ANATARA LIFESCIENCES

ASX Release

Appendix 4E and financial report for year end 30 June 16

Key points:

- **Revenue significantly increased, resulting from Zoetis global Evaluation and Option to License Agreement for Detach™ and R&D activities**
- **Strong balance sheet – costs tightly controlled and the Company remains well funded**
- **Australian (APVMA) regulatory submission for Detach™ on track, with Australian launch expected in 2017**
- **With APVMA dossier almost completed, Anatara is moving forward with human gastrointestinal disease treatment development**

BRISBANE, 30th August 2016: Anatara Lifesciences (ASX: ANR) today released its Appendix 4E for the period ending 30th June 2016.

Highlights from the period include:

- Increasing revenue from ordinary activities by 1,284% to $2.8m and reducing net loss after tax by 59% to $723k
- Establishing a global Evaluation and Option to License Agreement under which Zoetis will determine the potential for Detach™ to be used as a non-antibiotic, anti-infective product in food production animals
- Completing a second field trial with Detach™ in nearly 500 piglets, reducing the incidence and frequency of diarrhoea in weaner piglets
- Commencing a Target Animal Safety (TAS) study, which will be used in the registration dossier with the Australian Pesticides and Veterinary Medicines Association (APVMA)
- Formalising a collaboration agreement with the Pork CRC
- Expanding the patent position for Detach™ and
- Enhancing the experience and capability set across the Anatara team through additional key appointments

All activities undertaken during the period to 30th June 2016 positioned Anatara to submit its APVMA dossier for Australian regulatory approval of Detach™. It is expected that product launch will follow in 2017.

Chairman and CEO, Dr Mel Bridges said, “We are pleased to release our 2016 financial year results following what has been a very positive year for Anatara. Revenue is up as a result of a milestone payment under our exclusive global Evaluation and Option to License Agreement with Zoetis for our lead product, Detach™.

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"With much of the work required for the APVMA submission completed, Anatara is now turning its attention to the application of its technology to target gastrointestinal diseases in humans. The company is undertaking a detailed review of the numerous gastrointestinal diseases, such as traveller's diarrhoea, where the Detach™ technology may offer significant benefits."

For more information please contact:

General inquiries	**Media inquiries**
Dr Mel Bridges Chairman & CEO, Anatara Lifesciences +61 (0) 413 051 600 mbridges@anataralifesciences.com	Jane Lowe IR Department +61 (0) 411 117 774 jane.lowe@irdepartment.com.au

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.

Anatara Lifesciences Ltd
Appendix 4E
30 June 2016
ASX listing rule 4.2A

Name of entity	Anatara Lifesciences Ltd
ACN	145 239 872
Reporting period	30 June 2016
Previous reporting period	30 June 2015

Results for announcement to the market

				$
Revenue for ordinary activities	Up	1,284.4%	to	2,800,485
Loss before interest and taxation (EBIT)	Down	59.7%	to	723,934
Net loss after tax (from ordinary activities) for the period attributable to members	Down	59.7%	to	723,934

Brief explanation of figures reported above

The Group reported a loss for the full-year ended 30 June 2016 of $723,934 (2015: $1,795,228). The loss is after fully expensing all research and development costs.

For further details relating to the current period's results, refer to the Review of operations contained within this document.

Dividends

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

	30 June 2016	30 June 2015
Net tangible asset backing	**13,475,343**	5,480,816
Shares (No.)	**49,413,236**	37,750,000
Net asset backing (per share)	**0.27**	0.15
	Cents	Cents
Losses per share:		
Basic earnings per share	**(0.01)**	(0.05)
Diluted losses per share	**(0.01)**	(0.05)

Changes in controlled entities

N/A

Status of Audit of Accounts

The accounts have been audited. An Annual Report for the year ended 30 June 2016 containing the Audit Report shall be provided in due course.

Anatara Lifesciences Ltd

ACN 145 239 872

Annual financial report
for the year ended 30 June 2016

Anatara Lifesciences Ltd
ACN 145 239 872
Annual report - 30 June 2016

Contents

Anatara Lifesciences Ltd
Directors' report
30 June 2016

Your directors present their report on the consolidated entity consisting of Anatara Lifesciences Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2016. Throughout the report, the consolidated entity is referred to as the Group.

Directors and company secretary

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

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

On 27 June 2016 the Company announced that Dr Paul Schober plans to move to retirement over the next three months and Dr Melvyn Bridges will transition into a combined CEO/ Chairman role.

And the following person held office as company secretary of Anatara Lifesciences during the financial year:

Mr Stephen Denaro, Company Secretary

Principal activities

The Company is an Australian listed entity that focuses on developing oral solutions for gastrointestinal diseases in production animals and humans and the development and commercialisation of DetachTM, a non-antibiotic therapy that prevents and treats diarrhoea (also known as scour) in piglets.

Review of operations

Remain on track – moving forward on all fronts

Progress
During FY16, significant progress was made transitioning Anatara's lead program, Detach™ towards commercialisation in livestock, starting with pigs and importantly this year with human applications for the technology.

On 16 September 2015, the Company reported it had completed a second field trial with Detach™ in nearly 500 piglets. The study saw Detach™ reduce the incidence and frequency of diarrhoea in weaner piglets - resulting in a significant commercial benefit to the producer.

At the time of writing, the Safety Study (TAS) study was well underway. The purpose of this study is to provide detailed safety data on Detach™ when administered orally to piglets at dose rates higher than the recommended single dose. The study is being conducted in accordance with VICH, a trilateral (EU-Japan-USA) program aimed at harmonising the technical requirements for veterinary product registration. It will support the global roll out of Detach™.

Review of operations (continued)

Remain on track – moving forward on all fronts (continued)

Partnering and commercialisation

On 11 August 2015, the Company announced it had signed a Commercial Collaboration Agreement with the Pork Cooperative Research Centre (Pork CRC). The Pork CRC will provide the Company with services to locate key clinical trial sites and ongoing test sites, assist with the APVMA approval of Detach™, and promote the results of these trials. Active partners and participants in the CRC include the largest Australian pork producers, feed manufacturers, key government and farmer industry bodies, including the CSIRO.

On 18 January 2016, Anatara announced an Exclusive Research Evaluation and License Option Agreement with the leading animal health company, Zoetis. Anatara granted Zoetis an option to license Detach™ for worldwide development and commercialisation, with the exception of Australia and New Zealand.

Under the terms of the agreement, Zoetis will have exclusive rights to evaluate the potential applications of Detach™ for veterinary use in food production animals. Anatara retains all intellectual property rights.

The financial terms of the Zoetis agreement are confidential, however they did include an upfront and subsequent cash payments during the Option period.

On 1 April 2016, Anatara announced it had shipped an evaluation batch of Detach™ to Zoetis, triggering the start of the evaluation period.

Other Indications

On 16 June 2016, it was announced that Anatara had entered into a research and development collaboration with The La Trobe Institute for Molecular Science at La Trobe University (Melbourne) to explore the potential for active components within Detach™ for the treatment of inflammatory diseases in humans and companion animals. The agreement is for the production, validation and pre-clinical evaluation of a specific active components isolated from the active ingredient in Detach.

Intellectual Property (IP)

Anatara continues to strengthen its IP with a further patent application during the financial year.

Corporate

On 27 June 2016, Anatara announced changes to the executive team, with Dr Paul Schober retiring from the position of CEO and Managing Director, and Dr Melvyn Bridges to transition to CEO whilst retaining the Chairman role. Dr Michael West was appointed Chief Operating Officer and Ms Kylie Davis was appointed Clinical Trials Manager.

Financial results and position

The Group reported a loss for the full-year ended 30 June 2016 of $723,934 (2015: $1,795,228). The loss is after fully expensing all research and development costs.

The Group’s net assets increased by $7,994,527 ($146%) compared with the previous year to $13,475,343. As at 30 June 2016, the Group had cash reserves of $6,387,041 and financial assets of $7,437,669 an increase of $8,273,752 on the previous financial year end.

Information on directors

Dr Melvyn Bridges *Non-Executive Chairman*		
Experience and expertise	Dr Bridges has a Bachelor Degree of Science (Chemistry), Honorary Doctorate from Queensland University of Technology and Fellow of the Australian Institute of Company Directors. Dr Bridges has extensive experience as a CEO/Managing Director and Company Director in healthcare, agricultural technology, drug development, pathology, diagnostics and medical devices. Related experience in retail. He has successfully raised in excess of $300 million investment capital in the healthcare/biotech sector and been directly involved in over $1 billion in M&A and related transactions. He is the Co-Founder and former Chairman of of PanBio Limited and ImpediMed Limited. He has been awarded Australian Export Award, Australian Quality Award, Business Bulletin “Business Star of the Year”, Ernst & Young “Entrepreneur of the Year”, AusBiotech Gold Medal Award and BRW Top 100 Fastest Growing Companies Award. Dr Bridges is currently a director of ASX 100 company ALS Ltd. Tissue Therapies Ltd (March 2009 to December 2015), Benitec BioPharma Limited (October 2007 to June 2014), ImpediMed Limited (September 1999 to November 2013), Alchemia Limited (October 2003 to July 2013), Genetic Technologies Limited (December 2011 to November 2012), and Leaf Energy Limited (August 2010 to September 2012).	
Date of appointment	15 July 2010	
Special responsibilities	Chairman of the Nominations Committee and Member of the Remuneration Committee	
Interests in shares and options	Interest in shares	5,906,870
	Interest in options	80,000

Information on directors (continued)

Mr Iain Ross *Non-Executive Director*		
Experience and expertise	Mr Ross joined the Company as a Director in November 2013. Following a career with multi-national companies including Sandoz, Fisons plc, Hoffman La Roche and Celltech Group plc for the last 20 years. Mr Ross has undertaken a number of company turnarounds and start-ups as a board member on behalf of private equity groups and banks including Quadrant Healthcare plc, Allergy Therapeutics Ltd, Eden Biodesign Ltd, Phadia AB, and Silence Therapeutics plc. Currently he is Non-Executive Chairman of Premier Veterinary Group PLC, which is listed on the Main List of the London Stock Exchange and private companies Biomer Technology Ltd and Pharminox Ltd. He is also a Non-Executive Director of Benitec Biopharma Limited, and Director and Acting Chief Executive of Novogen Limited, each of whose shares are traded on the Australian Securities Exchange. Novogen is also listed on NASDAQ. He is a Qualified Chartered Director of the UK Institute of Directors and Vice Chairman of the Council of Royal Holloway, University of London.	
Date of appointment	17 February 2014	
Special responsibilities	Chair of the Remuneration Committee, Member of the Audit and Risk Management Committee and Nomination Committee	
Interests in shares and options	Interest in shares	1,377,942
	Interest in options	65,000

Dr Jay Hetzel *Non-Executive Director*		
Experience and expertise	Dr Hetzel has a background in technology commercialisation, animal genetics R&D and product development. During a scientific career with CSIRO spanning 20 years, he was an internationally recognised pioneer in cattle genomics and genetics and played a key role in establishing the foundations for beef industry applications of DNA technology. In 1998 he co-founded Genetic Solutions Pty Ltd which commercialised genomics technology in livestock. The company was sold to Pfizer Animal Health in 2008. Subsequently, he has been involved in the development and commercialisation of a range of life science technologies. Dr Hetzel has been a Director of Anatara Lifesciences Ltd since August 2014 and is currently Non-Executive Chairman of Leaf Resources Ltd. Dr Hetzel is a Fellow of the Australian Academy of Technological Sciences and Engineering and a Fellow of the Australian Institute of Company Directors. He holds a Bachelor of Agricultural Science (Hons) from the University of Melbourne and a Ph.D in Animal Genetics from the University of Sydney.	
Date of appointment	4 August 2014	
Special responsibilities	Member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee	
Interests in shares and options	Interest in shares	456,109
	Interest in options	65,000

Information on directors (continued)

<table>
<tr><td colspan="3">Dr Tracie Ramsdale Non-Executive Director</td></tr>
<tr><td>Experience and expertise</td><td colspan="2">Dr Ramsdale holds a PhD in Biochemistry from the University of Queensland, a Master of Pharmacy from the Victorian College of Pharmacy and a Bachelor of Applied Science (Chemistry) from the Royal Melbourne Institute of Technology.

Following a successful career as a Principal Investigator and Commercial Manager of the Centre for Drug Design and Development at the University of Queensland, Tracie co-founded Alchemia Limited, a drug discovery and development company and led the company’s development as its General Manager and Chief Executive Officer from 1998 to 2007. During this time, she was responsible for multiple financing transactions including a successful IPO, licensing the company’s technology to major international pharmaceutical and manufacturing partners and the acquisition of a publicly listed biotech to strengthen the company’s product pipeline.

Dr Ramsdale has served on a number of industry and government advisory groups including the Australian Federal Government Advisory Council on Intellectual Property, the Queensland Biotechnology Advisory Council, and the Industry Research and Development Board’s Biological Committee.

Dr Ramsdale is a Fellow of the Australian Academy of Technological Sciences and Engineering and a member of the Australian Institute of Company Directors. She currently provides independent consulting advice to the biotechnology industry, academia and government.</td></tr>
<tr><td>Date of appointment</td><td colspan="2">4 August 2014</td></tr>
<tr><td>Special responsibilities</td><td colspan="2">Chairman of the Audit and Risk Management Committee and Member of Nominations Committee</td></tr>
<tr><td rowspan="2">Interests in shares and options</td><td>Interest in shares</td><td>45,614</td></tr>
<tr><td>Interest in options</td><td>65,000</td></tr>
</table>

Information on directors (continued)

<table>
<tr><td colspan="3">Mr Paul Grujic Non-Executive Director</td></tr>
<tr><td>Experience and expertise</td><td colspan="2">Mr Grujic is a graduate in Applied Biology and in Marketing with more than 30 years' experience in the Animal Health industry. His roles have included Sales, Marketing, Business Development and General Management in the UK, USA and Australia.

He was previously the President of CSL Animal Health with 250 staff and operations in the USA, Australia and New Zealand. He has also held senior positions with Glaxo, Pitman-Moore, Webster Animal Health, American Cyanamid and Fort Dodge(Wyeth). In addition he has worked as an advisor to several Animal Health companies and was a Non-Executive Director of Catapult Genetics, an Executive Director of Peptech Animal Health and a Director of NOAH the UK Animal Health trade association.

Mr Grujic has wide experience in acquisition, divestment and integration of companies and played a major role in the sale of CSL Animal Health and Catapult Genetics to Pfizer and Peptech Animal Health to Virbac, a global Animal Health company.</td></tr>
<tr><td>Date of appointment</td><td colspan="2">24 February 2015</td></tr>
<tr><td>Special responsibilities</td><td colspan="2">Member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee</td></tr>
<tr><td rowspan="2">Interests in shares and options</td><td>Interest in shares</td><td>71,219</td></tr>
<tr><td>Interest in options</td><td>65,000</td></tr>
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<table>
<tr><td colspan="3">Dr Paul Schober Chief Executive Officer and Managing Director</td></tr>
<tr><td>Experience and expertise</td><td colspan="2">Dr Schober has extensive global experience in the animal health field encompassing R&D, clinical trial management, regulatory affairs, manufacturing, sales and marketing as well as in ASX investor relations. In his most recent position, Paul was General Manager of Peptech Animal Health Pty Limited, now owned by the Australian Division of global animal health company Virbac SA.

Dr Schober's achievements include approval of the first Australian biotechnology product by the FDA (Ovuplant in 1998); launch of Ovuplant in the US & the EU; regulatory approval and launch of animal health product Suprelorin in Australia and the EU and worldwide distribution agreements with leading animal health companies including Dechra, Fort Dodge Animal Health and Virbac. He was also instrumental in the successful positioning and trade sale of an animal health company.

Dr Schober has a BSc (Hons), PhD and MBA from the University of Sydney.</td></tr>
<tr><td>Date of appointment</td><td colspan="2">2 March 2015</td></tr>
<tr><td>Special responsibilities</td><td colspan="2">-</td></tr>
<tr><td rowspan="2">Interests in shares and options</td><td>Interest in shares</td><td>212,038</td></tr>
<tr><td>Interest in options</td><td>375,000</td></tr>
</table>

Information on directors (continued)

Mr Stephen Denaro *Company Secretary*	
Experience and expertise	Stephen has extensive experience in mergers and acquisitions, business valuations, accountancy services, and income tax compliance gained from positions as Company Secretary and Chief Financial Officer of various public companies and with major chartered accountancy firms in Australia and the United Kingdom. He provides company secretarial services for a number of start-up technology and ASX listed and unlisted public companies. Stephen has a Bachelor of Business in accountancy, Graduate Diploma in Applied Corporate Governance and is a member of the institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.
Date of appointment	24 February 2014

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees					
			Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Dr Melvyn Bridges	11	11	-	-	1	1	2	2
Mr Iain Ross	11	11	4	4	1	1	2	2
Dr Jay Hetzel	11	11	4	4	1	1	2	2
Dr Tracie Ramsdale	11	11	4	4	1	1	-	-
Mr Paul Grujic	11	11	4	4	1	1	2	2
Dr Paul Schober	11	10	-	-	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

Unissued shares under option

Unissued ordinary shares of Anatara Lifesciences Ltd under option at the date of this report are:

	Expiry date	Exercise price of shares ($)	Number under option
Issue of options to Pork CRC	18 September 2017	0.50	125,000
Issue of options to Pork CRC	18 September 2018	0.50	250,000
Issue of options to Directors	11 November 2018	1.35	340,000
Issue of options under ESOP	14 December 2020	1.45	1,265,000
			1,980,000

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Shares issued	Issue price of shares ($)	Number of shares issued
22 December 2015	0.50	50,000
11 March 2016	0.50	75,000
		125,000

Remuneration report

The Remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The Remuneration report is set out under the following main headings:

(a) Principles used to determine the nature and amount of remuneration
(b) Details of remuneration
(c) Service agreements
(d) Share-based compensation
(e) Relationship between the remuneration policy and Group performance
(f) Key management personnel disclosures

(a) Principles used to determine the nature and amount of remuneration

Remuneration governance

The objective of the remuneration committee is to ensure that pay and rewards are competitive and appropriate for the results delivered. The remuneration committee charter adopted by the Board aims to align rewards with achievement of strategic objectives and the creation of value for shareholders. The remuneration framework applied provides a mix of fixed and variable pay and a blend of short and long-term incentives as appropriate. Issues of remuneration are considered annually or otherwise as required.

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Company's policy is to remunerate non-executive Directors at market rates (for comparable companies) for time commitment and responsibilities. Fees for non-executive Directors are not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, Directors are encouraged to hold shares in the Company.

Non-executive Directors' fees and payments are reviewed annually by the Board of Directors. The Board of Directors considers advice from external sources as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the company.

The Chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

Retirement benefits and allowances

No retirement benefits are payable other than statutory superannuation, if applicable to the Directors of the Company.

Other benefits

No motor vehicle, health insurance or other similar allowances are made available to Directors (other than through salary-sacrifice arrangements).

Remuneration report (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

Executive pay

Executive pay and reward consists of base pay, short-term performance incentives, long-term performance incentives and other remuneration such as superannuation. Superannuation contributions are paid into the executive's nominated superannuation fund.

Base pay

Executives are offered a competitive level of base pay which comprises the fixed (unrisked) component of their pay and rewards. Base pay for senior executives is reviewed annually to ensure market competitiveness. There are no guaranteed base pay increases included in any senior executives' contracts. Base pay was increased during the year.

Short-term and long-term incentives

Contractual agreements with key management personnel provide for the provision of incentive arrangements should these be introduced by the Company. There are currently both an STI and LTI scheme in place. The STI component is performance based for Dr Schober and Dr Mynott and represents up to 30% of their respective base salaries, and is awarded on the basis of performance to a set of board approved Key Performance Indicators (KPI's).

Executive KPI's are based on:

- the APVMA approval process;
- EU and USA regulatory pathway partnering and financial performance; and
- Completion of in-feed pilot trial.

The CSO has the following additional KPI's:

- KPI's around clinical trials; and
- New patent applications.

Long term incentives relate to director share option and executive share option plans put in place this year. The options vest up to two to three years with a service requirement.

Directors options are subject to the following service conditions: 1/3 of the options will vest immediately on grant date; 1/3 of the options will vest 12 months after the grant date; and 1/3 will vest 24 months after the grant date. If the employment is terminated or the director resigns, unvested options will be considered forfeited.

Executive options options are subject to the following service conditions: 1/3 of the options will vest 12 months after the date of issue; 1/3 of the options will vest 1 4months after the grant date; and 1/3 will vest 36 months after the grant date. If the employment is terminated or the executive resigns, unvested options will be considered forfeited.

Both directors and executive options are not subject to additional performance criteria. Given the nature of the Company's activities and the small management team responsible for its running, the Company considers that the performance of the executives and the performance and value of the Company are closely related.

Securities trading policy

The trading of Company's securities by employees and Directors is subject to, and conditional upon, the Policy for Trading in Company Securities which is available on the Company's website (www.Anatara Lifesciences.com).

Remuneration report (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

Voting and comments made at the company's 2015 Annual General Meeting

The Company did not vote on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

Use of remuneration consultants

If remuneration consultants are to be engaged to provide remuneration recommendations as defined under section 9B of the Corporations Act 2001, then they are engaged by, and report directly to, the remuneration committee. No remuneration consultants were engaged to provide remuneration services during the financial year.

Remuneration report (continued)

(b) Details of remuneration

Amounts of remuneration

Key Management Personnel (KMP) of the Company 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 receiving the highest remuneration. Details of the remuneration of the KMP of the Company are set out in the following tables.

The key management personnel of the Company consisted of the following Directors of Anatara Lifesciences Ltd:

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

And the following persons:

Dr Paul Schober	Chief Executive Officer and Managing Director, retiring September 2016*
Dr Tracey Mynott	Chief Science Officer

*On 27 June 2016 the Company announced that Dr Paul Schober plans to move to retirement over the next three months and Dr Melvyn Bridges will transition into a combined CEO/ Chairman role.

Remuneration report (continued)

(b) Details of remuneration (continued)

30 June 2016	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments		% of total remuneration		
	Cash salary and fees	Annual leave	Non-monetary	Cash bonus (1)	Superannuation	Long service leave	Equity settled shares	Total	not related to performance	At risk STI	At risk LTI
	$	$	$	$	$	$	$	$	%	%	%
Non-executive directors:											
Dr Melvyn Bridges	131,152	-	-	-	-	-	7,331	138,483	95%	-%	5%
Mr Iain Ross	71,608	-	-	-	-	-	5,956	77,564	92%	-%	8%
Dr Jay Hetzel	66,667	-	-	-	6,333	-	5,956	78,956	92%	8%	8%
Dr Tracie Ramsdale	71,666	-	-	-	6,808	-	5,956	84,430	93%	-%	7%
Mr Paul Grujic	66,126	-	-	-	6,102	-	5,956	78,184	92%	-%	8%
Other key management personnel:											
Dr Paul Schober	220,000	2,118	-	-	20,578	-	44,827	287,523	84%	-%	16%
Dr Tracey Mynott	220,000	16,923	-	90,000	20,900	-	26,999	374,822	64%	24%	7%
Total	**847,219**	**19,041**	**-**	**90,000**	**60,721**	**-**	**102,981**	**1,119,962**			

(1) 90k bonus granted to Tracey Mynott: 40k relates to meeting FY2016 performance KPI, and 50k relates to meeting FY2015 performance KPI which was approved by the Board during FY2016.

Remuneration report (continued)

(b) Details of remuneration (continued)

30 June 2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		% of total remuneration		
	Cash salary and fees	Annual leave	Non-monetary	Superannuation	Long service leave	Equity settled shares	Total	not related to performance	At risk STI	At risk LTI
	$	$	$	$	$	$	$	%	%	%
Non-executive directors:										
Dr Melvyn Bridges	116,700	-	-	12,050	-	-	128,750	100	-%	-%
Mr Iain Ross	57,066	-	-	-	-	-	57,066	100	-%	-%
Dr Jay Hetzel	49,973			3,927			53,900	100	-%	-%
Dr Tracie Ramsdale	54,087			4,617			58,704	100	-%	-%
Mr Paul Grujic	16,346	-	-	1,553	-	-	17,899	100	-%	-%
Executive directors:										
Dr David Venables	117,000	-	-	-	-	-	117,000	100	-%	-%
Other key management personnel:										
Dr Paul Schober	64,086	5,393	-	14,425	-	-	83,904	100	-%	-%
Dr Tracey Mynott	214,905	22,316	-	20,416	-	-	257,637	100	-%	-%
Total	**690,163**	**27,709**	**-**	**56,988**	**-**	**-**	**774,860**			

Remuneration report (continued)

(c) Service agreements

Executives

The employment conditions of the Chief Executive Officer and Director, Dr Paul Schober is formalised in a contract of employment which commenced on the 2 March 2015. This contract stipulates a salary of $220,000 pa, exclusive of superannuation and any salary sacrifice items. The base salary may increase up to a maximum of 10% based on agreed key performance indicators (KPI) in the first year of employment. Up to 30% of the salary is to be paid for each financial year subsequent to the completion of the first year of employment upon meeting KPI's at the Board's discretion. This component will be reviewed annually by the Board. The Executive will be permitted to participate in the Company's Share and Option Plan. The contract term is continuing, termination benefits are as prescribed by statutory entitlements.

Similarly, the employment conditions of the Chief Science Officer, Dr Tracey Mynott, is formalised in a contract of employment which commenced on the 1 August 2014. The agreement stipulates that at the absolute discretion of the Board, upon meeting key performance indicators set in accordance with this Agreement, and subject to tax as required by law, the Executive may be paid an additional gross amount up to 30% of the Salary, to a maximum of $54,000, for each financial year of this Agreement, commencing from the financial year 2014 - 2015. The Executive will be permitted to participate in the Company's Share and Option Plan. The contract term is continuing, termination benefit are as prescribed by statutory entitlements and an additional six months.

Key management personnel are entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Non-Executive Directors

In accordance with best practice corporate governance, the structure of non-executive Directors and executive remunerations is separate and distinct. Directors' fees cover all main board activities and committee memberships.

The current base fees, plus superannuation and GST (as applicable), for each non-executive Director is $70,000 per annum (plus a further $5,000 per annum for acting as chair of a Board committee). The Chairman's fee is $140,000 per annum. The maximum amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at a General Meeting and is currently at a maximum aggregate of $500,000 per annum.

Director agreements are continuing. Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Remuneration report (continued)

(d) Share-based compensation

During the financial year, options were issued to Directors and other key management personnel as part of compensation under the company's directors and executive option plan (2015: $nil). The options vest subject to the employee continuing to be employed by the company at the vesting date. Should the employee leave, the options are forfeited.

Details of options granted to directors and other key management personnel as compensation during the reporting period are as follows:

	Grant date	No. options granted	No. options vested	Fair value per option at grant date	Exercise price	Expiry date	Value of options at grant date
				$	$		$
Non-executive directors:							
Dr Melvyn Bridges (1)	13 November 2015	80,000	26,667	0.142	1.35	11 November 2018	11,360
Mr Iain Ross (1)	13 November 2015	65,000	21,667	0.142	1.35	11 November 2018	9,230
Dr Jay Hetzel (1)	13 November 2015	65,000	21,667	0.142	1.35	11 November 2018	9,230
Dr Tracie Ramsdale (1)	13 November 2015	65,000	21,667	0.142	1.35	11 November 2018	9,230
Mr Paul Grujic (1)	13 November 2015	65,000	21,667	0.142	1.35	11 November 2018	9,230
Other key management personnel:							
Dr Paul Schober (2)	14 December 2015	375,000	-	0.171	1.45	14 December 2020	64,125
Dr Tracy Mynott (2)	14 December 2015	500,000	-	0.171	1.45	14 December 2020	85,500
Total		**1,215,000**	**113,335**				**197,905**

1. Directors options are subject to the following service conditions: 1/3 of the options will vest immediately on grant date; 1/3 of the options will vest 12 months after the grant date; and 1/3 will vest 24 months after the grant date. If the employment is terminated or the director resigns, unvested options will be considered forfeited. Directors options are not subject to any performance conditions.

Remuneration report (continued)

(d) Share-based compensation (continued)

2. Executive options options are subject to the following service conditions: 1/3 of the options will vest 12 months after the date of issue; 1/3 of the options will vest 24 months after the grant date; and 1/3 will vest 36 months after the grant date. If the employment is terminated or the executive resigns, unvested options will be considered forfeited. Executive options are not subject to any performance conditions.

(e) Relationship between the remuneration policy and group performance

As detailed under headings a & b, remuneration of executives consists of an unrisked element (base pay) and cash bonuses based on performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting periods. As such, remuneration is not linked to the financial performance of the Company in the current or previous reporting periods.

Details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

Non-Executive Directors:	**Entitled as remuneration ($)**	**% vested during the year**	**% forfeited during the year**
Dr Melvyn Bridges	-	-%	-%
Mr Iain Ross	-	-%	-%
Dr Jay Hetzel	-	-%	-%
Dr Tracie Ramsdale	-	-%	-%
Mr Paul Grujic	-	-%	-%
Other key management personnel:			
Dr Paul Schober	-	-%	-%
Dr Tracey Mynott (1)	100,000	90%	10%

(1) 90k bonus granted to Tracey Mynott: 40k relates to meeting FY2016 performance KPI, and 50k relates to meeting FY2015 performance KPI which was approved by the Board and paid during FY2016.

Remuneration report (continued)

(e) Relationship between the remuneration policy and group performance (continued)

(f) Key management personnel disclosures

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

30 June 2016	Balance at start of year	Balance at date of appointment	Received as part of remuneration	Additions	Disposals/ other	Balance at date of resignation	Balance at end of year
Non-executive directors:							
Dr Melvyn Bridges	5,853,230	-	-	53,640	-	-	5,906,870
Mr Iain Ross	1,332,500	-	-	45,442	-	-	1,377,942
Dr Jay Hetzel	444,495	-	-	11,614	-	-	456,109
Dr Tracie Ramsdale	44,000	-	-	1,614	-	-	45,614
Mr Paul Grujic	29,605	-	-	41,614	-	-	71,219
Other key management personnel:							
Dr Paul Schober	188,810	-	-	23,228	-	-	212,038
Dr Tracey Mynott	5,002,635	-	-	-	-	-	5,002,635
Total	**12,895,275**	**-**	**-**	**177,152**	**-**	**-**	**13,072,427**

Remuneration report (continued)

(f) Key management personnel disclosures (continued)

Option holding

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

30 June 2016	Balance at start of year	Granted as compensation	Option expired	Net change other	Balance at end of year	Vested & exercisable	Escrowed & unvested
Non-executive directors:							
Dr Melvyn Bridges	-	80,000	-	-	80,000	26,667	53,333
Mr Iain Ross	-	65,000	-	-	65,000	21,667	43,333
Dr Jay Hetzel	-	65,000	-	-	65,000	21,667	43,333
Dr Tracie Ramsdale	-	65,000	-	-	65,000	21,667	43,333
Mr Paul Grujic	-	65,000	-	-	65,000	21,667	43,333
Other key management personnel:							
Dr Paul Schober	-	375,000	-	-	375,000	-	375,000
Dr Tracey Mynott	-	500,000	-	-	500,000	-	500,000
Total	**-**	**1,215,000**	**-**	**-**	**1,215,000**	**113,335**	**1,101,665**

END OF REMUNERATION REPORT

Related party transactions
There are no related party transactions during the year ended 30 June 2016.

Event since the end of the financial year

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Significant changes in the state of affairs

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

Likely developments and expected results of operations

The likely developments in the Group's operations, to the extent that such matters can be discussed upon, are covered in the Review of operations of this annual report.

Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

Insurance of officers and indemnities

(a) Insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

(b) Indemnity of auditors

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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.

Non-audit services

The following non-audit services were provided by the entity's auditor, Grant Thornton. 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.

Non-audit services (continued)

	Consolidated entity year ended 2016 $	2015 $
Taxation services		
Grant Thornton Audit Pty Ltd firm:		
Tax compliance services	**31,590**	51,335
Total remuneration for taxation services	**31,590**	51,335

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 22.

Auditor

Grant Thornton Audit Pty Ltd, appointed 20 November 2014, continue in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Corporate governance statement

In accordance with ASX Listing Rule 4.10.3, the Company's 2016 Corporate Governance Statement can be found on its website at http://anataralifesciences.com/investors/corporate-governance.

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

Dr Melvyn Bridges
Chairman

Date: This Day 29th of August 2016
Melbourne

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Auditor's Independence Declaration
To the Directors of Anatara Lifesciences Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Anatara Lifesciences Ltd for the year ended 29 August 2016, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M.A. Cunningham
Partner - Audit & Assurance

Melbourne, 29 August 2016

Anatara Lifesciences Ltd
Consolidated statement of profit or loss and comprehensive income
For the year ended 30 June 2016

	Notes	Consolidated entity year ended 30 June 2016 $	30 June 2015 $
Licensing (evaluation) revenue		**2,283,095**	-
Interest received		**352,144**	140,904
Other income - R&D tax incentive		**165,246**	61,383
Expenses from operating activities			
Depreciation and amortisation expense		**(15,125)**	-
Research and development expenses		**(735,071)**	(128,672)
Patent expenses		**(143,789)**	(84,893)
Consultancy expenses		**(760,671)**	(496,699)
Staff expenses		**(1,411,746)**	(774,860)
Travel and accommodation		**(261,709)**	(257,605)
ASX and share registry fees		**(70,085)**	(139,227)
Other expenses		**(126,223)**	(115,559)
Loss before income tax		**(723,934)**	(1,795,228)
Income tax expense	3	**-**	-
Loss for the period		**(723,934)**	(1,795,228)
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive loss for the period		**(723,934)**	(1,795,228)
		Cents	Cents
Losses per share:			
Basic earnings per share	5	**(0.01)**	(0.05)
Diluted losses per share		**(0.01)**	(0.05)

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

Anatara Lifesciences Ltd
Consolidated statement of financial position
As at 30 June 2016

	Notes	Consolidated entity 30 June 2016 $	30 June 2015 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**6,387,041**	1,497,539
Other receivables	8	**60,272**	52,060
Financial assets - term deposits		**7,437,669**	4,053,419
Other current assets - prepayments		**18,720**	-
Total current assets		**13,903,702**	5,603,018
Non-current assets			
Property, plant and equipment	9	**16,259**	24,776
Total non-current assets		**16,259**	24,776
Total assets		**13,919,961**	5,627,794
LIABILITIES			
Current liabilities			
Trade and other payables		**403,377**	119,268
Employee entitlements		**41,241**	27,710
Total current liabilities		**444,618**	146,978
Total non-current liabilities		**-**	-
Total liabilities		**444,618**	146,978
Net assets		**13,475,343**	5,480,816
EQUITY			
Share capital	10(a)	**16,941,392**	8,420,555
Other reserves	10(b)	**197,624**	-
Accumulated losses		**(3,663,673)**	(2,939,739)
Total equity		**13,475,343**	5,480,816

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 2016

Consolidated entity	Notes	Share capital $	Share-based payment reserve $	Retained earnings $	Total equity $
		Attributable to owners of Anatara Lifesciences Ltd			
Balance at 1 July 2014		1,971,292	-	(1,144,511)	826,781
Profit for the period		-	-	(1,795,228)	(1,795,228)
Transactions with owners in their capacity as owners:					
Shares issued	10(a)	7,000,000	-	-	7,000,000
Capital raising cost	10(a)	(550,737)	-	-	(550,737)
		6,449,263	-	-	6,449,263
Balance at 30 June 2015		**8,420,555**	**-**	**(2,939,739)**	**5,480,816**
Balance at 1 July 2015		8,420,555	-	(2,939,739)	5,480,816
Profit for the period		-	-	(723,934)	(723,934)
Transactions with owners in their capacity as owners:					
Shares issued	10(a)	9,106,685	-	-	9,106,685
Capital raising cost	10(a)	(585,848)	-	-	(585,848)
Share-based payment expense		-	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**

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 2016

	Notes	Consolidated entity year ended 30 June 2016 $	30 June 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		**(2,996,563)**	(2,073,898)
Interest received		**267,856**	87,904
Receipts from customers		**2,283,095**	-
Research and development concessions grant		**165,246**	61,383
Net cash (outflow) from operating activities	15	**(280,366)**	(1,924,611)
Cash flows from investing activities			
Payments for purchases of plant and equipment	9	**(6,608)**	(24,776)
Investments in term deposits		**(3,300,000)**	(4,053,419)
Net cash (outflow) from investing activities		**(3,306,608)**	(4,078,195)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	10(a)	**9,062,324**	7,000,000
Proceeds from calls on shares and calls in arrears	10(a)	**(585,848)**	(550,737)
Net cash inflow from financing activities		**8,476,476**	6,449,263
Net increase in cash and cash equivalents		**4,889,502**	446,457
Cash and cash equivalents at the beginning of the financial year		**1,497,539**	1,051,082
Cash and cash equivalents at end of period	7	**6,387,041**	1,497,539

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

1 Summary of significant accounting policies

(a) Corporate information

The financial report of Anatara Lifesciences Ltd (the "Company") and its subsidiaries (together the "Group") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 29 August 2016. The financial report is for the Group consisting of Anatara Lifesciences Ltd 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 report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, required for a for-profit entity.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollars, which is the Group'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.

(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.

(d) New and amended standards adopted by the group

The were no adoption of new standards that had a material impact on the Company.

(e) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

1 Summary of significant accounting policies (continued)

(e) New standards and interpretations not yet adopted (continued)

Title of standard	Nature of change	Impact	Mandatory application date
AASB 9 Financial Instruments	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 Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the measurement of transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.	Accounting periods beginning on or after 1 January 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.	There is no impact on current revenue.	Accounting periods beginning on or after 1 January 2018
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 Interpretations.	The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.	Accounting periods beginning on or after 1 January 2019

1 Summary of significant accounting policies (continued)

(f) Principles of consolidation

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

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when they are exposed to, or have rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(g) 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.

(h) Revenue recognition

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

Interest revenue is recognised as interest accrues using the effective interest method.

Research and Development Tax Incentive - is recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount of tax incentive can be reliably measured.

Grant income is recognised when the Group determines that it will comply with the conditions attached to the grant and that the grant will be received. The funding is recognised on a systematic basis over periods in which the entity recognises as expenses the costs related to the grant.

License income is income that arises when the Group grants the licencee the right to use patented technology owned by the Group Revenues are recognised when it has been established that the conditions under the agreement have been met, there are no significant continuing obligations and that the income will be received.

(i) 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 Group 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.

1 Summary of significant accounting policies (continued)

(j) Income tax

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

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

The Company and its wholly-owned Australian resident entities are members of a tax consolidated Group under Australian taxation law. The Company is the head entity in the tax consolidated Group. Entities within the tax consolidated Group have entered into a tax funding agreement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, the Company and each of the entities in the tax consolidated Group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the head entity.

(k) Earnings per share

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

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

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- 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.

(l) Cash and cash equivalents

Cash and short-term deposits in the Consolidated 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 Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

1 Summary of significant accounting policies (continued)

(m) Trade 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 Group 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.

(n) 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 Statement of cash flows 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 Consolidated statement of financial position.

(o) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(p) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held to maturity financial assets are included in non-current assets, except for those maturities less than 12 months from the end of the year, which are classified as current assets.

(q) Plant and equipment

Plant and equipment are measured at cost or fair value 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

1 Summary of significant accounting policies (continued)

(r) Intangible assets

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

(s) Intellectual property costs

Amounts incurred for rights to or for acquisition of intellectual property are expensed in the year in which they are incurred to the extent that such intellectual property is used for research and development activities.

(t) Impairment of 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 to sell 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 impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

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

(u) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(v) Employee benefits

(i) Short term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave entitlements are recognised as provisions in the Statement of financial position.

(ii) 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 high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, to the estimated future cash outflows.

(iii) Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

1 Summary of significant accounting policies (continued)

(v) Employee benefits (continued)

(iii) Share-based payments (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

(w) 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.

(x) Foreign currency translation

The functional currency of the Group is based on the primary economic environment in which the Group operates. The functional currency of the Group 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 Group 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.

(y) 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.

(z) Parent entity financial information

The financial information for the parent entity, Anatara Lifesciences Ltd, disclosed in note 16 has been prepared on the same basis as the consolidated statement.

(aa) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

1 Summary of significant accounting policies (continued)

(aa) Significant accounting estimates and assumptions (continued)

(i) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(ii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised.

(iii) Capitalised development costs

Development costs are only capitalised by the Group when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale.

No development costs were capitalised during the current year.

(iv) Licence (evaluation) revenue recognition

The Group recognised the first payment under the licence (evaluation) agreement as revenue because the payment was non-refundable, the conditions of the agreement were met and there were no significant continuing obligations post 30 June 2016. As the evaluating party has discretion to cease the arrangement at any time during the evaluation period, further receipts under the arrangement are not recognised as revenue until receipted.

2 Segment information

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 Group wide basis and as such does not have specific operating segments.

3 Income tax expense

(a) Income tax expense

	Consolidated entity year ended	
	30 June 2016 $	30 June 2015 $
Income tax expense	**-**	-

3 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated entity year ended 30 June 2016 $	30 June 2015 $
Profit from continuing operations before income tax expense	**(723,934)**	(1,795,228)
Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	**(217,180)**	(538,568)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Research and development tax concession refund	**(49,574)**	(18,415)
Adjustment to provision of tax from prior year	**-**	(148,034)
Benefit of tax (benefit)/losses not brought to account	**266,754**	705,017
Income tax expense	**-**	-

(c) Tax losses

	Consolidated entity year ended 30 June 2016 $	30 June 2015 $
Unused tax losses for which no deferred tax asset has been recognised	**4,202,753**	3,478,821

(d) Deferred income tax benefit

Deferred tax assets arising from tax losses are, to the extent noted above, not recognised at reporting date as realisation of the benefit is not regarded as probable. This deferred income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation is complied with, including Continuity of Ownership and/or Same Business Tests; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

4 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Grant Thornton Audit Pty Ltd

(i) Audit and other assurance services

	Consolidated entity year ended 2016 $	2015 $
Audit and other assurance services		
Audit and review of financial statements	**51,000**	50,000
Other assurance services		
Other services	**-**	2,950
Total remuneration for audit and other assurance services	**51,000**	52,950

(ii) Taxation services

	2016 $	2015 $
Taxation services		
Tax compliance services	**31,590**	51,335
Total auditors remuneration	**82,590**	104,285

5 Loss per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of Anatara Lifesciences Ltd as the numerator, i.e. no adjustments to profits were necessary during the year ended 30 June 2016 and 2015.

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:

(a) Basic earnings per share

	Consolidated entity year ended	
	30 June 2016 Cents	30 June 2015 Cents
Basic losses per share	**(0.01)**	(0.05)
Diluted losses per share	**(0.01)**	(0.05)

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

	Consolidated entity year ended	
	30 June 2016 $	30 June 2015 $
Net loss used in the calculation of basic and diluted loss per share	**(683,934)**	(1,795,228)

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

	Consolidated entity year ended	
	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**48,587,665**	33,722,603

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.

6 Dividends

No dividends were paid and no dividends are expected to be paid during the year ended in 30 June 2016 (2015: Nil).

7 Cash and cash equivalents

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Cash at bank and in hand	**1,387,041**	497,539
Term deposits	**5,000,000**	1,000,000
	6,387,041	1,497,539

8 Other receivables

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
GST receivable	**60,272**	52,060

9 Property, plant and equipment

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**

Consolidated entity	**Plant and equipment $**	**Total $**
Year ended 30 June 2015		
Opening net book amount	-	-
Additions	24,776	24,776
Closing net book amount	**24,776**	**24,776**

10 Equity

(a) Share capital

	30 June 2016 Shares	30 June 2016 $	30 June 2015 Shares	30 June 2015 $
Ordinary shares				
Ordinary shares - fully paid	**49,413,236**	**16,941,392**	37,750,000	8,420,555
Total share capital	**49,413,236**	**16,941,392**	**37,750,000**	**8,420,555**

Movements in ordinary share:

Details	Notes	Number of shares (thousands)	$
Opening balance 1 July 2014		4,750,000	1,971,292
Subversion of shares, 5 shares for every 1 share		19,000,000	-
Transaction costs relating to share issues	10(a)(i)	-	(550,737)
Shares issued	10(a)(i)	14,000,000	7,000,000
Balance 30 June 2015		**37,750,000**	**8,420,555**
Shares redeemed and capital raised	10(a)(ii)	11,663,236	9,106,685
Transaction costs relating to share issues	10(a)(ii)	-	(585,848)
Balance 30 June 2016		**49,413,236**	**16,941,392**

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

Date	Details	Number	Issue price
14 October 2014	Capital raising from IPO	14,000,000	7,000,000
16 October 2014	Subdivision of shares, 5 shares for every 1 share	19,000,000	-
	Transaction cost	-	(550,737)
		33,000,000	**6,449,263**

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

Date	Details	Number	Issue price
9 July 2015	Placement of ordinary shares	5,641,025	4,400,000
29 July 2015	Placement of ordinary shares	2,563,878	1,999,825
17 August 2015	Placement of ordinary shares	3,333,332	2,599,986
22 December 2015	Options exercised	50,000	42,750
11 March 2016	Options exercised	75,000	64,124
	Transaction cost		(585,848)
		11,663,235	**8,520,837**

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.

10 Equity (continued)

(b) Share-based payment reserve

Consolidated entity	Share-based payments $	Total $
Balance at 30 June 2015	-	-
Transactions with owners in their capacity as owners		
Share-based payment expenses	241,999	241,999
Exercise of options	(44,375)	(44,375)
At 30 June 2016	**197,624**	**197,624**

As at 30 June 2016, 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.

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;
- 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.

10 Equity (continued)

(b) Share-based payment reserve (continued)

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

	Executive Options	Directors Options	Options issued to PORK CRC
Expected volatility	33%	33%	33%
Risk-free interest rate	2.13%	2.15%	1.93%
Expected life of option (years)	5	3	3
Option exercise price	$1.45	$1.35	$0.50
Share price at grant date	$0.94	$1.00	$0.78

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 2015			**-**
Granted:			
Executive Option Plan	1,265,000	0.171	1.45
Directors Option Plan	340,000	0.142	1.35
Issued to Pork CRC	500,000	0.32	0.50
Exercised:			
Exercise of option by Pork CRC	(125,000)		0.50
Closing balance at 30 June 2016	**1,980,000**		**1.25**
Exercisable at the end of 30 June 2016	**238,334**		**0.90**

The weighted average share price at the date of exercise for share options exercised during the period was $1.30. The options outstanding at 30 June 2016 had an exercise price range from $0.50 to $1.45, and weighted average remaining contractual life of 3.25 years.

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Date option granted	Issue price of shares ($)	Number of shares issued
22 December 2015	0.50	50,000
11 March 2016	0.50	75,000
		125,000

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
		1,980,000	

11 Related party transactions

There were no related party transactions for the year ended 30 June 2016 (2015: nil).

12 Key management personnel compensation

	Consolidated entity year ended	
	30 June 2016 $	30 June 2015 $
Short-term employee benefits	**847,220**	717,872
Post-employment benefits	**60,722**	56,988
Share-based payments	**102,983**	-
	1,010,925	774,860

13 Commitments

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Lease expenditure commitments		
- not later than 12 months	**-**	20,176
Other commitments		
- not later than 12 months	**65,385**	-

14 Contingent liabilities and contingent assets

The Group had no contingent liabilities at 30 June 2016 (2015: nil).

15 Cash flow information

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

	Consolidated entity year ended	
	30 June 2016 $	30 June 2015 $
Profit for the period	**(723,934)**	(1,795,228)
Adjustment for		
Depreciation and amortisation	**15,125**	-
Share-based payment expense	**241,985**	-
Change in operating assets and liabilities:		
Movements in accounts receivable	**(8,212)**	(51,604)
Movements in other current assets	**(102,970)**	2,860
Movements in accounts payable	**284,209**	(108,348)
Movements in employee entitlements	**13,431**	27,709
Net cash flow from operating activities	**(280,366)**	(1,924,611)

16 Parent entity financial information

(a) Summary financial information

The parent entity financial statements resemble the consolidated financial statements as the Company's subsidiary, Sarantis Pty Ltd, is a dormant entity.

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in the current or prior financial year in relation to debts of its subsidiaries.

(c) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group as disclosed in note 1.

17 Subsidiaries

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	
		2016 %	2015 %
Sarantis Pty Limited	Australia	**100**	100

18 Financial risk management

The Group’s principal financial instrument is cash and cash equivalents and financial assets - term deposits.

The main purpose of these financial instruments is to finance the Group’s operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the Group's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Group's financial instruments is liquidity risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available funding in order to determine headroom or any shortfalls.

The Group's non-derivative financial liabilities have contractual maturities as summarised below:

18 Financial risk management (continued)

(a) Liquidity risk (continued)

Maturities of financial liabilities

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
At 30 June 2016	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-derivatives							
Trade payables	403,377	-	-	-	-	403,377	403,377
At 30 June 2015							
Non-derivatives							
Trade payables	119,268	-	-	-	-	119,268	119,268

18 Financial risk management (continued)

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash deposits with floating interest rates which expose the Group to interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

The following tables set out the Group's financial instruments and its exposure to the type of interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

				Effect on profit	
At 30 June 2016	**Non-interest bearing $**	**Floating interest rates $**	**Fixed interest rates $**	**10% of current rate $**	**-10% of current rate $**
Financial assets					
Other receivables	**60,272**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**-**	**6,387,041**	**-**	**15,968**	**(15,968)**
Financial assets - term deposits	**-**	**-**	**7,437,669**	**-**	**-**
Total	**60,272**	**6,387,041**	**7,437,669**	**15,968**	**(15,968)**
Financial liabilities, amortised cost					
Trade and other payables	**(403,377)**	**-**	**-**	**-**	**-**
Total	**(403,377)**	**-**	**-**	**-**	**-**
Total	**(343,105)**	**6,387,041**	**7,437,669**	**15,968**	**(15,968)**

18 Financial risk management (continued)

(b) Interest rate risk (continued)

At 30 June 2015	Non-interest bearing $	Floating interest rates $	Fixed interest rates $	Effect on profit 10% of current rate $	Effect on profit -10% of current rate $
Financial assets					
Trade and other receivables	52,060	-	-	-	-
Cash and cash equivalents	-	497,539	1,000,000	1,244	(1,244)
Financial assets - term deposits	-	-	4,053,419	-	-
Total	52,060	497,539	5,053,419	1,244	(1,244)
Financial liabilities, amortised cost					
Trade and other payables	(119,268)	-	-	-	-
Total	(119,268)	-	-	-	-
Total	(67,208)	497,539	5,053,419	1,244	(1,244)

A sensitivity of 10% of current prevailing interest rates has been selected as this is considered conservative and reasonable given the current level of both short term and long term Australian interest rates. A 10% sensitivity would move short term rates from 2.50% to approximately 2.75% representing a 25 basis points shift. This would represent an interest rate increase, which are reasonably possible in the current environment.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(c) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. Payments under the license agreement are denominated in USD. There are no USD amounts receivable at year end.

(d) Credit risk

Credit risk arises from cash and cash equivalents and outstanding trade and other receivables. The cash balances are held in financial institutions with high ratings. The Group has assessed that there is minimal risk that the cash and trade and other receivables balances are impaired.

19 Events occurring after the reporting period

No 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 years.

20 Capital management

The Group's objectives when managing capital are to ensure that the Group has sufficient funds to be a going concern. This is achieved by ensuring that the Board is focussed on cash flow management through periodic Board reporting. The Board reviews financial accounts on a monthly basis and reviews actual expenditure against budget on a monthly basis.

The Group could also raise additional capital if necessary by issuing new shares so as to fund the development of its key products. The total capital is shown as the equity in the Statement of Financial Position. There is expected to be no debt in the next 12 months and there are no external restrictive agreements on the Group for the use of its capital.

Management also maintains a capital structure that ensures the lowest cost of capital available to the entity.

The Group does not have a defined share buy-back plan.

No dividends were paid in 2016 and no dividends are expected to be paid in 2017.

There is no current intention to incur debt funding on behalf of the Group as on-going development expenditure is expected to be funded via equity or partnerships with other companies. The Group is not subject to any externally imposed capital requirements.

Anatara Lifesciences Ltd
Directors' declaration
30 June 2016

The Directors' of the Company declare that;

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Dr Melvyn Bridges
Chairman

Date: This Day 29th of August 2016
Melbourne

Grant Thornton

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Independent Auditor's Report
To the Members of Anatara Lifesciences Ltd

Report on the financial report

We have audited the accompanying financial report of Anatara Lifesciences Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. 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.

Auditor's opinion

In our opinion:

a the financial report of Anatara Lifesciences Ltd 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 2016 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 the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 19 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Anatara Lifesciences Ltd for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M.A Cunningham
Partner - Audit & Assurance

Melbourne, 29 August 2016

Anatara Lifesciences Ltd
Corporate directory

Directors	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*
Secretary	Mr Stephen Denaro
Principal registered office in Australia	433 Logan Road, Stone 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 The Rialto, Level 30, 525 Collins Street Melbourne Victoria 3000 +61 (0)3 8320 2222
Solicitors	McCullough Robertson Level 11, Cental Palze Two, 66 Eagle Street, Brisbane Queensland 4000
Bankers	CBA Melbourne Victoria
Website	www.anataralifesciences.com
ACN	145 239 872