive Options are subject to an employment requirement.

Anatara Lifesciences Ltd
Notes to the consolidated financial statements
30 June 2017
(continued)

9 Equity (continued)

(b) Share-based payment reserve (continued)

Directors Option Plan

The Directors Option Plan is part of the remuneration package of the Company's Directors. The maximum term of the options granted under the plan ends on 11 November 2018. The options will vest as follows:

- 1/3 of the options will vest immediately;
- 1/3 of the options will vest and be exercisable at any time from the date that is 12 months after the date of issue of the options; and
- 1/3 of the options will vest and be exercisable at any time from the date that is 24 months after the date of issue of the options.

The Directors Options are subject to an employment requirement.

Pork CRC

The maximum term of the options granted ends on 18 September 2018. The options issued to Pork CRC have the following vesting terms:

- 125,000 options have been issued on 18 September 2015 (fully exercised in FY16);
- 250,000 options will vest on 18 September 2016; and
- 125,000 options will vest on 18 September 2017.

Upon vesting, each option allows the holder to purchase one ordinary share at the exercise price. The weighted fair value of the options granted during the year was \$0.10.

The fair value of the options issued in the current year were calculated by using a Black-Scholes model applying the following inputs:

	Executive Options
Expected volatility	33%
Risk-free interest rate	2.13%
Expected life of option (years)	5
Option exercise price	\$1.45
Share price at grant date	\$0.94

The expected price volatility is estimated based on the volatility of comparable publicly traded companies.

Set out below are summaries of option movements for the year:

	Number of options	Fair value per option	Weighted Average Exercise price (\$)
Opening balance at 1 July 2016	1,980,000	-	1.25
Granted	420,000	-	1.70
Exercised	-	-	-
Closing balance at 30 June 2017	2,400,000	-	1.25
Exercisable at the end of 30 June 2017	518,333	-	1.40

The options outstanding at 30 June 2017 had an exercise price range from \$0.50 to \$1.70, and weighted average remaining contractual life of 2.25 years.

Anatara Lifesciences Ltd
Notes to the consolidated financial statements
30 June 2017
(b continued)

9 Equity (continued)

(b) Share-based payment reserve (continued)

Share options at the end of the year had the following features:

Grant date	Expiry date	Number of options	Exercise price
18 September 2015	18 September 2017	125,000	0.50
18 September 2015	18 September 2018	250,000	0.50
13 November 2015	11 November 2018	340,000	1.35
14 December 2015	14 December 2020	1,265,000	1.45
23 September 2016	23 September 2021	420,000	1.70
		2,400,000	

10 Cash flow information

Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated entity	
	year ended	
	30 June	30 June
	2017	2016
	\$	\$
Loss for the period	(1,705,002)	(723,934)
Adjustment for		
Depreciation and amortisation	16,941	15,125
Share-based payment expense	250,798	241,985
Change in operating assets and liabilities:		
Movements in accounts receivable	(1,050,591)	(8,212)
Movements in other current assets	(65,206)	(102,970)
Movements in accounts payable	(406,577)	284,209
Movements in employee entitlements	81,079	13,431
Net cash flow from operating activities	(2,878,558)	(280,366)