

# Anatara Lifesciences Ltd

## Appendix 4D

### Half-year Report

### 31 December 2018

Name of entity  
Anatara Lifesciences Ltd

ABN or equivalent company  
reference

ACN 145 239 872

Half-year

31 December 2018  
(Previous corresponding period: 31  
December 2017)

#### Results for announcement to the market

				\$
Revenue from ordinary activities	Down	43.0%	to	556,632
Net loss after tax (from ordinary activities) for the period attributable to members	Up	18.2%	to	(2,021,040)
Net loss for the period attributable to members	Up	18.2%	to	(2,021,040)
		<b>31 December 2018</b>	31 December 2017	
Net tangible assets		<b>6,661,202</b>	10,393,183	
No. of shares		<b>49,413,236</b>	49,413,236	
Net asset backing (per share)		<b>0.13</b>	0.21	

#### Explanation of results

The Group reported a loss for the half-year ended 31 December 2018 of \$2,021,040 (31 December 2017: \$1,710,161).

Revenue from ordinary activities decreased from \$977,327 for the half-year ended 31 December 2017 to \$556,632 for the half-year ended 31 December 2018. This was due to decrease in interest received, R&D tax incentive income and other grants.

#### Distributions

No dividends have been paid during the financial period. The directors do not recommend that a dividend be paid in respect of the financial period (2017: nil).

#### Changes in controlled entities

N/A

#### Other information required by Listing Rule 4.2A

N/A

# **Anatara Lifesciences Ltd**

ACN 145 239 872

## **Interim financial report for the half-year 31 December 2018**

# Anatara Lifesciences Ltd

ACN 145 239 872

## Interim financial report - 31 December 2018

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**Anatara Lifesciences Ltd**  
**Corporate directory**

**Directors**

Ms Sue MacLeman (appointed 1 September 2018)  
*Non-Executive Chairman*

Dr Tracie Ramsdale  
*Non-Executive Director*

Dr Jane Ryan (appointed 1 September 2018)  
*Non-Executive Director*

Dr Jay Hetzel (resigned 12 November 2018)  
*Non-Executive Director and Interim Chairman*

Mr Iain Ross (resigned 30 September 2018)  
*Non-Executive Director*

Mr Paul Grujic (resigned 31 August 2018)  
*Non-Executive Director*

**Secretary**

Mr Stephen Denaro

**Principal registered office in Australia**

433 Logan Road, Stones Corner,  
Brisbane Queensland 4120  
Australia  
+61 (0)7 3831 8866

**Share and debenture register**

Computershare Investor Services Pty Ltd  
117 Victoria Street, West End  
Queensland 4101  
1300 787 272 (local)

**Auditor**

Grant Thornton Audit Pty Ltd  
Collins Square, Tower 5  
727 Collins Street  
Melbourne Victoria 3000  
+61 (0)3 8320 2222

**Solicitors**

McCullough Robertson  
Level 11, Central Plaza Two, 66 Eagle Street,  
Brisbane Queensland 4000

**Bankers**

CBA  
Melbourne Victoria

**Website**

[www.anataralifesciences.com](http://www.anataralifesciences.com)

## **Directors' report**

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Anatara Lifesciences Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

### **Directors**

The following persons held office as directors of Anatara Lifesciences Ltd during the financial period:

Ms Sue MacLeman, Non-Executive Chairman (appointed 1 September 2018)  
Dr Tracie Ramsdale, Executive Director (Interim CEO May 2018 to December 2018)  
Dr Jane Ryan, Non-Executive Director (appointed 1 September 2018)  
Dr Jay Hetzel, Non-Executive Director and Interim Chairman (resigned 12 November 2018)  
Mr Iain Ross, Non-Executive Director (resigned 30 September 2018)  
Mr Paul Grujic, Non-Executive Director (resigned 31 August 2018)

### **Principal activities**

The Group is an Australian listed entity that is developing and commercialising innovative, evidence-based products for gastrointestinal health where there is significant unmet need. Following the successful licencing of our first product to leading global animal health company, Zoetis Inc, we are now focused on building a pipeline of human gastrointestinal health products.

### **Dividends**

No dividends have been paid during the financial period. The directors do not recommend that a dividend be paid in respect of the interim financial period (2017: \$nil).

### **Review of operations and financial results**

The Group continued to expend monies in furthering its effort in developing a non-antibiotic therapy and as a result shows a loss after tax of \$2,021,040 for the interim period (2017: \$1,710,161).

During the half-year to 31 December 2018, the Group made significant steps towards taking its first product, Detach®, to market, while advancing the development of its first human health product GaRP (Gastrointestinal ReProgramming).

#### *APVMA approval and product application*

In October 2018, the Australian Pesticides and Veterinary Medicines Authority (APVMA) registered Detach® for use in piglets in Australia. Detach® was exclusively licensed to Zoetis, Inc., the leading global animal health company, for worldwide development, manufacturing, distribution and marketing for livestock animals and horses. Anatara received US\$2.5m in upfront payments and is eligible to receive milestone payments of up to US\$6.3m, subject to first commercial sales and aggregate annual sales exceeding certain amounts. Royalty rates on product sales, in the typical animal health range of 3-4%<sup>1</sup>.

<sup>1</sup> Source: Intellectual Property: Valuation, Exploitation, and Infringement Damages. Russell L. Parr, Gordon V. Smith 2017

#### *CEO appointment*

In November 2018, Anatara announced the appointment of Steven Lydeamore as CEO. He has a deep understanding of the human health space and brings a strong track record of success in sales and marketing; research and development, business development, mergers and acquisitions, manufacturing and finance spanning Asia Pacific, Europe, Latin America and North America and will be key in leading the next phase of Anatara's growth.

## **Review of operations and financial results (continued)**

### *Human Health*

The Group formed a Product Development Advisory Board with world-leading scientists and clinicians in gastrointestinal health. The Group reported positive efficacy data from its in vitro Proof of Concept studies of its GaRP product. GaRP is a unique natural dietary supplement designed to restore and maintain a healthy human gut and microbiome. Following these positive results, Anatara has commenced planning for a human clinical study for IBS with patient recruitment anticipated to start in the second half of 2019. The human study will be observational with the potential to support health claims, and is anticipated to be funded from existing resources. In parallel, Anatara will move GaRP into the final stage of pre-clinical development for IBD with mouse pre-clinical studies expected to be completed by end of July 2019.

### *Investor outreach*

We were pleased to continue an active market awareness program during the period, delivering roadshow presentations directly to institutional investors in Brisbane, Melbourne and in December 2018, and Brisbane in February 2019.

In January 2018, the equity research team at PAC Partners updated analyst coverage on the Group, with a Buy rating and price target of \$1.40/share.

### *Commercial focus*

Our priority lies with progressing GaRP in mouse pre-clinical studies for IBD and completing an observational human clinical study for IBS, with a view to partnering in the second half of calendar 2020.

## **Significant changes in the state of affairs**

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

## **Matters subsequent to the end of the financial year**

On 12 January 2019, the Group received \$1,249,299 from the Australian Taxation Office under the Federal Government's R&D Tax Incentive scheme.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial periods, or
- (b) the results of those operations in future financial periods, or
- (c) the Group's state of affairs in future financial periods.

## **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



Ms Sue MacLeman  
**Non-Executive Chairman**  
Melbourne  
18 February 2019

## Auditor's Independence Declaration

To the Directors of Anantara Lifesciences Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Anantara Lifesciences Ltd for the half-year ended 31 December 2018, I declare that, 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.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 18 February 2019

**Anatara Lifesciences Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year 31 December 2018**

		<b>Consolidated entity</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2018</b>	<b>2017</b>
	Notes	\$	\$
Licensing (evaluation) revenue	6	<b>23,331</b>	-
Interest received	6	<b>70,011</b>	124,629
Other income	6	<b>463,290</b>	852,698
<b>Expenses from operating activities</b>			
Depreciation and amortisation expense		<b>(11,715)</b>	(10,380)
Research and development expenses		<b>(266,921)</b>	(558,394)
Patent expenses		<b>(18,862)</b>	(23,068)
Consultancy expenses		<b>(490,891)</b>	(328,711)
Staff expenses		<b>(1,432,478)</b>	(1,433,402)
Travel and accommodation		<b>(119,864)</b>	(168,435)
ASX and share registry fees		<b>(44,459)</b>	(49,273)
Other expenses		<b>(192,482)</b>	(115,825)
<b>Loss before income tax</b>		<b>(2,021,040)</b>	(1,710,161)
Income tax expense		-	-
<b>Loss for the period</b>		<b>(2,021,040)</b>	(1,710,161)
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(2,021,040)</b>	(1,710,161)
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share:</b>			
Basic loss per share	9	<b>(4.09)</b>	(3.46)
Diluted loss per share	9	<b>(4.09)</b>	(3.46)

*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 31 December 2018**

		<b>Consolidated entity</b>	
		<b>31 December</b>	<b>30 June</b>
		<b>2018</b>	<b>2018</b>
Notes		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
		<b>1,495,242</b>	1,447,732
		<b>1,714,261</b>	1,945,905
7		<b>4,561,522</b>	6,294,339
		<b>104,689</b>	81,505
		<b>7,875,714</b>	9,769,481
<b>Total current assets</b>			
<b>Non-current assets</b>			
		<b>31,209</b>	42,924
		<b>31,209</b>	42,924
<b>Total non-current assets</b>			
<b>Total assets</b>			
		<b>7,906,923</b>	9,812,405
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		<b>455,871</b>	419,513
8		<b>46,281</b>	46,281
		<b>149,776</b>	142,037
		<b>651,928</b>	607,831
<b>Total current liabilities</b>			
<b>Non-current liabilities</b>			
8		<b>593,793</b>	617,124
		<b>1,245,721</b>	1,224,955
<b>Total liabilities</b>			
<b>Net assets</b>			
		<b>6,661,202</b>	8,587,450
<b>EQUITY</b>			
10		<b>16,941,392</b>	16,941,392
10		<b>434,176</b>	583,749
		<b>(10,714,366)</b>	(8,937,691)
<b>Total equity</b>			
		<b>6,661,202</b>	8,587,450

*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 half-year 31 December 2018**

<b>Consolidated entity</b>	<b>Share capital \$</b>	<b>Share-based payment reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2017</b>	16,941,392	448,422	(5,368,675)	12,021,139
Loss for the period	-	-	(1,710,161)	(1,710,161)
<b>Transactions with owners in their capacity as owners:</b>				
Share-based payment expense	-	82,205	-	82,205
<b>Balance at 31 December 2017</b>	<b>16,941,392</b>	<b>530,627</b>	<b>(7,078,836)</b>	<b>10,393,183</b>
 <b>Balance at 1 July 2018</b>	 16,941,392	 583,749	 (8,937,691)	 8,587,450
Loss for the period	-	-	(2,021,040)	(2,021,040)
<b>Transactions with owners in their capacity as owners:</b>				
Share-based payment expense	-	94,792	-	94,792
Reversal of lapsed options	-	(244,365)	244,365	-
<b>Balance at 31 December 2018</b>	<b>16,941,392</b>	<b>434,176</b>	<b>(10,714,366)</b>	<b>6,661,202</b>

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

**Anatara Lifesciences Ltd**  
**Condensed consolidated statement of cash flows**  
**For the half-year 31 December 2018**

	<b>Consolidated entity</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	<b>669,872</b>	-
Payments to suppliers and employees	<b>(2,426,750)</b>	(2,520,418)
Interest received	<b>70,011</b>	124,918
Research and development tax incentive and other grants	<b>1,560</b>	81,580
<b>Net cash inflow (outflow) from operating activities</b>	<b>(1,685,307)</b>	(2,313,920)
<b>Cash flows from investing activities</b>		
Payments for purchases of plant and equipment	-	(7,544)
Withdrawal/(investment) from/(in) term deposits	<b>1,732,817</b>	(4,000,000)
<b>Net cash inflow (outflow) from investing activities</b>	<b>1,732,817</b>	(4,007,544)
<b>Net cash inflow (outflow) from financing activities</b>	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>47,510</b>	(6,321,464)
Cash and cash equivalents at the beginning of the financial year	<b>1,447,732</b>	8,766,869
<b>Cash and cash equivalents at end of period</b>	<b>1,495,242</b>	2,445,405

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

**Anatara Lifesciences Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year 31 December 2018**

## **1 Dividends**

No dividends were declared or paid during the half-year period ended 31 December 2018 (2017: Nil).

## **2 General information and basis of preparation**

Anatara Lifesciences Ltd listed on the Australian Securities Exchange on 16 October 2014.

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2018 and are presented in Australian dollars (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

The interim financial statements have been approved and authorised for issue by the board of directors on xx February 2019.

### **(a) AASB 15 Revenue from Contracts with Customers**

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

While this represents significant new guidance, the implementation of this new guidance had no impact on the timing or amount of revenue recognised by the Group during the year.

### **AASB 15 Revenue from Contracts with Customers – Accounting policies applied from 1 January 2018**

Revenue arises mainly from intangible asset licensing agreement.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

## 2 General information and basis of preparation (continued)

### (b) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurements Requirements* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

While this represents significant new guidance, the implementation of this new guidance had no impact on the measurement of transactions and balances recognised in the financial statements.

#### **AASB 9 Financial Instruments – Accounting policies applied from 1 January 2018**

##### (i) *Investments and other financial assets*

###### *Classification*

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

###### *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

###### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

###### *Impairment*

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

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 2 General information and basis of preparation (continued)

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements.

The following table shows line items that were affected by the changes.

Balance Sheet (extract)	31 Dec 2018 As originally presented \$	AASB 9 \$	AASB 15 \$	31 Dec 2018 Restated \$
<b>Current Asset</b>				
Trade and other receivables	1,714,261	-	-	1,714,261
<b>Total Assets</b>	<b>7,906,923</b>	-	-	<b>7,906,923</b>
<b>Current Liabilities</b>				
Trade and other payables	455,871	-	-	455,871
<b>Total Liabilities</b>	<b>1,245,721</b>	-	-	<b>1,245,721</b>
<b>Equity</b>				
Retained earnings	(10,714,366)	-	-	(10,714,366)
<b>Statement of profit or loss and other comprehensive income (extract)</b>	<b>31 Dec 2018 As originally presented \$</b>	<b>AASB 9 \$</b>	<b>AASB 15 \$</b>	<b>31 Dec 2018 Restated \$</b>
Revenue	556,632	-	-	556,632
<b>Loss before income tax</b>	<b>(2,021,040)</b>	-	-	<b>(2,021,040)</b>
Income tax expense	-	-	-	-
<b>Loss for the period</b>	<b>(2,021,040)</b>	-	-	<b>(2,021,040)</b>
<b>Total comprehensive loss for the period</b>	<b>(2,021,040)</b>	-	-	<b>(2,021,040)</b>

## 3 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

## 4 Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2018 other than as disclosed in note 2.

## 5 Segment reporting

Identification and measurement of segments - The Group uses the "management approach" to the identification, measurement and disclosure of operating segments. The "management approach" requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker (comprising the Board of Directors), for the purpose of allocating resources and assessing performance.

## **5 Segment reporting (continued)**

There were no reporting segments identified during the half-year ended 31 December 2018.

**Anatara Lifesciences Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year 31 December 2018**  
(continued)

## 6 Revenue

	<b>Consolidated entity</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Licensing (evaluation) revenue	<b>23,331</b>	-
Interest received	<b>70,011</b>	124,629
	<b>93,342</b>	124,629
<b>Other income</b>		
R&D tax incentive	<b>461,730</b>	771,118
Other grants	<b>1,560</b>	81,580
	<b>463,290</b>	852,698

## 7 Trade and other receivables

	<b>Consolidated entity</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	-	669,872
Other receivables	<b>43,683</b>	67,185
R&D rebate receivable	<b>1,670,578</b>	1,208,848
	<b>1,714,261</b>	1,945,905

## 8 Deferred revenue

	<b>Consolidated entity</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current portion	<b>46,281</b>	46,281
Non-current portion	<b>593,793</b>	617,124
	<b>640,074</b>	663,405

The Group signed with Zoetis a license, development and commercialisation agreement, and achieved an upfront Milestone payment of US\$500,000 (equivalent to \$669,872) on the 10 May 2018 which was deferred back for future years straight-lined over the term of the license agreement in order to reflect the right access license over a period of time as set out on the license agreement.



**Anatara Lifesciences Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year 31 December 2018**  
(continued)

## 9 Loss per share

Both the basic and diluted loss per share have been calculated using the profit attributable to shareholders of Anatara as the numerator, i.e. no adjustments to profits were necessary during the six months period to 31 December 2018 and 2017.

The weighted average number of shares for the purposes of the calculation of diluted loss per share has not been adjusted, as share options on issue are antidilutive.

### (a) Basic loss per share

	<b>Consolidated entity</b>	
	<b>31 December 2018</b>	31 December 2017
	<b>Cents</b>	Cents
Basic loss per share	<b>(4.09)</b>	(3.46)
Diluted loss per share	<b>(4.09)</b>	(3.46)

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

	<b>Consolidated entity</b>	
	<b>31 December 2018</b>	31 December 2017
	<b>\$</b>	\$

Loss attributable to the ordinary equity holders of the Group used in calculating basic earnings per share:

Net loss used in the calculation of basic and diluted loss per share	<b>(2,021,040)</b>	(1,710,161)
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### (c) Weighted average number of shares used as denominator

	<b>Consolidated entity</b>	
	<b>31 December 2018</b>	31 December 2017
	<b>Number</b>	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<b>49,413,236</b>	49,413,236

**Anatara Lifesciences Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year 31 December 2018**  
(continued)

## **10 Contributed equity**

### **(a) Share capital**

	<b>31 December 2018</b>	30 June 2018	<b>31 December 2018</b>	30 June 2018
	<b>No. of shares</b>	No. of shares	<b>\$</b>	<b>\$</b>
Ordinary shares				
Fully paid	<b>49,413,236</b>	49,413,236	<b>16,941,392</b>	16,941,392

#### *(i) Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### **(b) Other equity**

	<b>31 December 2018</b>	30 June 2018	<b>31 December 2018</b>	30 June 2018
	<b>No. of shares</b>	No. of shares	<b>\$</b>	<b>\$</b>
Options	<b>2,346,000</b>	2,436,000	<b>434,176</b>	583,749

### **(c) Share-based payments reserve**

	<b>2018 Options</b>	<b>2018 \$</b>
Opening balance at 1 July	<b>2,436,000</b>	<b>583,749</b>
Options issued during the period	<b>1,125,000</b>	<b>68,260</b>
Share-based payment expenses of previously issued options	-	<b>31,791</b>
Options lapsed/expired	<b>(715,000)</b>	<b>(164,008)</b>
Options forfeited	<b>(500,000)</b>	<b>(85,616)</b>
	<b>2,346,000</b>	<b>434,176</b>

**Anatara Lifesciences Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year 31 December 2018**  
(continued)

**11 Net tangible assets**

	<b>31 December 2018</b>	31 December 2017
Net tangible assets	<b>6,661,202</b>	10,393,183
No. of shares	<b>49,413,236</b>	49,413,236
Net asset backing (per share)	<b>0.13</b>	0.21

**12 Events occurring after the reporting period**

On 12 January 2019, the Group received \$1,249,299 from the Australian Taxation Office under the Federal Government's R&D Tax Incentive scheme.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

**Anatara Lifesciences Ltd**  
**Directors' declaration**  
**31 December 2018**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Ms Sue MacLeman  
**Non-Executive Chairman**

Melbourne  
18 February 2019

# Independent Auditor's Report

## To the Members of Anataro Lifesciences Ltd

### Report on the audit of the financial report

#### Conclusion

We have reviewed the accompanying half year financial report of Anataro Lifesciences Ltd and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Anataro Lifesciences Ltd does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

#### Independence

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 18 February 2019