ASX Announcement

28 February 2020

Interim financial report summary for the half-year ended 31 December 2019

Financial Summary

The Company reported a loss for the half year ended 31 December 2019 of $4,326,273 (including a non-cash fully amortised Option issue "Share Based Payment" of $2,420,086).

At 31 December 2019, the Company had cash reserves of $5,128,667 before receiving a further $1.864 million (before expenses) in January following settlement of the underwriting of the listed options.

Operations Summary

ATL1102 for DMD

The Company is undertaking clinical development of ATL1102 in patients with Duchenne Muscular Dystrophy (DMD).

On 17th December 2019 the Company advised that the data from all nine participants having completed their 24 weeks of dosing in the Phase II clinical trial of Antisense Therapeutics' immunomodulatory therapy, ATL1102 for DMD has affirmed the drug's excellent safety profile and positive drug effects on disease progression endpoints at the low dose tested. The Company noted that the results continued to be highly supportive of the Company's plans to advance ATL1102 into a potentially pivotal Phase IIb clinical trial. The final study report is to be prepared following trial database lock expected 1Q'20.

Scientific Advice meetings had been held with three European regulatory authorities with a focus on the Phase IIb trial design, dose escalation plans, applicability of the study endpoints and the study duration. The Company emphasised that there was general acceptance by the agencies at the meetings on the proposed trial efficacy endpoints (PUL2.0, Myoset), safety monitoring plan, dosing duration (12 months) and the use of higher doses. Encouraging clarification was provided by the agencies that this could be a path to an early regulatory approval on positive Phase IIb results.

The next step is to follow up the development plan with the European Medicines Agency and subsequent to the finalisation of the results from the current Phase II trial, engage with the Food and Drug Administration on development plans for the US.

ATL1103 for Acromegaly

ATL1103 is in clinical development as a treatment for acromegaly. The Company conducted a successful Phase II trial of ATL1103 with the trial having met its primary efficacy endpoint by showing a statistically significant average reduction in sIGF-1 levels.

The Company's current development focus is directed towards the clinical development of ATL1102 in DMD. The Company believes, though, that circumstances could present in the future where the Company has the capacity and justification to continue to invest in the further clinical development of ATL1103, including activation of an Early Access Program (EAP). Until that time, the Company will not apply further resources to the EAP process and will continue to direct its focus and funds on the ATL1102 for DMD program.

The Company is also continuing to pursue the potential out-licensing of ATL1103 to support and fund its ongoing clinical development.

Events After Balance Date

In parallel with progressing plans for the Phase IIb trial in DMD, the Company is now actively exploring clinical development opportunities in other indications where inflammation plays a key role in disease progression including Multiple Sclerosis (MS). ATL1102 was previously shown to be highly effective in reducing MS inflammatory brain lesions in a Phase IIa clinical trial in Relapsing Remitting -MS patients.

The Company reported that it is consulting with clinical experts on the appropriate next steps for clinical development in MS while also re-engaging with pharmaceutical companies active in the MS space to discuss partnering opportunities. The Company is following up potential sources for non-dilutive grant funding for a Phase IIb clinical trial of ATL1102 in MS patients.

To help increase the awareness of the Company's ATL1102 for DMD development program and to translate the features and benefits of the program to Key Opinion Leaders in the treatment of Duchenne Muscular Dystrophy (DMD) and DMD Patient Advocacy Groups internationally and in the capital markets, the Company appointed Dr Gil Price as its US based Consultant Medical Director. Dr. Price is an experienced biotech executive and entrepreneur with depth of expertise across clinical asset investment strategy, evaluation, financing and execution. Previously a Director of Sarepta Therapeutics Inc. (2007 – 2016), Dr Price's initial focus will be on accelerating the Company's activities in the US, the world's largest pharmaceutical market.

This announcement has been authorised for release by the Board.

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About Antisense Therapeutics Limited (ASX: ANP) is an Australian publicly listed biopharmaceutical company, developing and commercialising antisense pharmaceuticals for large unmet markets. The products are in-licensed from Ionis Pharmaceuticals Inc. (NASDAQ:IONS), world leaders in antisense drug development and commercialisation. ATL1102 (injection) has successfully completed a Phase II efficacy and safety trial, significantly reducing the number of brain lesions in patients with relapsing-remitting multiple sclerosis (RRMS). ATL1103 drug designed to block GHr production successfully reduced blood IGF-I levels in Phase II clinical trials in patients with the growth disorder acromegaly. The Company is conducting a Phase II clinical trial of ATL1102 in DMD patients at the Royal Childrens Hospital, Melbourne.

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THERAPEUTICS

Antisense Therapeutics Limited
ACN 095 060 745

Interim financial report for the half-year ended 31 December 2019

Antisense Therapeutics Limited
Appendix 4D
For the Half-year ended 31 December 2019

Name of entity	Antisense Therapeutics Limited
ABN	095 060 745
Half-year ended	31 December 2019 (Previous corresponding period: 31 December 2018)

Results for Announcement to the Market

The results of Antisense Therapeutics Limited for the half-year ended 31 December 2019 are as follows:

Revenues	down	(25.74)% to	27,494
Loss after tax attributable to members	down	(190.41)%to	4,326,273
Net loss for the period attributable to members	down	(190.41)%to	4,326,273

The above result needs to be read in conjunction with the Company's 30 June 2019 Annual Report.

Explanation of Results

The Company reported a loss for the half year ended 31 December 2019 of $4,326,273 (including a non-cash fully amortised Option issue “Share Based Payment” of $2,420,086).

At 31 December 2019, the Company had cash reserves of $5,128,667 before receiving a further $1.864 million (before expenses) in January following settlement of the underwriting of the listed options.

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.

Net Tangible Assets Per Share

	31 December 2019	31 December 2018
Net tangible assets ($)	4,309,506	2,722,746
Shares (No.)	465,488,272	371,618,638
Net tangible assets per share (cents)	0.93	0.73

	31 December 2019	31 December 2018
Basic earnings/ (loss) per share (cents)	(1.02)	(0.40)
Diluted earnings/ (loss) per share (cents)	(1.02)	(0.40)

Status of Review of Accounts

The Appendix 4D is based on accounts which have been reviewed. The auditors report includes an Emphasis of Matter regarding going concern material uncertainty, and is included within the financial report which accompanies this Appendix 4D.

Contents to financial report

Directors' report

The Directors of Antisense Therapeutics Limited ("ANP" or "the Company") provide the following Report in relation to the Company for the half-year ended 31 December 2019.

Directors

The following persons where Directors of the Company during the half-year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Mr Robert W Moses, Independent Non-Executive Chairman	(Appointed: 23 October 2001)
Mr Mark Diamond, Managing Director	(Appointed: 31 October 2001)
Dr Graham Mitchell, Independent Non-Executive Director	(Appointed: 24 October 2001)
Dr Gary Pace, Independent Non-Executive Director	(Appointed: 9 November 2015)
Mr William Goolsbee, Independent Non-Executive Director	(Appointed: 15 October 2015)

Results and review of operations

Results

The Company reported a loss for the half year ended 31 December 2019 of $4,326,273 (31 December 2018: $1,489,720) (including a non-cash fully amortised Option issue "Share Based Payment" of $2,420,086).

At 31 December 2019, the Company had cash reserves of $5,128,667 (30 June 2019: $2,903,542) before receiving a further $1.864 million (before expenses) in January following settlement of the underwriting of the listed options.

Review of operations

Detailed below is an update on the status of the Company's development projects and overall operations for the half-year ended 31 December 2019.

This report should be read in conjunction with the Company's 30 June 2020 Annual Report.

ATL1102 for Duchennes Muscular Dystrophy (DMD)

ATL1102 is an antisense inhibitor of CD49d, a subunit of VLA-4 (Very Late Antigen-4). Antisense inhibition of VLA-4 expression has demonstrated activity in a number of animal models of inflammatory disease including asthma and MS with the MS animal data having been published in a peer reviewed scientific journal. ATL1102 was shown to be highly effective in reducing MS lesions in a Phase IIa clinical trial in RR-MS patients. The ATL1102 Phase IIa clinical data has been published in the medical Journal ***Neurology*** (Limmroth, V. et al Neurology, 2014; 83(20): 1780-1788).

The Company is undertaking clinical development of ATL1102 in patients with Duchenne Muscular Dystrophy (DMD). DMD is caused by a mutation in the muscle dystrophin gene leading to severe progressive muscle loss and premature death. One of the most common fatal genetic disorders, DMD affects approximately one in every 3,500 to 5,000 males worldwide. A key challenge in the management of DMD patients is to reduce the inflammation that exacerbates the muscle fibre damage. It has been reported in scientific literature that patients with DMD who have a greater number of T cells with high levels of CD49d (ATL1102's biological target) on their surface have more severe and rapid disease progression. ATL1102 is being developed as a novel treatment for the inflammation that exacerbates muscle fibre damage in DMD patients for which the current available treatment is corticosteroids. Corticosteriods have a range of serious side effects when used for a prolonged period as required in DMD. As a consequence, there is an acknowledged high need for new therapeutic approaches for the treatment of inflammation associated with DMD.

Directors' report (continued)

The Company has been conducting an open label six-month dosing trial of ATL1102 in nine non-ambulant patients with DMD aged between 10 and 18 years at the neuromuscular centre of the Royal Children's Hospital (RCH) which operates the largest clinic in the southern hemisphere treating children with DMD.

The primary endpoints of the trial relate to the safety and tolerability of ATL1102 with the efficacy of ATL1102 assessed in terms of its effects on disease processes and progression (e.g. the upper limb strength and function of the boys).

Progress

On 24th July 2019 the Company advised that five patients had completed their 24 weeks of dosing in the Phase II DMD clinical trial with the remaining four patients at various points within the treatment phase of the study. Antisense Therapeutics also advised that no Serious Adverse Events (SAE's) had been reported to that point in time and that the Data Safety Monitoring Board had been periodically evaluating the safety related trial data and had on each occasion recommended continuation of the trial with no safety concerns.

On 2 September 2019 the Company announced that it had received confirmation of two of the three proposed Scientific Advice (SA) meetings for its planned interactions with regulatory authorities to progress the design and conduct of the next clinical trial of ATL1102 in DMD and the development path for product registration as previously foreshadowed by the Company. The Company had previously received advice from international regulatory consultants that, based on the existing preclinical and clinical data generated in the development of ATL1102, the Company could look to seek approval to conduct a Phase IIb clinical trial of the drug in DMD patients in Europe with this regulatory process to run in parallel with the conduct of the current Phase II study of ATL1102 in DMD patients at the Royal Children’s Hospital in Melbourne.

On 18th September 2019 the Company announced that a review of the preliminary data from the 6 patients who had completed their 24 weeks of dosing in the Phase II DMD clinical trial was indicative of a positive drug effect of ATL1102 at the dose tested both at an immunomodulatory (i.e. effects on relevant immune cells) and disease progression (i.e. effects on muscle strength and function) levels.

With respect to the safety related trial data, no Serious Adverse Events had been reported to that point in time. The Data Safety Monitoring Board had evaluated the safety data and recommended continuation of the trial with no safety concerns.

The Company noted that the results appeared highly supportive of the Company’s plans for a Phase IIb clinical trial of ATL1102 in DMD with these plans to be reviewed with three European regulatory authorities at Scientific Advice meetings.

On 18th November the Company advised that additional preliminary data analyses from the seven patients who had completed their 24 weeks of dosing in the ATL1102 Phase II DMD clinical trial was presented by Dr Ian Woodcock, the Principle Investigator of the ATL1102 Phase II trial at the 2019 Action Duchenne International Conference, Hinkley, UK on 15 November 2019. In regard to the trial’s secondary endpoints that assess drug efficacy in terms of its effects on disease processes and progression (being the type of endpoints required for future product registration), Dr Woodcock presented new data on the functional capacity of the participants as evaluated via Performance of Upper Limb Test (PUL2.0). PUL is a functional scale specifically designed for assessing upper limb function in DMD with the aim of reflecting the proximal to distal progression of muscle weakness typically observed in DMD. It includes three domains (shoulder, mid- and distal), each including items exploring activities easily related to activities of daily living that both patients and clinicians regard as relevant.

The PUL data presented by Dr Woodcock showed that the majority of participants had demonstrated either increases or no change in their PUL2.0 scores from baseline after 24 weeks of dosing with ATL1102 suggestive of an overall improvement in a key parameter of disease progression. Muscle strength was also evaluated via MyoGrip and MyoPinch assessments using the Myoset system with the data continuing to show an apparent improvement in muscle strength based on observed mean changes from baseline compared to the loss of muscle strength reported in the literature in similar patient populations.

On 20th November the Company advised that dosing had been completed in all nine patients following six months of treatment in the ATL1102 Phase II DMD trial.

Directors' report (continued)

Progress (continued)

On 17th December 2019 the Company advised that the data from all nine participants having completed their 24 weeks of dosing in the Phase II clinical trial of Antisense Therapeutics' immunomodulatory therapy, ATL1102 for DMD has affirmed the drug's excellent safety profile and positive drug effects on disease progression endpoints at the low dose tested and in turn the Company's plans to advance ATL1102 into a potentially pivotal Phase IIb clinical trial.

William Goolsbee, non-executive director of ATL, Chairman of the ATL1102 for DMD Scientific Advisory Board and former Chairman of Sarepta Therapeutics said: "Seeing the efficacy signals of this study, conducted with a low dose in a small number of boys over a relatively short time period, is both gratifying and immensely encouraging. DMD is a devastating disease where only a small handful of drugs have shown indications of efficacy so early in development. In the context of DMD, we now look to have a drug. We have a great task ahead of us as we move ATL1102 into deeper study with the goal of providing treatment options to all, not just some, of the boys with DMD".

The Company reported that ATL1102 appears to be generally safe and well tolerated in non-ambulant boys with DMD. No Serious Adverse Events had been reported throughout the study and there had been no safety concerns expressed by the Data Safety Monitoring Board. There were no participant withdrawals from the study. The most commonly reported adverse events had related to the subcutaneous administration of the drug, mainly injection site erythema and skin discoloration.

Notably, the immune cell data has showed a consistency in the mean reductions in the number of lymphocytes and types of lymphocytes (i.e. CD3, CD4, CD8 and those expressing CD49d) measured from baseline to end of dosing at week 24 with a return to around starting levels post dosing at week 28) with the mean number of CD3+CD49d+ T cells (CD4+CD49d and CD8+CD49d+ cells) at week 24 is statistically significantly lower vs week 28 ($p=0.030$ paired T test). This data is supportive of the drug's positive effects on modulating CD49d+ T cells in the blood. A subset of these T cells express high levels of CD49d, and are present in higher numbers in non-ambulant boys as reported by Pinto-Mariz et al.

In commenting on the above observations regarding lymphocyte changes, Dr Pinto-Mariz from the Institute of Pediatrics, Federal University and the Laboratory on Thymus Research, Oswaldo Cruz Foundation, Rio de Janeiro, Brazil said "I am pleased to see the ATL1102 drug targeting CD49d in DMD patient trials following on from our work and publications on the importance of the CD49d expressing cells in DMD. I am very happy that ATL1102 reduced T cells expressing CD49d which should enable the assessment of our hypothesis that the number of T cells expressing high levels of CD49d is a progression and severity marker in non-ambulant DMD patients".

The Company advised that the Phase II trial follow up period was continuing with the last two patients in the monitoring phase. The Last Participant Last Visit for the study will be in the beginning of January 2020 with the final study report to be prepared following trial database lock expected 1Q'20.

The Company highlighted that it had been consulting with internationally recognized DMD experts in regard to analyzing the trial data to evaluate the response to therapy within the ATL1102 trial. With reference to the well regarded analysis of the loss of function in non-ambulant patients (most on standard corticosteroid therapy) in publications by Pane et al 2018 and Ricotti et al 2019 and what the authors viewed as a clinically meaningful change on PUL and Myoset measurement parameters, the ATL1102 study appears to show 3 patients (2, 4 and 8) as having improved by a clinically meaningful amount on both PUL and Grip strength. Another patient (1) had a similar clinical improvement on PUL2.0 alone and further 3 (3, 9, and 10) stabilized on this parameter.

Professor Thomas Voit MD, Director, NIHR GOSH Biomedical Research Centre, UK who is an author on the Pinto-Mariz et al 2015 and Ricotti et al 2019 publications had this to say about the trial results and the efficacy being observed in this Phase IIa trial of ATL1102 - "Disease stabilisation or indeed improvement in functional scores in non-ambulant DMD boys is almost unheard of and a very encouraging result. This is even more meaningful as these results have been obtained using different independent measures and over a relatively short trial time of 24 weeks. These results also advise on endpoint choice for a fully powered placebo-controlled registration-enabling study".

Directors' report (continued)

Progress (continued)

The Company again noted that the results continued to be highly supportive of the Company's plans for a Phase IIb clinical trial of ATL1102 in DMD and that Scientific Advice meetings had been held with three European regulatory authorities with a focus on the Phase IIb trial design, dose escalation plans, applicability of the study end-points and the study duration. The Company emphasised that there was general acceptance by the agencies at the meetings on the proposed trial efficacy endpoints (PUL2.0, Myoset), safety monitoring plan, dosing duration (12 months) and the use of higher doses. Encouraging clarification was provided by the agencies that this could be a path to an early regulatory approval on positive Phase IIb results with the next step to follow up the development plan with the European Medicines Agency and subsequent to the finalisation of the results from the current Phase II trial, engage with the Food and Drug Administration on development plans for the US.

What is Duchennes Muscular Dystrophy?

Duchenne Muscular Dystrophy (DMD) is an X-linked disease that affects 1 in 3600 to 6000 live male births (Bushby et al, 2010). DMD occurs as a result of mutations in the dystrophin gene which causes a defect in the protein or reduction or absence of the dystrophin protein. Children with DMD have dystrophin deficient muscles and are susceptible to contraction induced injury to muscle which triggers the immune system which exacerbates muscle damage *(Pinto Mariz, 2015). Ongoing deterioration in muscle strength affects lower limbs leading to impaired mobility, and also affects upper limbs, leading to further loss of function and self-care ability. The need for wheelchair use can occur in early teenage years, with respiratory, cardiac, cognitive dysfunction also emerging. With no intervention, the mean age of life is approximately 19 years. The management of the inflammation associated with DMD is currently via the use of corticosteroids, which have insufficient efficacy and significant side effects.*

ATL1102 for Multiple Sclerosis (MS)

The Company previously reported that it had submitted an Investigational New Drug (IND) application to the FDA for the conduct of Phase IIb trial in MS patients and had received notification from the FDA that the study could proceed at a lower (25mg/week) dose for 6 months under a partial hold introduced by the FDA.

The Company continue to explore the conditions that would allow MS patients to receive higher doses of ATL1102 including potentially generating additional data while also monitoring the progress of ATL1102 DMD trial which could provide support for undertaking studies in MS patients at the FDA approved dose.

Events After Balance Date

The Company announced on 6 February 2020 that following the recently reported positive clinical trial results in the Phase II clinical trial of ATL1102 in Duchenne Muscular Dystrophy (DMD) that affirmed the safety and immunomodulatory activity of the drug on CD49d T cells in the blood with clinical benefits on muscle strength and function, in parallel with progressing plans for the Phase IIb trial in DMD, the Company is now actively exploring clinical development opportunities in other indications where inflammation plays a key role in disease progression including MS. ATL1102 was previously shown to be highly effective in reducing MS inflammatory brain lesions in a Phase IIa clinical trial in Relapsing Remitting -MS patients.

The Company reported that it is consulting with clinical experts on the appropriate next steps for clinical development in MS while also re-engaging with pharmaceutical companies active in the MS space to discuss partnering opportunities. The Company is following up potential sources for non-dilutive grant funding for a Phase IIb clinical trial of ATL1102 in MS patients.

The Company has continued to file new patent applications to protect the use of ATL1102. Recently international patent application PCT/AU 2018/050598 titled 'Methods for treating multiple sclerosis using antisense oligonucleotides' advanced to the national phase in the US, Australia, New Zealand, Canada and Europe. When granted this patent family would provide protection for the use of ATL1102 in MS until 2038, potentially extendible for a further 5 years in the US, Australia and Europe.

What is Multiple Sclerosis?

Multiple Sclerosis (MS) is a life-long, chronic disease that progressively destroys the central nervous system (CNS). It affects approximately 400,000 people in North America and more than 1 million worldwide. It is a disease that affects more women than men, with onset typically occurring between 20 and 40 years of age. Symptoms of MS may include vision problems, loss of balance, numbness, difficulty walking and paralysis. In Australia MS affects over 15,000 people.

Directors' report (continued)

ATL1103 for Acromegaly

ATL1103 also referred to as atesidorsen is an antisense drug designed to block growth hormone receptor (GHr) expression thereby reducing levels of the hormone insulin-like growth factor-I (IGF-I) in the blood and is a potential treatment for diseases associated with excessive growth hormone action. By inhibiting GHr production, ATL1103 in turn reduces IGF-I levels in the blood (serum). There are a number of diseases that are associated with excess GH and IGF-I action. These diseases include acromegaly, an abnormal growth disorder of organs, face, hands and feet; diabetic retinopathy, a common disease of the eye and a major cause of blindness; diabetic nephropathy, a common disease of the kidney and major cause of kidney failure, and certain forms of cancer. ATL1103 is in clinical development as a treatment for acromegaly. Normalizing serum IGF-I levels is the therapeutic goal in the treatment of acromegaly and reducing the effects of IGF-I has a potential role in the treatment of diabetic retinopathy, nephropathy and certain forms of cancer. The Company conducted a successful Phase II trial of ATL1103 with the trial having met its primary efficacy endpoint by showing a statistically significant average reduction in sIGF-1 levels. The results of the Phase II trial have been published in the leading peer-reviewed medical Journal, the European Journal of Endocrinology. (Trainer et al, Eur J Endocrinol, 2018 May 22 - 179: 97-108). The Company also conducted a high dose study of ATL1103 in adult patients with acromegaly in Australia. The US FDA and European Commission have granted Orphan Drug designation to ATL1103 for treatment of Acromegaly.

The Company executed a global agreement with innovative early access provider myTomorrows (Amsterdam, The Netherlands) to implement an Early Access Program (EAP) for ATL1103, for treatment of acromegaly that was to initially be established in selected countries within the European Union (EU).

ATL1103 drug product has been labelled and packaged and has been stored in the United Kingdom for shipment to myTommorrows in the Netherlands for potential EAP distribution subject to myTommorrows clearance for importation.

Progress
On 26 August 2019 the Company advised that following a review by an external Quality Person (QP), requested by myTomorrows, of the manufacturing documentation including this newly generated data, the QP advised that due to the ATL1103 material intended for use in the EAP being supplied by a different manufacturer to the one used for the manufacture of material previously used in the Phase II clinical trial of ATL1103, it would first need to be approved by a European Health authority for use in a new clinical trial, for the material to be cleared for the EAP.

The Company's current development focus is directed towards the clinical development of ATL1102 in DMD. Antisense Therapeutics believes, though, that circumstances could present in the future where the Company has the capacity and justification to continue to invest in the further clinical development of ATL1103, including activation of an EAP. Until that time, the Company will not apply further resources to the EAP process and will continue to direct its focus and funds on the ATL1102 for DMD program.

The Company is also continuing to pursue the potential out-licensing of ATL1103 to support and fund its ongoing clinical development.

What is Acromegaly?
Acromegaly is a serious chronic life threatening disease triggered by excess secretion of growth hormone (GH) by benign pituitary tumours. Oversupply of GH over stimulates liver, fat and kidney cells, through their GH receptors, to produce excess levels of Insulin-Like Growth Factor-I (IGF-I) in the blood manifesting in abnormal growth of the face, hands and feet, and enlargement of body organs including liver, kidney and heart. The primary treatments for acromegaly are to surgically remove the pituitary gland and/or drug therapy to normalize GH and serum IGF-I levels. In North America and Europe there are approximately 85,000 diagnosed acromegaly patients with about half requiring drug therapy.

R&D tax incentives

During the period the Company received from the Australian Taxation Office an R&D Tax Incentive payment of $558,541 in relation to expenditure incurred on eligible R&D activities for the 30 June 2019 financial year.

Directors' report (continued)

Financial position

At 31 December 2019, the Company had cash reserves of $5,128,667 (30 June 2019: $2,903,542)

Events after balance sheet date

The Underwriting of the outstanding Listed Options as at 19 December 2019 was completed on 03 January 2020. The shortfall of 23,297,009 options was taken up via underwriting ($1,863,760) less expenditure ($241,380).

On the 27th February 2020 the Company announced that to help increase the awareness of the Company's ATL1102 for DMD development program and to translate the features and benefits of the program to Key Opinion Leaders in the treatment of Duchenne Muscular Dystrophy (DMD) and DMD Patient Advocacy Groups internationally and in the capital markets, the Company appointed Dr Gil Price as its US based Consultant Medical Director. Dr. Price is an experienced biotech executive and entrepreneur with depth of expertise across clinical asset investment strategy, evaluation, financing and execution. Previously a Director of Sarepta Therapeutics Inc. (2007 - 2016), Dr Price's initial focus will be on accelerating the Company's activities in the US, the world's largest pharmaceutical market.

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

Biotechnology companies – Inherent risks

Pharmaceutical research and development (R&D)

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

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

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

Partnering and licensing

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

Regulatory approvals

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

Directors' report (continued)

Biotechnology companies – Inherent risks (continued)

Regulatory approvals (continued)

Delays may be experienced in obtaining such approvals, or the regulatory authorities may require repeat of different or expanded animal safety studies or human clinical trials, and these may add to the development cost and delay products from moving into the next phase of drug development and up to the point of entering the market place. This may adversely affect the competitive position of products and the financial value of the drug candidates to the Company.

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

Competition

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

Technology and Intellectual Property Rights

Securing rights to technology and patents is an integral part of securing potential product value in the outcomes of pharmaceutical R&D. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that any patents which the Company may own, access or control will afford the Company commercially significant protection of its technology or its products or have commercial application, or that access to these patents will mean that the Company will be free to commercialise its drug candidates. The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology or products to avoid the Company's patented technology or try to invalidate the Company’s patents, or that it will be commercially viable for the Company to defend against such potential actions of competitors.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1 (where rounding is applicable) and where noted ($) under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the class order applies.

Directors' report (continued)

Auditor independence and non-audit services

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

Signed in accordance with a resolution of the Directors.

Mr Robert W Moses
Independent Non-Executive Director

Mr Mark Diamond
Managing Director

Melbourne

Dated: 28 February 2020

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Building a better working world

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

As lead auditor for the review of the half-year financial report of Antisense Therapeutics Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Joanne Lonergan
Partner
28 February 2020

Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Revenue	4	27,494	37,026
Other income	4	309,469	245,136
		336,963	**282,162**
Administrative expenses	5	(885,239)	(705,481)
Occupancy expenses	5	(3,683)	(57,385)
Patent expenses		(51,469)	(114,188)
Research and development expenses	5	(1,240,657)	(883,346)
Foreign exchange (gains)/losses		(553)	(8,675)
Depreciation expenses		(54,426)	(2,807)
Finance costs	9	(7,123)	-
Share-based payments	10	(2,420,086)	-
Loss before tax		**(4,326,273)**	**(1,489,720)**
Income tax benefit/(expense)		-	-
Loss for the period		**(4,326,273)**	**(1,489,720)**
Other comprehensive income/(loss) for the year, net of tax		**-**	**-**
Total comprehensive loss for the year, net of tax		**(4,326,273)**	**(1,489,720)**
Loss per share	8		
Basic loss per share (cents)		($1.02)	($0.40)
Diluted loss per share (cents)		($1.02)	($0.40)

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2019

	Notes	31 December 2019 $	30 June 2019 $
Assets			
Current assets			
Cash and cash equivalents	6	5,128,667	2,903,542
Trade and other receivables	7	342,952	606,468
Prepayments		131,038	186,221
Other Assets	14	241,380	-
		5,844,037	3,696,231
Non-current assets			
Plant and equipment		-	2,299
Right-of-use assets	9	181,031	-
		181,031	2,299
Total assets		**6,025,068**	**3,698,530**
Liabilities			
Current liabilities			
Trade and other payables		856,915	551,486
Other current financial liabilities		118,160	-
Employee benefit liabilities		361,790	328,269
Lease liabilities	9	111,685	-
		1,448,550	879,755
Non-current liabilities			
Employee benefit liabilities		12,195	9,084
Lease liabilities	9	73,786	-
		85,981	9,084
Total liabilities		**1,534,531**	**888,839**
Net Assets		**4,490,537**	**2,809,691**
Equity			
Contributed equity	11	67,525,462	63,938,429
Reserves	12	2,420,086	-
Accumulated losses		(65,455,011)	(61,128,738)
Total equity		**4,490,537**	**2,809,691**

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the half-year ended 31 December 2019

	Contributed equity	Option Reserves	Accumulated losses	Total
	$	$	$	$
As at 1 July 2018	**62,405,510**	**-**	**(58,184,244)**	**4,221,266**
Loss for the period	-	-	(1,489,720)	(1,489,720)
Total comprehensive loss	-	-	(1,489,720)	(1,489,720)
Transactions costs on options issues/capital raising	(8,800)	-	-	(8,800)
At 31 December 2018	**62,396,710**	**-**	**(59,673,964)**	**2,722,746**
As at 1 July 2019	**63,938,429**	**-**	**(61,128,738)**	**2,809,691**
Loss for the period	-	-	(4,326,273)	(4,326,273)
Total comprehensive loss	-	-	(4,326,273)	(4,326,273)
Issue of share capital	3,630,807	-	-	3,630,807
Issue of options	-	2,420,086	-	2,420,086
Transactions costs on options issues/capital raising	(43,774)	-	-	(43,774)
At 31 December 2019	**67,525,462**	**2,420,086**	**(65,455,011)**	**4,490,537**

The accompanying notes form part of these financial statements.

Statement of cash flows

For the half-year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Operating activities			
Payments to suppliers and employers		(2,023,114)	(1,725,815)
R&D tax concession refund		568,639	284,900
Government Grant		14,902	-
Interest received		14,316	43,059
Interest paid		(7,123)	-
Net cash flows used in operating activities		**(1,432,380)**	**(1,397,856)**
Investing activities			
Term Deposits (Over 90+ days)		-	2,400,000
Net cash flows from investing activities		**-**	**2,400,000**
Financing activities			
Payment of lease liabilities		(47,688)	-
Proceeds from issue of securities		3,630,807	-
Capital raising costs		(43,774)	-
Proceeds received from underwriting - Shares Pending issue		118,160	-
Net cash flows from financing activities		**3,657,505**	**-**
Net increase (decrease) in cash and cash equivalents		2,225,125	1,002,144
Cash and cash equivalents at 1 July		2,903,542	1,899,059
Cash and cash equivalents at 31 December	6	**5,128,667**	**2,901,203**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the half-year ended 31 December 2019

1. Summary of significant accounting policies

1.1 Basis of preparation

The condensed financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all notes of the type normally included in an Annual Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the Annual Report.

Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Antisense Therapeutics Limited during the Half Year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(i) New and amended standards adopted by the group

The following Accounting Standards and Interpretations are most relevant to the Company:

(i) AASB 16 Leases

The Company has adopted AASB 16 using the modified retrospective method from 1 July 2019 and has not restated comparatives for the 2019 reporting period, as required under the specific transitional provisions in the standard. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing.

(ii) Impact of adoption

The Group has adopted AASB 16 using the modified retrospective method from 1 July 2019, and has not restated comparatives for the 2019 reporting period, as required under the specific transitional provisions in the standard. The impact of adoption as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 01 July 2019 (AASB117)	$249,480
Operating lease commitments discount based on the weighted average incremental borrowing rate of 6.97%	$233,159
Lease liability recognised as at 1 July 2019	$233,159
Of which are:	
Current lease liabilities	$110,430
Non-current lease liabilities	$122,729
Right-of-use assets increased by	$233,159
Lease liabilities increased by	$233,159
The net impact on retained earnings on 1 July 2019 was	-

For the half-year ended 31 December 2019

1. Summary of significant accounting policies (continued)

1.1 Basis of preparation (continued)

(i) New and amended standards adopted by the group (continued)

(iii) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(iv) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(a) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets , the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

(b) Share-based payments

The value attributed to share options issued is an estimate calculated using the Binomial pricing model. The choice of models and the resultant share option value require assumptions including share price volatility and the price of the shares. The value of share options is reflected in profit or loss over the vesting period.

For the half-year ended 31 December 2019

1. Summary of significant accounting policies (continued)

1.2 Going concern

The Directors have prepared the half year financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss from ordinary activities of $4,326,273 during the half year ended 31 December 2019 ($1,489,720 half year to 31 December 2018) and incurred an operating cash outflow of $1,432,380($1,397,856 half year to 31 December 2018). The cash on hand balance at 31 December 2019 is $5,128,667 ($2,901,203 as at 30 June 2019).

As at 31 December 2019, the Company had a net assets position of $4,490,537 (June 2019: $2,809,691), and current assets exceed current liabilities by $4,395,487 (June 2019: current assets exceeded current liabilities by $2,816,476).

The Company will need to access additional capital within the next 12 months for further clinical development of its various development projects and to continue to pay its debts as and when they fall due.

After consideration of the available facts the Directors have concluded that the going concern basis is appropriate given the Company’s track record of raising capital and the status of ongoing discussions with various parties. Accordingly the financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company initially measures the cost using a binomial model to determine the fair value of the liability incurred. For the measurement of the fair value of equity-settled transactions with key personnel at the grant date, the Company uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

For the half-year ended 31 December 2019

3. Dividends

No dividends have been declared for the period ended 31 December 2019 (31 December 2018: Nil).

4 Revenue and other income

	31 December 2019	31 December 2018
	$	$
Revenue		
Interest from external parties	12,592	37,026
Government grants	14,902	-
Total revenue	**27,494**	**37,026**
Other income		
Research and development tax concession	309,469	245,136
Total other income	**309,469**	**245,136**
Total revenue and other income	**336,963**	**282,162**

a Research and development tax concession

Research and development tax concession for the 31 December 2019 reporting period consists of $309,469 anticipated refund for expenditure incurred in the period (2019: $245,136).

For the half-year ended 31 December 2019

5 Expenses

	31 December 2019	31 December 2018
	$	$
Administrative expenses		
Business development expenses	294,272	188,588
Compliance expenses	119,984	108,846
Corporate employee expenses	449,056	379,618
Office expenses	21,927	28,429
	885,239	**705,481**
Occupancy expenses		
Rent	-	52,435
Other expenses	3,683	4,950
	3,683	**57,385**
Research and development expenses		
ATL 1102	906,032	409,853
ATL 1103	64,750	280,279
Research & Development	269,875	193,214
	1,240,657	**883,346**

6. Cash and cash equivalents

	31 December 2019	30 June 2019
	$	$
Cash at bank and on hand**	3,728,667	403,542
Short-term deposits	1,400,000	2,500,000
	5,128,667	**2,903,542**

** Includes cash received for shares issued subsequent to year-end, refer to Note 14.

7. Trade and other receivables

	31 December 2019	30 June 2019
	$	$
Trade receivables	5,646	834
Research and development tax concession receivable	314,971	574,141
Interest receivable	1,652	3,376
Other receivables	20,683	28,117
	342,952	**606,468**

For the half-year ended 31 December 2019

8. Loss per share (EPS)

Basic EPS amounts are calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders (after adjusting for dilution factors) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on impact of all the dilutive potential ordinary shares into ordinary shares.

	31 December 2019 $	31 December 2018 $
Loss per share		
Basic loss per share (cents)	($1.02)	($0.40)
Diluted loss per share (cents)	($1.02)	($0.40)

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

	31 December 2019 $	31 December 2018 $
Loss attributable to ordinary equity holders of the Parent		
Net profit/(earnings/(losses)) used in the calculation of basic and diluted earnings/(losses) per share	(4,326,273)	(1,489,720)
Loss attributable to ordinary equity holders of the Parent for basic earnings	**(4,326,273)**	**(1,489,720)**
Loss attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	**(4,326,273)**	**(1,489,720)**

	31 December 2019	31 December 2018
Weighted average number of ordinary shares for basic EPS	423,620,000	371,618,638
Effect of dilution:		
Weighted average number of ordinary shares adjusted for the effect of dilution	**423,620,000**	**371,618,638**

For the half-year ended 31 December 2019

9 Leases

In October 2019, the Company entered into a two-year commercial lease on an office in Toorak.

(i) Amounts recognised in the balance sheet.

	31 December 2019
Right-of-Use Assets	**$**
Balance as at 1 July 2019	$233,159
Depreciation (July 2019 to December 2019)	($52,128)
Balance as at 31 December 2019	**$181,031**
Lease Liabilities	
Balance as at 1 July 2019	$233,159
Principal liability payments	($47,688)
Balance as at 31 December 2019	**185,471**

(ii) Amounts recognised in the statement of profit or loss

	31 December 2019
	$
Depreciation charge on right-of-use asset	$52,128
Interest expense (included in finance costs)	$7,123
	$59,251

The total cash outflow for leases as at 31 December 2019 was $54,811.

(iii) The Company's leasing activities and how these are accounted for

The Company's lease agreement does not impose any convenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company has the following leased asset:

• Principal place of business at 6-8 Wallace Avenue, Toorak, Victoria. The lease is for a term of two years, expiring 30 September 2021 with no further option to extend.

	31 December 2019
	$
Right-of-use - Leased premises	$233,159
Less: Accumulated depreciation	($52,128)
	$181,031

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• fixed payments (including in-substance fixed payments),less any lease incentives receivable
• amounts expected to be payable by the lessee under residual value guarantees
• the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,and
• payments of penalties for terminating the lease,if the lease term reflects the lessee exercising that option.

For the half-year ended 31 December 2019

9 Leases (continued)

The lease payments are discounted using the company's incremental borrowing rate.Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs,and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.Short-term leases are leases with a lease term of 12 months or less.

10. Share-based payments

The value attributed to share options and remuneration shares issued is an estimate calculated using an appropriate option-pricing model. The choice of models and the resultant option value require assumptions to be made in relation volatility of the price of the underlying shares.

The 45,000,000 fully vested equity settled options were issued to Directors as per the ASX announcement on 26 April 2019 and subsequent shareholder approval obtained at the AGM on 11 December 2019. The exercise price for 10 million options is 8 cents. The remaining 35 million options have an exercise price of 14.5 cents .

The assessed fair value of options at grant date was determined using the Binomial option pricing model that takes into account the exercise price, term of the option (48 months), security price at grant date and expected price volatility of the underlying security (107.49%), the expected dividend yield (0.00%), and the risk-free interest rate (0.705%) for the term of the security. The volatility was based on analysing the Company's historical trading data for the last 12 months up to and including the valuation date.

Valuation of the options was completed by Independent Valuers; with the Company recognising the $2,420,086 of share-based payment expense in the statement of profit of loss due to immediate vesting (31 December 2018: Nil).

The Option-value model inputs during the half-year 31 December 2019 included:

Grant date	Expiry date	Exercise price ($)	No. of options	Share price at grant date ($)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date per option ($)
2019-12-11	2022-12-10	0.08	10,000,000	0.082	107.49%	0.00%	0.705%	0.0595
2019-12-11	2022-12-10	0.145	35,000,000	0.082	107.49%	0.00%	0.705%	0.0522
			45,000,000					

11. Contributed equity

	Notes	31 December 2019 $	30 June 2019 $
Ordinary fully paid shares	11.1	66,285,350	62,679,009
Options over ordinary shares	11.2	1,240,112	1,259,420
		67,525,462	**63,938,429**

11.1 - Ordinary fully paid shares

	No.	$
As at 1 July 2018	**371,618,638**	**61,165,398**
Shares issued during the period	-	-
Capital Raising costs relating to share issues	-	(8,800)
At 31 December 2018	**371,618,638**	**61,156,598**

For the half-year ended 31 December 2019

11. Contributed equity (continued)

	No.	$
As at 1 July 2019	**420,103,487**	**63,938,430**
Shares issued during the period	45,384,785	3,630,806
Capital Raising costs relating to share issues	-	(43,774)
At 31 December 2019	**465,488,272**	**67,525,462**

11.2 - Options over ordinary shares

	No.	$
At 1 July 2018	**68,681,794**	**1,240,112**
At 31 December 2018	**68,681,794**	**1,240,112**
At 1 July 2019	**68,681,794**	**1,240,112**
Options exercised	(45,384,785)	-
At 31 December 2019	**23,297,009**	**1,240,112**

12. Reserves

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

	31 December 2019 No.	31 December 2019 $	30 June 2019 No.	30 June 2019 $
Unlisted options over fully paid	45,000,000	2,420,086	-	-
Options exercised	-	-	-	-
	45,000,000	2,420,086	-	-

13. Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (Chief Operating Decision Maker) in assessing performance and determining the allocation of resources.

The operating segments are identified by the Managing Director and his executive management team based on the manner in which the expenses are incurred. Discrete financial information about each of these operating segments is reported by the Managing Director to the Board on a regular basis.

The reportable segments are based on aggregated operating segments determined by similarity of expenses, where expenses in the reportable segments exceed 10% of the total expenses for either the current and/or previous reporting period.

Operating segments:

- ATL1102
- ATL1103

For the half-year ended 31 December 2019

13. Segment information (continued)

Year ended 31 December 2019	ATL1102	ATL1103	Total segments	Unallocated	Total segments + Unallocated
	$	$	$	$	$
Revenue	-	-	-	336,963	336,963
Other income	-	-	-	-	-
	-	-	-	**336,963**	**336,963**
Operating Expenses	(906,032)	(64,750)	(970,782)	(3,692,454)	(4,663,236)
Segment results	**(906,032)**	**(64,750)**	**(970,782)**	**(3,355,491)**	**(4,326,273)**

Year ended 31 December 2018	ATL1102	ATL1103	Total segments	Unallocated	Total segments + Unallocated
	$	$	$	$	$
Revenue	-	-	-	282,162	282,162
Operating Expenses	(409,853)	(280,279)	(690,132)	(1,081,750)	(1,771,882)
Segment results	**(409,853)**	**(280,279)**	**(690,132)**	**(799,588)**	**(1,489,720)**

13.1 - Unallocated breakdown

	31 December 2019	31 December 2018
	$	$
Revenue and other income		
Interest from external parties	12,592	37,026
R&D tax concession refund	309,469	245,136
Government Grants	14,902	-
	336,963	**282,162**

	31 December 2019	31 December 2018
	$	$
Expenses		
Compliance expenses	(119,984)	(108,846)
Employee expenses	(449,056)	(572,832)
Business development expenses	(294,272)	(188,588)
Patent expenses	(51,468)	(114,188)
Other expenses	(2,777,674)	(97,297)
	(3,692,454)	**(1,081,751)**

Notes to the financial statements (continued)

For the half-year ended 31 December 2019

14. Events after the reporting period

The Underwriting of the outstanding Listed Options as at 19 December 2019 was completed on 03 January 2020. The shortfall of 23,297,009 options was taken up via underwriting ($1,863,760) less expenditure ($241,380).

The Company announced on 6 February 2020 that following the recently reported positive clinical trial results in the Phase II clinical trial of ATL1102 in Duchenne Muscular Dystrophy (DMD) that affirmed the safety and immunomodulatory activity of the drug on CD49d T cells in the blood with clinical benefits on muscle strength and function, in parallel with progressing plans for the Phase IIb trial in DMD, the Company is now actively exploring clinical development opportunities in other indications where inflammation plays a key role in disease progression including MS. ATL1102 was previously shown to be highly effective in reducing MS inflammatory brain lesions in a Phase IIa clinical trial in Relapsing Remitting -MS patients.

The Company reported that it is consulting with clinical experts on the appropriate next steps for clinical development in MS while also re-engaging with pharmaceutical companies active in the MS space to discuss partnering opportunities. The Company is following up potential sources for non-dilutive grant funding for a Phase IIb clinical trial of ATL1102 in MS patients.

The Company has continued to file new patent applications to protect the use of ATL1102. Recently international patent application PCT/AU 2018/050598 titled ‘Methods for treating multiple sclerosis using antisense oligonucleotides’ advanced to the national phase in the US, Australia, New Zealand, Canada and Europe. When granted this patent family would provide protection for the use of ATL1102 in MS until 2038, potentially extendible for a further 5 years in the US, Australia and Europe.

On the 27th February 2020 the Company announced that to help increase the awareness of the Company’s ATL1102 for DMD development program and to translate the features and benefits of the program to Key Opinion Leaders in the treatment of Duchenne Muscular Dystrophy (DMD) and DMD Patient Advocacy Groups internationally and in the capital markets, the Company appointed Dr Gil Price as its US based Consultant Medical Director. Dr. Price is an experienced biotech executive and entrepreneur with depth of expertise across clinical asset investment strategy, evaluation, financing and execution. Previously a Director of Sarepta Therapeutics Inc. (2007 - 2016), Dr Price’s initial focus will be on accelerating the Company’s activities in the US, the world’s largest pharmaceutical market.

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

Directors' declaration

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

1. In the opinion of the Directors:

   (a) the interim financial statements and notes of Antisense Therapeutics Limited for the financial half-year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including:

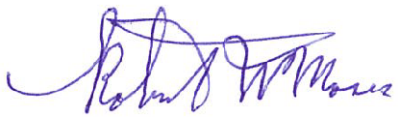
      (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year on that date; and

      (ii) complying with AASB134 Interim Financial Reporting and the *Corporations Regulations 2001*;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial half-year ended 31 December 2019.

On behalf of the board



Mr Robert W Moses
Independent Non-Executive Chairman

Mr Mark Diamond
Managing Director

Melbourne
Dated: This the 28th Day of February 2020.

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Independent Auditor's Review Report to the Members of Antisense Therapeutics Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Antisense Therapeutics Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1.2 in the financial report which describes the principal conditions that indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern. Therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Half-Year Financial Report

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

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst + Young

Ernst & Young

Joanne Lonergan
Partner
Melbourne
28 February 2020

Corporate Information

ACN 095 060 745

DIRECTORS

Mr Robert W Moses
Mr Mark Diamond
Dr Graham Mitchell
Dr Gary Pace
Mr William Goolsbee

COMPANY SECRETARY

Mr Phillip Hains

REGISTERED OFFICE

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Toorak Victoria 3142
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PRINCIPAL PLACE OF BUSINESS

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SHARE REGISTER

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

Antisense Therapeutics Limited Shares are listed on the Australian Securities Exchange (ASX: ANP)

American Depository Receipts (ADR) - OTC:ATHJY

SOLICITORS

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Level 23, 525 Collins Street,
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BANKERS

Commonwealth Bank of Australia
Melbourne Victoria

AUDITORS

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