

APPENDIX 4D

For the Half Year Ended
31 December 2015

Results for Announcement to the Market

Current Reporting Period - Half year ended 31 December 2015

Revenue	Up	581.43%	to	327,012
Loss after tax attributable to members	Up	51.96%	to	(1,179,181) *
Net loss for the period attributable to members	Up	51.96%	to	(1,179,181) *

Dividends (distribution)	Amount per Security	Franked Amount per Security
Final dividend	n/a	n/a
Previous corresponding period	n/a	n/a

Net Tangible Asset per Security

As at 31 December 2015 0.26

As at 31 December 2014 0.17

Record date for determining entitlements to dividend : N/A

Explanation of the above information:

Refer to the Directors' Report - Review of Operations.

* This loss is after fully expensing all research and development costs.

To be read in conjunction with the 30 June 2015 Annual Report



ANATARA
L I F E S C I E N C E S

ACN 145 239 872

Appendix 4D
Interim Financial Report
For the half-year ended 31 December 2015

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Directors' Report

The Directors present their Report together with the financial statements of the consolidated entity, being Anatara Lifesciences Ltd ('the Company' or 'Anatara') and its controlled entities ('the Group') for the half-year ended 31 December 2015.

Director details

The following persons were directors of the Company during, or since the end of, the financial period.

Dr Melvyn Bridges	Non-Executive Chairman
Mr Iain Ross	Non-Executive Director
Dr Jay Hetzel	Non-Executive Director
Dr Tracie Ramsdale	Non-Executive Director
Mr Paul Grujic	Non-Executive Director
Dr Paul Schober	Chief Executive Officer and Managing Director

Principal activities

The principal activities of entities within the Group are to develop oral solutions for gastrointestinal diseases in animals and in humans. No significant change in the nature of these activities occurred during the period.

Review of operations and financial results

The Group continued to expend monies in furthering its efforts in developing a non-antibiotic therapy and as a result shows a loss after tax of \$1,179,181 for the period (31 December 2014: \$775,982).

The six months to December has seen Anatara continue to deliver on its milestones. Further field trials on Detach™ have proven to be successful despite the problems that have arisen due to the drought experienced in many of the areas where pig farms are located. We will shortly have sufficient information from these trials and stability work on the product itself, to submit a dossier to the Australian Pesticides and Veterinary Medicines Agency (APVMA) around the beginning of the second quarter of this year. This in turn should lead to approval and marketing of Detach™ in Australia early in 2017.

Anatara has met with the Regulatory Agencies in both Europe and the USA. It was apparent that both the Veterinary Medicine Directorate (UK) and the Center for Veterinary Medicine (a division of the USA FDA) were excited by the prospect of a natural compound to combat diarrhoea in food producing animals that was not an antibiotic. Both Agencies expressed a willingness to help in ensuring that Detach™ reached their markets as quickly as possible. We have been granted exemptions from the need to conduct several costly and time consuming studies in the USA and EU and have engaged regulatory experts to aid not just in the registration dossier submissions but also to begin overseas safety and efficacy trials.

These experts will also provide written arguments to waive the need to establish maximum residue levels, an otherwise onerous task.

It is noteworthy that Anatara has received special status in both jurisdictions, such that it does not need to pay the hefty fees normally required to begin the process of regulatory approval.

To ensure that Detach™ is protected, we have applied for two new patents to cover our technology using a US expert in the area. These patents seek to provide protection for the novel Detach™ formulation, as well as novel Claims for our active ingredient.

The previous strengthening of our cash position through the capital raising efforts of last year put Anatara in an enviable position for partnering discussions which have been held with the majority of the large Animal Pharmaceutical firms. Following these discussions, Zoetis (the largest of these firms) proposed a very attractive option agreement, which we have now accepted. The agreement includes:

- 1) Upfront and milestone cash payments to Anatara
- 2) An aggressive programme for evaluation of Detach™ in multiple livestock species which Zoetis will fully fund saving Anatara several millions of dollars it would otherwise have needed to spend on such trials
- 3) Anatara to own its intellectual property
- 4) Anatara cannot sign a licensing agreement for livestock application with another firm during the option period.

Zoetis (headquartered in the US) has a market capitalisation of almost US\$20bn, revenues of US\$4.8bn for 2015 and a presence in 120 countries around the world. It is also fully committed to being the leader in the fight against antimicrobial resistance and the overuse of antibiotics.

As noted above, Anatara is now fully focussed on preparing the dossier for submission to the APVMA. However the further strengthening of our cash position through the deal with Zoetis will allow us to progress our work in three main areas:

- 1) New delivery systems for Detach™ for use in solid and water based feeds, which would then allow us to develop products to the large poultry and seafood markets
- 2) Use of specific components of Detach™ for indications in companion animals

3) Treatment of diarrhoea and inflammatory diseases in human areas

The latter two projects will entail the packaging of our previous research to attract co-development partners. In this regard, we already have contracted experts in the area to gauge the interest from several large human pharmaceutical companies.

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'm J Bridges'.

Mel Bridges
Chairman

Brisbane, Queensland

Dated: This the 22nd Day of February 2016.

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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 review of Anantara Lifesciences Ltd for the half-year ended 31 December 2015, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M.A. Cunningham
Partner - Audit & Assurance Services

Melbourne, 22 February 2016

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2015

Consolidated Entity			
	Note	31-Dec-15 \$	31-Dec-14 \$
Interest Revenue	6	161,766	47,989
R&D Tax Incentive	6	165,246	-
<u>Expenses from Operating Activities</u>			
Research and Development Expenses		(178,763)	(25,907)
Patent Expense		(73,178)	(40,096)
Consultancy Expenses		(337,303)	(174,589)
Employee Benefit and Director Expenses		(640,857)	(327,374)
Travel and Accommodation		(149,351)	(86,919)
Other Expenses		(126,741)	(169,086)
Loss from Operating Activities		(1,179,181)	(775,982)
Loss Before Income Tax		(1,179,181)	(775,982)
Income Tax Expense		-	-
Loss for the Period		(1,179,181)	(775,982)
Other Comprehensive Income for the Year		-	-
Total Comprehensive Loss for the Period		(1,179,181)	(775,982)
<u>Losses per share:</u>			
	7		
Basic losses per share		(0.03)	(0.03)
Diluted losses per share		(0.03)	(0.03)

This statement should be read in conjunction with the notes to the financial statements

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	Consolidated Entity	
		31-Dec-15	30-Jun-15
		\$	\$
ASSETS			
Current Assets			
Cash and Cash Equivalents		3,481,347	1,497,539
Trade and Other Receivables		40,675	52,060
Other Financial Assets – Term Deposit		9,395,306	4,053,419
Prepayment		18,720	-
Total Current Assets		12,936,048	5,603,018
Non-Current Assets			
Property, Plant and Equipment		24,776	24,776
Total Non-Current Assets		24,776	24,776
TOTAL ASSETS		12,960,824	5,627,794
LIABILITIES			
Current Liabilities			
Trade and Other Payables		85,679	119,268
Employee Entitlements		40,361	27,710
Total Current Liabilities		126,040	146,978
TOTAL LIABILITIES		126,040	146,978
NET ASSETS		12,834,784	5,480,816
EQUITY			
Issued Capital	8	16,880,347	8,420,555
Reserves	9	73,357	-
Accumulated Losses		(4,118,920)	(2,939,739)
TOTAL EQUITY		12,834,784	5,480,816

This statement should be read in conjunction with the notes to the financial statements

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2015

Consolidated Entity	Share Capital \$	Share-based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2014	1,971,292	-	(1,144,511)	826,781
Total Comprehensive Income/(Loss) for the Period	-	-	(775,982)	(775,982)
<i>Transactions with Owners in their Capacity as Owners:</i>				
Shares Issued	7,000,000	-	-	7,000,000
Capital Raising Cost	(560,586)	-	-	(560,586)
Balance at 31 December 2014	8,410,706	-	(1,920,493)	6,490,213

Consolidated Entity	Share Capital \$	Share-based Payment Reserve \$	Accumulated Losses \$	Total \$
Balance as at 1 July 2015	8,420,555	-	(2,939,739)	5,480,816
Total Comprehensive Income/(Loss) for the Period	-	-	(1,179,181)	(1,179,181)
<i>Transactions with Owners in their Capacity as Owners:</i>				
Shares Issued	8,999,810	-	-	8,999,810
Options Issues	42,750	(17,750)	-	25,000
Capital Raising Cost	(582,768)	-	-	(582,768)
Share-based payment expense	-	91,107	-	91,107
Balance at 31 December 2015	16,880,347	73,357	(4,118,920)	12,834,784

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2015

Consolidated Entity			
	Note	31-Dec-15	31-Dec-14
		\$	\$
Cash Flow Related to Operating Activities			
Payments to suppliers and employees		(1,443,359)	(1,024,644)
Interest received		119,879	27,526
Rebate received		165,246	-
Net Cash Flows from Operating Activities		(1,158,234)	(997,118)
Cash Flows Related to Investing Activities			
Payment for purchases of plant and equipment		-	(20,793)
Investment in financial assets (term deposits)		(5,300,000)	(4,000,000)
Net Cash Flows used in Investing Activities		(5,300,000)	(4,020,793)
Cash Flow Related to Financing Activities			
Proceeds from issues of securities		9,024,810	7,000,000
Capital raising costs		(582,768)	(560,586)
Net Cash Flows used in Financing Activities		8,442,042	6,439,414
Net Increase/(Decrease) in Cash and Cash Equivalents		1,983,808	1,421,503
Cash and cash equivalents at the beginning of the period		1,497,539	1,051,082
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and Cash Equivalents at the End of the Period		3,481,347	2,472,585

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1. Nature of operations

Anatara Lifesciences Ltd and its controlled entity ('the Group') principal activities are to develop oral solutions for gastro-intestinal diseases in animals and in humans.

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 2015 and are presented in Australian dollar (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and to meet the needs of the Directors. 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 2015 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.

The interim financial statements have been approved and authorised for issue by the board of directors on 22 February 2016.

3. 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 2015.

4. 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 2015.

5. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (Chief Operating Decision Makers), which make strategic decisions for the Group.

The Chief Operating Decision Maker evaluates the results on a company wide basis and as such does not have specific operating segments.

6. Revenue

	Consolidated Entity	
	31-Dec-15	31-Dec-14
	\$	\$
<u>Revenue</u>		
Interest from external parties	161,766	47,989
<u>Other income</u>		
Research and development rebate	165,246	-

7. Losses per share

Both the basic and diluted earnings 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 2015 and 2014.

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

	Consolidated Entity	
	31-Dec-15	31-Dec-14
	\$	\$
Basic loss per share	(\$0.03)	(\$0.03)
Diluted loss per share	(\$0.03)	(\$0.03)
a) Net loss used in the calculation of basic and diluted loss per share	(1,179,181)	(775,982)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	42,786,613	29,684,783

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

8. Issued capital

		Consolidated Entity	
		31-Dec-15	30-Jun-15
		\$	\$
Ordinary fully paid shares	8(a)	16,880,347	8,420,555
		16,880,347	8,420,555
8(a) Ordinary Shares		Six months to 31 December 2015	
		No.	\$
Balance at 30 June 2015		37,750,000	8,420,555
Shares issued during the period		11,538,236	8,999,810
Options converted to shares during the period		50,000	42,750
Transaction costs relating to share issues		-	(582,768)
Balance at the end of the period		49,338,236	16,880,347

8. Issued capital (Continued)

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

9. Share-based payment reserve

	Consolidated Entity	
	31-Dec-15	
	No.	\$
At the beginning of the period	-	-
Options issued during the period (a)	2,055,000	73,357
Total at reporting date	2,055,000	73,357

a) Details of options issued during the period

Date	Details	Number	\$
18/09/2015	Issue of options to Pork CRC at an exercise price of \$0.50	500,000	66,648
11/11/2015	Issue of options to Directors at an exercise price of \$1.35	340,000	19,111
14/12/2015	Issue of options to Employees under the Employee Share Option at an exercise price of \$1.45	1,265,000	5,348
	Options converted to shares during the period	(50,000)	(17,750)
Balance at the end of the period		2,055,000	73,357

The general terms and conditions of the options were:

- No dividends or voting rights attached
- Exercise price set at a premium to share price at date of entitlement
- Subject to vesting periods
- All shares allotted upon exercise of Options will upon allotment rank pari passu in all respects with other shares.

10. Net tangible assets

	Consolidated Entity	
	31-Dec-15	31-Dec-14
	\$	\$
Net Tangible Assets	\$12,834,784	\$6,490,214
Shares (No.)	49,338,236	37,500,000
Net Tangible Assets per security	0.26	0.17

11. Dividends

No dividends were paid and no dividends are expected to be paid during the half year period ended in 31 December 2015 (2014: Nil).

12. Commitments and contingencies

Contingent liabilities relate to amounts payable to the former vendors of the intellectual property which is payable upon the disposal of the intellectual property or from product sales of \$5million to \$10million. The amount contingent is up to \$750,000.

13. Events after the reporting date

On 18 January 2016, Anatara announced that it has signed an exclusive evaluation and licence option agreement with the leading global animal health company Zoetis Inc. for DetachTM.

Other than the above, no matters or circumstances have arisen since the end of the reporting period, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

The Directors' of the Company declare that;

1. The financial statements and notes, as set out on pages 8 to 15, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - b. giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed in accordance with a resolution of the directors:



Mel Bridges
Chairman

Brisbane, Queensland

Dated: This the 22nd Day of February 2016.

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Independent Auditor's Review Report To the Members of Anatare Lifesciences Ltd

We have reviewed the accompanying half-year financial report of Anatare Lifesciences Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Anatare Lifesciences Ltd 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Anatare Lifesciences Ltd consolidated entity's financial position as at 31 December 2015 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 Anatare Lifesciences Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anantara Lifesciences Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M.A. Cunningham
Partner – Audit & Assurance

Melbourne, 22 February 2016

Corporate Directory

DIRECTORS

Dr Melvyn Bridges	Chairman
Mr Iain Ross	Non-Executive Director
Dr Jay Hetzel	Non-Executive Director
Dr Tracie Ramsdale	Non-Executive Director
Mr Paul Grujic	Non-Executive Director
Dr Paul Schober	Chief Executive Officer and Managing Director

COMPANY SECRETARY

Mr Stephen Denaro

COMPANY

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