



APPENDIX 4E

PRELIMINARY FINAL REPORT
GIVEN TO THE ASX UNDER LISTING RULE 4.3A

AMPLIA THERAPEUTICS LIMITED

ACN 165 160 841

FINANCIAL YEAR ENDED 31 MARCH 2019

HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

(figures are in A\$000s)

OTHER INCOME
PROFIT/(LOSS) BEFORE INCOME TAX
PROFIT/(LOSS) AFTER INCOME TAX
WEIGHTED EARNINGS PER SHARE - CENTS

March 2019 \$000s	March 2018 \$000s	Change \$000s	Change %
71	669	(598)	-89%
(1,870)	(4,298)	2,428	-56%
(1,870)	(4,298)	2,428	-56%
(4.7)	(19.0)	14.3	-75%

	<u>Current Year</u>	<u>Previous Year</u>
Interim Dividend	nil	nil
Final Dividend	nil	nil
	nil	nil

The Directors have resolved that no dividend will be paid this year.

Record Date for determining entitlement to Dividend n/a

Payment date of Dividend n/a

The company's Annual General Meeting will be held 30 August 2019 at 2:00pm
Venue: Collins Square, Tower 5, 727 Collins Street, Docklands VIC 3008

COMMENTARY

In May 2018, Innate Immunotherapeutics Limited acquired all the shares of then privately owned Melbourne based biopharmaceutical company Amplia Therapeutics Pty Ltd in exchange for 18,460,308 new ordinary shares issued by Innate. As a result of the transaction, the Company took control of Amplia's Focal Adhesion Kinase (FAK) inhibiting drug candidates AMP886 and AMP945.

These assets represent highly attractive compounds for clinical development possessing excellent potency and drug-like properties, biological selectivity, bioavailability, and manufacturing scale-up potential. The Company is now focused on the development of these drug candidates for potential use in multiple indications including immuno-oncology and chronic fibrosis.

The Amplia transaction occasioned a change in the composition of the Company's Board. Chris Collins, Elizabeth Hopkins, Michael Quinn, and Andrew Sneddon stepped down as directors and remaining board members Robert Peach and Simon Wilkinson were joined by new directors Andrew Cooke, Chris Behrenbruch, Chris Burns, and Dr Warwick Tong.

In September 2018, Innate Immunotherapeutics Limited changed its name to Amplia Therapeutics Limited, at the time noting that the Amplia name reflects the therapeutic action of inhibiting FAK to 'amplify' the effect of existing immuno-oncology and chemotherapeutic drugs in a number of difficult to treat cancers.

The Group loss after tax for the year ended 31 March 2019 was \$1,870k (2018: \$4,298). This result included non-cash expenses of depreciation and amortisation of \$2k (2018: \$20k) and share based compensation of \$244k (2018: \$75k). Since 31 March 2018, the net assets of the Group have increased by \$6,301k to be \$8,665k at 31 March 2019. This increase primarily arises from the value ascribed to the worldwide exclusive licences to develop and commercialise drug candidates AMP886 and AMP945. This intangible asset amount of \$7,938k was supported by an independent valuation in excess of the carrying value adopted.

Research and development expenses decreased to \$736k (2018: \$3,224k). This reflected the Group's new focus on positioning lead candidate AMP945 for a Phase I clinical trial in healthy volunteers in 2020. R&D activities including manufacturing and formulation improvements and commencement of safety and tolerability studies. The significant decrease also reflected a change in the Company's operational model away from directly maintaining research and manufacturing facilities and related employees and instead adopting a 'virtual model' where most activities are contracted out to expert parties.

In line with this change in operational model, General and Administration expenses were reduced by 41% to \$804k (2018: \$1,354k).

In May 2018, the Company completed a 10 for 1 share consolidation which together with the issue of new shares to Amplia shareholders bought the total shares on issue as at 31 March 2019 to 41,023,303.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 March 2019	31 March 2018
	\$000s	\$000s
REVENUE	-	-
OTHER INCOME		
Rent received	-	24
Interest income	20	27
R&D tax incentive	51	618
TOTAL OTHER INCOME	71	669
EXPENDITURE		
Research & development expenses	(736)	(3,224)
Patent and associated expenses	(155)	(102)
Business development expenses	-	(192)
General and administration expenses	(804)	(1,354)
Depreciation & amortisation	(2)	(20)
Share based compensation (directors, employees & non-employees)	(244)	(75)
TOTAL EXPENDITURE	(1,941)	(4,967)
LOSS BEFORE INCOME TAX EXPENSE	(1,870)	(4,298)
Income tax (expense)	-	-
LOSS AFTER INCOME TAX	(1,870)	(4,298)
OTHER COMPREHENSIVE INCOME		
Foreign currency translation	-	(43)
Income tax thereon	-	-
OTHER COMPREHENSIVE INCOME/(LOSS) NET OF INCOME TAX	-	(43)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,870)	(4,341)
 EARNINGS PER SHARE		
Basic and diluted earnings per share (weighted)	(4.7) cents	(19.0) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>31 March 2019</u> \$000s	<u>31 March 2018</u> \$000s
Current Assets		
Cash & cash equivalents	1,241	2,229
R&D incentive accrual	-	168
Other current assets	<u>11</u>	<u>246</u>
Total current assets	<u>1,252</u>	<u>2,643</u>
Non Current Assets		
Property, plant & equipment	2	-
Intangible assets	<u>7,938</u>	<u>-</u>
Total non current assets	<u>7,940</u>	<u>-</u>
Total Assets	<u>9,192</u>	<u>2,643</u>
Current Liabilities		
Accounts payable & accrued liabilities	<u>527</u>	<u>279</u>
Total current liabilities	<u>527</u>	<u>279</u>
Non Current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>527</u>	<u>279</u>
Net Assets	<u>8,665</u>	<u>2,364</u>
Equity		
Paid in capital	130,946	123,019
Foreign currency translation reserve	(1,819)	(1,819)
Share option reserve	456	1,469
Accumulated losses	<u>(120,918)</u>	<u>(120,305)</u>
Total Equity	<u>8,665</u>	<u>2,364</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$000s	Accumulated Losses \$000s	Share Option Reserve \$000s	Foreign Currency Translation \$000s	Total Equity \$000s
CONSOLIDATED ENTITY					
At 1 April 2017	123,019	(116,779)	2,166	(1,776)	6,630
(Loss) after income tax for the year	-	(4,298)	-	-	(4,298)
Other comprehensive income/(loss) net of tax	-	-	-	(43)	(43)
Total comprehensive (loss) after tax	-	(4,298)	-	(43)	(4,341)
Transactions with owners in their capacity as owners					
Issue of shares (net of costs)	-	-	-	-	-
Transfer due to expiry of options	-	772	(772)	-	-
Amortisation of share options	-	-	75	-	75
	-	772	(697)	-	75
At 31 March 2018	123,019	(120,305)	1,469	(1,819)	2,364
(Loss) after income tax for the year	-	(1,870)	-	-	(1,870)
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive (loss) after tax	-	(1,870)	-	-	(1,870)
Transactions with owners in their capacity as owners					
Issue of shares (net of costs)	7,938	-	-	-	7,938
Cost of issuing shares	(11)	-	-	-	(11)
Transfer due to expiry of options	-	1,257	(1,257)	-	-
Amortisation of share options	-	-	244	-	244
	7,927	1,257	(1,013)	-	8,171
At 31 March 2019	130,946	(120,918)	456	(1,819)	8,665

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended 31 March 2019 <u>\$000s</u>	Year Ended 31 March 2018 <u>\$000s</u>
Cash flows related to operating activities		
Rent received	-	24
Interest received	20	28
R&D incentive received	218	1,849
Payments to suppliers	(611)	(3,870)
Payments to employees	(615)	(1,580)
Net Operating Cash Flows	(988)	(3,549)
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(3)	(4)
Proceeds from disposal of property, plant and equipment	-	6
Net investing cash flows	(3)	2
Cash flows related to financing activities		
Issue of ordinary shares & exercise of options	-	-
Capital raising, listing & other costs	(11)	(13)
Net financing cash flows	(11)	(13)
Net increase/(decrease) in cash held	(1,002)	(3,560)
Cash at beginning of period	2,229	5,763
Foreign exchange effect on cash & cash equivalents balances	14	26
Cash at end of period	1,241	2,229
Reconciliation of cash		
Cash & cash equivalents in Statement of Financial Position	1,241	2,229

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STATEMENT OF ACCOUNTING POLICIES - BASIS OF PREPARATION OF FINANCIAL REPORT

This financial report (unaudited) is a general purpose financial report prepared in accordance with the Corporations Act 2001. This financial report does not include notes of the type normally included in an Annual Report (audited) and should be read in conjunction with the most recent annual financial report (audited).

Intangible assets have been accounted for at cost. The carrying value of intangible assets is reviewed for impairment purposes. Any necessary adjustments are made in the period to which they relate. Intangible assets will be amortised over their life. However, as they are yet to be commercialised there is no definitive period for which to calculate the definitive life and are being carried at cost. During the period the intangible assets were the subject of an independent valuation. No impairment was considered necessary and are being carried forward at cost (refer note "Intangible Assets" below).

AASB 15 "Revenue from Contracts with Customers" and AASB 9 "Financial Instruments (2014)" became effective for periods beginning on or after 1 January 2018. Accordingly, the Consolidated Entity applied AASB 15 and AASB 9 for the first time for the year ended 31 March 2019. These standards have not impacted on the transactions and balances in the financial statements. No restatement is made to the prior year comparatives.

The accounting policies applied in preparing the financial statements for the year ended 31 March 2019 are consistent with those applied in preparing the comparative information presented in these financial statements and are the same as those applied by the Consolidated Entity in its consolidated financial report (audited) as at and for the year ended 31 March 2018.

	31 March 2019 <u>\$000s</u>	31 March 2018 <u>\$000s</u>
Profit / (loss) before income tax has been determined after:		
Income		
R&D incentives	51	618
Expenses		
Depreciation - leasehold improvements	-	1
- plant & equipment	-	16
- office furniture & equipment	2	3
Rent & security	-	88
Repairs & maintenance	-	8
Employee benefits	570	1,616
Foreign exchange loss/(gain)	(14)	(18)
Share based compensation - employees & directors	244	75
The remuneration of the auditors was:		
- audit services	46	42
- tax services	13	13
- other services	14	10

DETAILS OF INVESTMENTS IN CONTROLLED ENTITIES

	Ownership Interest	31 March 2019 Investment	Ownership Interest	31 March 2018 Investment
Amplia Therapeutics (UK) Limited	100%	\$180	-	-
- issued share capital of GBP100 fully paid				
Innate Immunotherapeutics (NZ) Limited	100%	\$0	100%	\$0
- issued share capital of NZ\$100 is unpaid at 31 March 2019				
ACN 612 556 948 Pty Ltd (formerly Amplia Therapeutics P/L)	100%	0%	-	-
- issued capital \$10 is unpaid at 31 March 2019				

EARNINGS PER SHARE (EPS)

Details of basic and diluted EPS in accordance with paragraph 9 and 18 of AASB 133:

Earnings used in the calculation of basic EPS	(1,870)	(4,298)
Earnings used in the calculation of diluted EPS	(1,870)	(4,298)

	Number	Number
Weighted average number of shares outstanding during the year		
Basic EPS	39,755,425	22,562,995
Diluted EPS	39,755,425	22,562,995

Options have not been included in the weighted average number of ordinary shares outstanding for the purpose of calculating the diluted EPS as they do not meet the requirements for inclusion under AASB 133.

Options are non-dilutive as the Group result was a loss. Prior period comparatives have been updated in this consolidated financial statements.

	Cents	Cents
Basic EPS - cents	(4.7)	(19.0)
Diluted EPS - cents	(4.7)	(19.0)

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 March 2019 \$000s	31 March 2018 \$000s
NET TANGIBLE ASSET BACKING PER SHARE		
Net tangible asset backing per share - cents	1.8	10.5
DIVIDENDS		
Interim Dividend	nil	nil
Final Dividend	nil	nil
	<u>nil</u>	<u>nil</u>
CONSOLIDATED ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	(120,305)	(116,779)
Net profit attributable to members	(1,870)	(4,298)
Transfer due to expiry of options	1,257	772
Accumulated losses at the end of the financial year	<u>(120,918)</u>	<u>(120,305)</u>
ORDINARY SHARES ON ISSUE		
	NUMBER	NUMBER
Number of shares on issue at 1 April 2018	<u>225,625,991</u>	<u>225,625,991</u>
After consolidation 10 into 1 on 30 April 2018	22,562,995	-
Issued during the period for the acquisition of Amplia Therapeutics (post consolidation)	18,460,308	-
Number of shares on issue 31 March 2019	<u>41,023,303</u>	<u>225,625,991</u>

OPTIONS

There were 3,270,000 (31 March 2018: 15,675,000 - pre consolidation) options outstanding at reporting date. During the period 960,000 options were issued to Non Executive Directors, 1,370,000 options were issued to the Chief Executive Officer and 750,000 options were issued to the Operations Manager. There were 190,000 options that are outstanding and were issued in prior periods that are yet to be exercised/lapsed unexercised.

INTANGIBLE ASSETS

On 26 April 2018 the Company's shareholders approved the acquisition of Amplia Therapeutics Pty Ltd ("ATP") via the issue of 18,460,308 shares. The closing share price on that date was 43 cents. The deemed share consideration paid on acquisition was therefore \$7,937,932. The only asset of ATP at acquisition was an exclusive worldwide license to develop and commercialise the drug candidates AMP945 & AMP886. The Company commissioned an independent valuation of the two drug assets to test the deemed acquisition value for impairment prior to the signing of this report. This independent valuation of the licenses exceeded the deemed total acquisition value of \$7,937,932. Hence, the Company believed it appropriate to carry forward the value of the licenses at the deemed acquisition value i.e. \$7,937,932.

COMMITMENTS AND CONTINGENT LIABILITIES AND ASSETS

Under the above noted in-licence agreement, dated 15 March 2018, the Company must use commercially reasonable efforts to develop AMP945 by filing an Investigational New Drug ("IND") application or commence a Phase I trial within two years and AMP886 by filing an IND or commencing a Phase I trial within three years. There are various milestone payments under the license agreement totaling US\$250,000 for the commencement of Phase I and US\$150,000 for the allowance of the two IND's. Further milestone payments would only become due and payable upon commencing Phase II & III studies, regulatory approvals and ultimately commercialisation.

POST REPORTING DATE EVENTS

At the date of this report, there are no matters or circumstances which have arisen since the end of the financial year which will significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent periods.

GOING CONCERN

The financial statements have been prepared on a going concern basis after taking into consideration the net loss for the twelve months of \$1,870k and the cash and cash equivalents balance of \$1,241k. The going concern basis contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent on it maintaining sufficient funds for its operations and commitments.

On 26 April 2018 (refer above) the Company's shareholders approved the acquisition of Amplia. The Company is now pursuing new opportunities using the acquired licence over the two preclinical drug candidates AMP886 & AMP945 and related knowhow. The exploitation of these opportunities will require future funding. The Directors continue to monitor these ongoing funding requirements and are of the opinion that the financial statements have been appropriately prepared on a going concern basis.

AUDIT STATUS

The accounts are currently in the process of being audited.