ASX ANNOUNCEMENT

Invion Limited
ACN 76 094 730 417

Appendix 4E – Final Report

Financial year ended
30 June 2019

Results for announcement to the market

Current Reporting Period:	30 June 2019
Previous Reporting Period:	30 June 2018

Revenue and Net Profit

	Up/Down from prior year	Change from prior year %	Change from prior year $
Revenue from continuing operations	Up	426%	3,144,383
Total income	Up	333%	2,963,674
Loss from ordinary activities after tax	Increased	175%	1,619,698
Net Loss for the period	Decreased	(78)%	(3,806,035)

Brief explanation of income and profit (loss)
The net loss attributable to the owners of the Company for the period ended 30 June 2019 was $(1,064,098) (2018: $4,870,133 loss). Included in the loss was a $1,482,107 gain from discontinued operations following the spin-out of the Group's respiratory assets on 12 February 2019.

Performance and Shareholder Wealth

	2017	**2018**	**2019**
Earnings/(Loss) Per Share	(0.14)	(0.13)	(0.02)
Net tangible assets per share	0.00	0.00	0.00
Dividend per share	-	-	-
Share Price	$0.003	$0.04	$0.02

Audit Report
This Appendix 4E (Final Report) is based on the audited financial statements for the year ended 30 June 2019, which are attached.

Invion Limited

Financial report

For the year ended 30 June 2019

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DIRECTORS' REPORT

Your Directors present their report of the Invion Group for the financial year ended 30 June 2019. The Invion Group ("Group") consists of Invion Limited ("Invion" or the "Company") and its wholly owned subsidiary, IVX Cosmetics Pty Ltd. The names and details of the Company's Directors in office during the financial year and until the date of this report are detailed below. Directors were in office for the entire period unless noted otherwise.

Thian Chew	Chairman
Greg Collier PhD	Managing Director & CEO
James Campbell PhD	Non-executive Director
Alan Yamashita	Non-executive Director *(appointed 12 February 2019)*
Mitchell Glass MD	Executive VP R&D and Chief Medical Officer *(retired 12 February 2019)*

Mr Thian Chew, Chairman

Appointed Non-executive Director and Chairman, 1 December 2017

Mr Chew has over 25 years' experience in investing, finance and transforming business operations. He is Managing Partner at Polar Ventures, a private investment and consulting firm that provides capital, strategic and operating solutions, focusing on small to mid-sized enterprises in Asia. Mr Chew was previously an Executive Director at Goldman Sachs (Hong Kong and New York) responsible for the firm's proprietary investments including growth capital, private equity and special situations in both private and public companies. Prior to this, he was a Consultant Project Manager to Morgan Stanley, New York. Mr Chew also held a number of positions in KPMG across Asia Pacific including Director at KPMG Consulting (Singapore and Sydney) where he led several large scale operational restructuring, post-merger integration, transformation, and business performance improvement programs. As a Senior Manager at KPMG (Taipei and Melbourne), he led several business process re-engineering initiatives, and also performed financial and information technology audit, risk and assurance engagements across multiple industries. Mr Chew holds an MBA from the Wharton School (Palmer Scholar), MA from the Lauder Institute, University of Pennsylvania, and a Bachelor of Information Systems from Monash University. Mr Chew is an Adjunct Professor at HKUST's MBA program and previously qualified as a chartered accountant.

Greg Collier PhD, Managing Director & CEO

Appointed Managing Director and CEO, 6 May 2013

Dr Collier has more than 25 years experience spanning operational, clinical and scientific aspects of pharmaceutical research, development and commercialisation. He has led the planning and execution of multiple commercial transactions including in and out licensing deals and major M&A activities, and he has successfully taken a drug from discovery through to regulatory approval. Notably, Dr Collier steered ChemGenex Pharmaceuticals from a research-based company with a market capitalisation of $10m to a company with completed clinical trials and regulatory dossiers submitted to the FDA and EMA. In 2011, ChemGenex was sold to Cephalon for $230m. Prior to his commercial pharmaceutical career, Dr Collier had an outstanding academic career resulting in over 150 peer reviewed publications, and senior authorship on 33 patents. Dr Collier was the inaugural Alfred Deakin Professor at Deakin University, and also held positions at Melbourne University, Monash University and the University of Toronto. In 2010, Dr Collier was awarded the Roche Award of Excellence for his contribution to the biotechnology industry. During the previous three years, Dr Collier has also served as a director of Gemini Biotechnology, Prevatex, Barwon Biotechnology, Fusion Biosciences Pty Ltd and Phosphagenics Limited (ASX:POH).

James Campbell PhD MBA, Non-executive Director

Appointed Non-executive Director, 26 February 2012

Dr James Campbell is a senior biotechnology executive with more than 25 years international experience in scientific research, research management, management consulting and venture capital. Dr Campbell has held research positions at the CNRS and the CSIRO. He is a principal of Gemini Biotechnology, a specialist biotechnology advisory services company advising life science companies on M&A, partnering and corporate strategy. Dr Campbell was an executive at ChemGenex Pharmaceuticals for nine years until the company was acquired in 2011, and has served on the investment committee of UniSeed, a $60 million pre-seed venture fund, and various state and local government advisory committees concerning biotechnology. During the previous three years, Dr Campbell has also served as a director of Medibio Limited (ASX:MEB), Gemini Biotechnology, Fusion Biosciences Pty Ltd and Vitality Devices. Dr Campbell is currently a non-executive director of Prescient Therapeutics Limited (ASX:PTX) and is the CEO/MD of Patrys Limited (ASX:PAB).

Alan Yamashita, Non-executive Director

Appointed Non-executive Director, 12 February 2019

Mr Yamashita is a highly experienced corporate consultant and investment professional, with over 40 years' experience in investment management, investment banking and alternative investment throughout the APAC region. From 1999 to 2005, Mr Yamashita was President and CEO of Search Investment Group and founding CEO and CIO of Search Alternative Investment Ltd (SAIL), a major private global hedge fund and private equity investment practice headquartered in Asia. Prior to Search Investments Group, Mr Yamashita was Managing Director and Head of Asia Capital Markets for Merrill Lynch from 1996 to 1998. Mr Yamashita is currently Managing Partner at Polar Ventures and has held numerous positions as a 16-year veteran of Goldman Sachs and an advisor to various companies, including Plantation Timber Partners, Wuhan; Duty Free Shoppers, Asia; TVSN, Shanghai; and Mizuho Alternative Investments LLC.

Mitchell Glass M.D., Executive Vice President R&D and Chief Medical Officer

Retired 12 February 2019

Dr Mitchell Glass is a 27 year veteran of the pharmaceutical industry. His experience is broad: - ranging from senior positions in top ten pharmaceutical companies, to investment in and management of start-ups and biotechs. After seven years of research, teaching and patient care at the University of Pennsylvania, Dr Glass joined ICI Pharmaceuticals in 1988 where he established the pulmonary therapeutics group and led the development and submission of the antileukotriene ACCOLATE®. From 1995-6, Dr Glass was Vice President and Director at SmithKline Beecham where he was responsible for cardiovascular, respiratory, renal and metabolic drug development and commercialisation, including submission of the NDA/MAA for COREG®. From 1998 to 2003, Dr Glass was Chief Medical Officer and VP of Clinical Development and Regulatory Affairs of AtheroGenics Inc. (AGIX), where he led product development from IND to initiation of Phase 3 for AGI1067 and was a member of the IPO team. Dr Glass joined AQUMEN Biopharmaceuticals KK and NA as CEO of AQUMEN NA and a Main Board Director. Since 2008, Dr Glass has been a Director of OrphageniX Inc. (gene editing) and AVATAR Biotechnologies (biosimilars) and a consultant in R&D and fundraising to early stage therapeutics companies. Dr Glass graduated from the University of Chicago and is board certified in internal medicine, pulmonary and critical care medicine.

DIRECTORS' INTERESTS IN INVION SECURITIES

In accordance with section 300(11) of the Corporations Act 2001, the interests of the Directors in the shares and options of Invion Limited, as at the date of this report were:

	Shares	Options
Chew, Thian	548,497,721	27,257,615
Collier, Greg	31,770,932	136,288,073
Campbell, James	4,186,772	20,443,211
Yamashita, Alan	-	20,443,211
	584,455,425	204,432,110

DIRECTORS' MEETINGS

The number of meetings of Directors and committees of Directors held in the year to 30 June 2019, and the number of meetings attended by each Director, is as follows:

	Board of Directors		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
T Chew	8	8	2	2	-	-
G Collier	8	8	-	-	-	-
J Campbell	8	8	2	2	-	-
A Yamashita	3	3	-	-	-	-
M Glass	6	6	-	-	-	-

COMMITTEE MEMBERSHIP

At the date of this report the Company has the following Committees of the Board in place:

- Audit and Risk Management Committee, the members of which are independent Non-executive Director Dr James Campbell (chair) and non-independent Non-executive Director Mr Thian Chew.
- Nomination and Remuneration Committee, the members of which are independent Non-executive Director Dr James Campbell (chair) and non-independent Non-executive Director, Mr Thian Chew.

PRINCIPAL ACTIVITIES OF THE COMPANY IN THE YEAR UNDER REVIEW

The Invion Group consists of Invion Limited and, at 30 June 2019, its wholly owned subsidiary, IVX Cosmetics Pty Ltd. The activity of Invion during the period was directed to the development of the Photosoft™ technology for the treatment of a range of cancers. Invion has been appointed exclusive licensee in Australia and New Zealand of Photosoft™. The appointment has been made by technology licensor, The Cho Group, a Hong Kong based group that has funded and successfully commercialised a number of unique and advanced technologies. Via an R&D services agreement between the two entities, the development of Photosoft™ is funded by The Cho Group.

CORPORATE STRUCTURE

Invion Limited is an entity incorporated and domiciled in Australia. Invion's shares have been publicly traded on the Australian Securities Exchange since its listing on 15 February 2011 (ASX:IVX). At 30 June 2019, the Group had four employees (3.5 FTE) (2018: 2 FTE).

FINANCIAL RESULTS AND DIVIDENDS

The loss after tax of the Group for continuing operations for the year ended 30 June 2019 was $2,546,205 (restated 2018: $926,507 loss). Included in the loss was $309,568 of depreciation and amortisation (restated 2018: $160,000) and share based payment expense of $1,350,168 (2018: $15,174). No dividend was recommended or paid.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity is recorded at the Balance Date at $5,457,265 (2018: $7,906,345) a decrease of $2,449,080. The movement is largely due to the reduction in cash on hand of $2,120,058 for the year.

On 16 November 2018, 19,700,000 unlisted share options on issue to employees and consultants to the Company, lapsed, unexercised.

On 12 February 2019, following Shareholder approval at the Company's General Meeting held 30 January 2019, the Company issued 8,333,333 fully paid ordinary shares for the short-term incentive bonus to MD/CEO to be paid in equity.

Also on 12 February 2019, following Shareholder approval the Company issued 208,520,753 unlisted share options to directors of the Company, and 140,831,010 unlisted share options to employees and consultants of the Company. Options have an exercise price of $0.03 per Option (a 66% premium to market price of shares) and an expiry date of 12 February 2023. 20% of Options vested immediately upon issue, with the remaining options vesting in equal portions over three years commencing 1 December 2019.

At the date of this report there were 351,059,116 (2018: 21,407,353) unissued ordinary shares under options. During the year ended 30 June 2019, no ordinary shares of Invion Limited were issued upon the exercise of share options granted (2018: 40,750,000).

The total issued securities of the Company are as follows:

	At 30 June 2019	**At the date of this Report**
Ordinary shares	5,500,606,300	5,500,606,300
Share Options	351,059,116	351,059,116

REVIEW OF OPERATIONS

Invion is developing Photosoft™ technology as an improved next generation Photodynamic Therapy. PDT uses non-toxic photosensitisers and visible light in combination with oxygen to produce cytotoxic-reactive oxygen that kills malignant cells, shuts down tumours and stimulates the immune system. A potential alternative to surgery, and in contrast to radiotherapy and chemotherapy which are mostly immunosuppressive, PDT causes acute inflammation, expression of heat-shock proteins, and invasion and infiltration of a tumour by leukocytes.

Invion retains the commercialisation and distribution rights to Photosoft™ in Australia and New Zealand. The development of Photosoft™ is funded via an R&D agreement with The Cho Group, which sees The Cho Group providing non-dilutive funding to the company covering all development costs to meet pre-agreed development milestones.

RESEARCH, FORMULATION AND DEVELOPMENT OF THE PHOTOSOFT™ TECHNOLOGY

On 5 July 2018, the Company announced that the initial characterisation of its in-licenced Photosoft™ technology asset had been completed in ovarian cancer under Invion's Research & Development Alliance with Hudson Institute of Medical Research. The studies showed that the Photosoft™ technology caused efficient and highly effective cancer cell destruction *in vitro*.

On 10 September 2018, the Company announced that Photosoft™ had received patent protection in the area of cancer treatment until 2033. On 25 September 2018, the Company announced new *in vitro* data that showed IVX-P02, an improved formulation of PhotosoftTM, was 15 times more effective than Photosoft™ at killing ovarian cancer cells.

On 7 November 2018, Invion announced partnerships with Formulytica and vivoPharm to formulate and test a gel version of IVX-P02 as a photodynamic therapy (PDT) gel targeted to treat skin cancers.

On 16 January 2019, the Company announced the appointments of three new members to the Company's Scientific Advisory Board (SAB), which is expected to advance plans for clinical trials.

On 30 January 2019, at its General Meeting, Shareholders approved the appointment of Mr Alan Yamashita as a Non-Executive Director. At the General Meeting, Shareholders also approved the issue of 208,520,753 Share Options to Directors and $150,000 worth of Invion Shares to the Managing Director and CEO. The issue of Invion Shares to the Managing Director and CEO occurred on 12 February 2019. Each share was issued at the market price of $0.018 resulting in 8,333,333 shares issued. The issue of Share Options to Directors occurred on 12 February 2019. In addition, 154,459,817 Share Options were issued to employees and consultants to the Company. Share Options issued each have an exercise price of $0.03, an expiry date of 12 February 2023.

On 28 May 2019, the Company announced that its research partner, the Hudson Institute of Medical Research, had completed initial *in vivo* experiments in animal models to examine the uptake, localisation and clearance from tumour tissue of Invion's photosensitiser, IVX-P02. Dr Andrew Stephens, Group Head of the Ovarian Cancer Biomarkers Research Group at the Hudson Institute, said a highlight of the *in vivo* testing was the demonstrated uptake of IVX-P02 in circulating tumour cells (CTCs). CTCs are cells that have shed from a primary tumour and are carried around the body in the blood. Dr Stephens said the finding was significant because it suggested that IVX-P02 may have an application in the treatment of metastatic cancer, that is, cancer that has spread from the primary site of origin to different areas of the body.

The *in vivo* data also showed that injected IVX-P02 cleared rapidly from circulation, with around 90% gone within 30 minutes and largely undetectable after two hours. Increasing doses up to 10mg/kg had no influence on the clearance rate. The IVX-P02 accumulated in tumour tissue within 30 minutes of injection and was retained within tumour tissue for at least 48 hours after administration. As anticipated from the *in vitro* studies, there was no toxicity noted for any dose of IVX-P02 tested. Furthermore, there was no identification of any evidence of retention in any other organs, including the liver, kidney, spleen, ovaries, fallopian tube, lung, heart, brain or intestine.

SPIN-OUT OF RESPIRATORY ASSETS

On 5 September 2018, the Company announced it intended to spin-off its two respiratory assets, Nadolol and Zafirlukast, into a new public unlisted company, Chronic Airway Therapeutics Limited (CAT), which would develop the products initially in China, with plans to advance towards Phase III clinical trials for Nadolol in 2019.

At the General Meeting held on 30 January 2019, Shareholders approved all resolutions relating to the Company's spin-out of respiratory assets. The record date for the spin-out transaction was 4 February 2019, and the spin-out transaction completed on 12 February 2019, at which point each eligible Shareholder in Invion held one share in CAT for each eligible share they held in Invion. The completion of the transaction did not alter the issued capital of Invion.

Upon completion of the spin-out, Dr Mitchell Glass retired from the Board of Directors to focus on the continued development of the respiratory assets in CAT, where he is appointed Executive Director.

FORWARD STRATEGY AND OPERATIONAL TARGETS

Invion is developing the Photosoft™ technology as an improved next generation Photodynamic Therapy. PDT uses non-toxic photosensitisers and visible light in combination with oxygen to produce cytotoxic-reactive oxygen that kills malignant cells, shuts down tumours and stimulates the immune system. A potential alternative to surgery, and in contrast to radiotherapy and chemotherapy which are mostly immunosuppressive, PDT causes acute inflammation, expression of heat-shock proteins, and invasion and infiltration of a tumour by leukocytes.

Invion will conduct clinical development of Photosoft™ globally. The opportunities for treatment of skin cancer and other topical applications, as well as intravenous treatment of lung, ovarian and prostate cancer are being explored. Through its R&D services agreement with Invion, The Cho Group will provide non-dilutive funding for the clinical trials. The clinical development program is being designed and managed by a joint steering committee between the two companies.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The likely developments in the operations of the Group and the expected results from those operations in future financial years will be affected by the success of management in reaching critical development and commercial milestones in its core program if the development of the Photosoft™ technology. This will include developing and expanding existing and emerging commercial partnerships with leading global healthcare companies, securing one or more commercial transactions for the Group's drug asset under development.

REGULATORY AND ENVIRONMENTAL MATTERS

Invion is required to carry out its activities in accordance with applicable environment and human safety regulations in each of the jurisdictions in which it undertakes its operations. The Company is not aware of any matter that requires disclosure with respect to any significant regulations in respect of its operating activities, and there have been no issues of non-compliance during the year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 22 July 2019, the Company announced that Chief Operating Officer, Craig Newton would transition to the role of Chief Executive Officer effective 1 November 2019. Craig joined Invion as Chief Operating Officer in April 2018, and since that time has recruited a strong and experienced clinical development team. Craig has over 30 years of experience in senior business and operational roles gained at various leading global companies including CSL, Serono UK, Bio Nova International, AVAX Australia and Cryptome Pharmaceuticals. The Company reported that Dr Greg Collier is set to retire as MD and CEO, effective 31 October 2019, and that Dr Collier would remain on the Board as a Non-Executive Director.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who 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.

For the purposes of this report, the term "Director" refers to non-executive directors (NEDs) only. "KMP" refers to executive directors and other key management personnel.

The names and details of the Directors and KMP of the Group in office during the financial year and until the date of this report are detailed below. Unless otherwise noted, Directors and KMP listed are in office at the date of the report. There were no changes to KMP after 30 June 2019 and before the date this financial report was authorised for issue.

(i) Non-executive Directors

Thian Chew	Chair
James Campbell PhD	Director
Alan Yamashita	Director (appointed 12 February 2019)

(ii) Executive Directors

Greg Collier PhD	Managing Director & CEO
Dr Mitchell Glass	EVP R&D and Chief Medical Officer (retired 12 February 2019)

(iii) Other key management personnel

Craig Newton	Chief Operating Officer
Melanie Farris	Chief Financial Officer and Company Secretary

Remuneration practice and philosophy

The Group's guiding principle for remuneration is that remuneration should be simple and transparent, should reward achievement, and should facilitate the alignment of shareholder and executive interests. The Company's philosophy is that shareholder and executive interests are best aligned:

- by providing levels of fixed remuneration and 'at risk' pay sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy;
- by ensuring 'at risk' remuneration is contingent on outcomes that grow and/or protect shareholder value; and,
- by ensuring a suitable proportion of remuneration is received as a share-based payment.

Policy and process for remuneration setting and review

The Group aims to reward personnel with a level and mix of remuneration commensurate with their position and responsibilities so as to:

- attract and retain appropriately capable and talented individuals to the company;
- reward personnel for corporate and individual performance;
- align the interest of personnel with those of shareholders; and
- build a strong cohesive leadership team which can deliver execution excellence against the strategy.

Remuneration consists of:

- total fixed remuneration: base salary and superannuation; and
- 'at risk' remuneration: short-term incentives (STI) and long-term incentives (LTI).

There are no automatic adjustments to individual total fixed remuneration other than those required by law. Position descriptions are prepared for all positions. Position descriptions are reviewed when necessary due to internal or external changes and are considered as part of the annual performance and remuneration review. The Nomination and Remuneration Committee recommends to the Board the remuneration packages for KMPs. The Committee may seek external advice to determine the appropriate level and structure of the remuneration packages. The CEO determines remuneration packages for non-KMP team members.

Total fixed remuneration

To ensure that the Company continues to attract, retain and motivate talented staff at a competitive cost, the Company will aim to align total fixed remuneration to the median rate paid by others operating in the relevant market, with consideration given to experience, qualifications, performance and other non-financial benefits. Total fixed remuneration will be reviewed using market data to determine what, if any, adjustments may need to be made to individual remuneration.

'At risk' remuneration

'At risk' remuneration elements are paid/issued following the performance and remuneration review conducted by executive management; assessment by the Nomination and Remuneration Committee; and approval by the Board.

Short-term incentives (STI): cash bonus

STIs comprise up to 30% of fixed remuneration for the CEO and between 10% and 25% for other personnel. To provide a framework for the assessment of performance and remuneration, each year, Key Performance Indicators (KPIs) will be determined on a corporate and individual basis, based on the Board approved annual operational plan. Corporate KPIs will be approved by the Board, and individual KPIs and commercial targets will be set by the CEO. STI calculations and actual payment are based on achievement of KPIs.

Long-term incentives (LTI): equity grants

LTIs are offered to incentivise, reward and retain personnel, and to align the interests of personnel and shareholders. The Nomination and Remuneration Committee considers the recommendation of the CEO regarding the issue of LTIs in light of the performance, financial position and current issued capital of the company. There will be no automatic grant of LTIs. At the discretion of the Board, the Company may also offer grants of LTIs as an award to incentivise high-quality prospective employees to join the company.

The terms of any LTI grant are determined by the Board. LTI grants normally take the form of the issue of unlisted share options. Share options are normally issued under the company's equity incentive plan (EIP). All grants of equity are determined by the Board.

Prior to 31 December 2018, the Board reviewed the general terms of new options to be issued. Options will be typically granted with an exercise price that is between a 40-60% premium to the market price of shares on the day of issue, and with an expiry date that is between three and four years from the date of issue. As LTIs are offered to incentivise, reward and retain personnel, options will typically vest over a number of years.

The terms of the options, and what happens to options in the event of cessation of employment, are at the discretion of the Board. However generally, in the event that a holder of unvested options ceases to be employed, then at the absolute discretion of the Board, if the ceasing of employment is due to death or permanent disability, or in any other circumstances determined by the Board to be on a "good leaver" basis, the next tranche of unvested options vests and becomes exercisable for 30 days after the last day of engagement, after which those options expire. If at the absolute discretion of the Board, the ceasing of employment occurs for any other reason than in "good leaver" circumstances, including, but not limited to, termination for cause, or due to resignation, all unvested options lapse immediately and the expiry date is taken to have occurred on the last day of engagement. In the event of a change of control, the Board, at its absolute discretion, may determine that a proportion or all unvested awards will vest.

Nomination and Remuneration Committee

The objective of the Nomination and Remuneration Committee is to assist the Board in fulfilling its duties and responsibilities by reviewing, advising and making recommendations to the Board on:

(a) Nomination

- Board composition and succession planning, taking into account diversity objectives and the mix of Director skills and experience;
- induction and continuing education for Directors;
- Board performance evaluation; and
- the performance of the CEO and key management personnel

(b) Remuneration

- implementing policies for the purposes of using remuneration to foster long-term growth and success;
- monitoring the implementation by management of the Board's strategic objectives and policies;
- remuneration for Non-Executive Directors; and
- remuneration and incentive arrangements for the CEO and other key management personnel.

Non-Executive Director remuneration

In accordance with the Constitution of the Company and ASX Listing Rules, the aggregate remuneration of Non-executive Directors is determined from time to time by General Meeting. The last determination for Invion Limited was made at the General Meeting of Shareholders held on 15 July 2011. At that Meeting, Shareholders approved an aggregate annual remuneration pool for Non-executive Directors of $750,000. The total Non-executive Director remuneration of Invion Limited for the year ended 30 June 2019 utilised $165,536 of this authorised amount. The Board will not seek an increase at the next Annual General Meeting.

Fees to Non-executive Directors reflect the obligations, responsibilities and demands which are made on Directors. Non-executive Directors' fees are reviewed periodically by the Board. In conducting these reviews, the Board considers market information to seek to ensure that fees are in line with the market, as well as the financial position of the Company. Although the Chairman of the Board receives a higher fee, the remuneration of Non-executive Directors consists only of Directors fees, NEDs do not receive committee fees or retirement benefits.

Remuneration for the year ended 30 June 2019

The below tables shows details of the remuneration expenses recognised for KMP measured in accordance with the requirements of the accounting standards.

				STI	LTI	Total	Bonus and Option	Bonus and Option
	Salary & Fees	Superann-uation	Other	Discretion-ary Bonus	Share-based payment (Options)			
	$	$	$	$	$	$	$	%
Non-executive Directors								
T Chew	90,000	-	-	-	48,055	138,055	48,055	34.81%
J Campbell	54,740	-	-	-	36,041	90,781	36,041	39.70%
A Yamashita (i)	20,796	-	-	-	36,041	56,837	36,041	63.41%
	165,536	-	-	-	120,137	285,673	120,137	-
Executive Directors								
G Collier (ii)	330,000	31,350	-	150,000	240,274	751,624	390,274	51.92%
M Glass (iii)	142,185	-	-	-	7,208	149,393	7,208	4.82%
	472,185	31,350	-	150,000	247,482	901,017	397,482	-
KMP								
C Newton (iv)	195,000	19,712	-	12,500	120,137	347,349	132,637	38.19%
M Farris (v)	166,000	-	-	-	80,091	246,091	80,091	32.55%
	361,000	19,712	-	12,500	200,228	593,440	212,728	-
Total for all KMP	998,721	51,062	-	162,500	567,847	1,780,130	730,347	-

(i) Appointed 12 February 2019
(ii) On 12 February 2019, following Shareholder approval at the Company's General Meeting held 30 January 2019, the Company issued 8,333,333 fully paid ordinary shares for the short-term incentive bonus to MD/CEO to be paid in equity.
(iii) Retired 12 February 2019
(iv) During the first half of the year, C Newton was employed less than a full time equivalent.
(v) M Farris provides services to the Company on a consulting basis. Ms Farris provides the Chief Financial Officer declaration to Directors required under Section 295A of the Corporations Act.

Remuneration for the year ended 30 June 2018

	Salary & Fees	Superannuation	Other	STI Discretionary Bonus	LTI Share-based payment (Options)	Total	Bonus and Option	Bonus and Option
	$	$	$	$	$	$	$	%
Non-executive Directors (i)								
T Chew	52,500	-	-	-	-	52,500	-	0%
J Campbell	13,688	-	-	-	-	13,688	-	0%
W Brown	-	-	-	-	-	-	-	0%
G Brown	-	-	-	-	-	-	-	0%
	66,188	-	-	-	-	66,188	-	-
Executive Directors (ii)								
G Collier	218,333	20,742	-	-	4,221	243,296	4,221	2%
M Glass	38,867	-	-	-	-	38,867	-	0%
	257,200	20,742	-	-	4,221	282,163	4,221	-
Other KMP (iii)								
M Farris	138,000	-	-	-	-	138,000	-	0%
T Coogan (iv)	31,378	-	-	-	-	31,378	-	0%
	169,378	-	-	-	-	169,378	-	-
Total for all KMP	492,766	20,742	-	-	4,221	517,729	4,221	-

(i) Due to the transitional and interim nature of Invion's activities and operations in the Financial Year ended 30 June 2018, Non-Executive Directors forfeited all fees payable. W Brown and G Brown retired from the Board 22 March 2018.

(ii) During the Financial Year ended 30 June 2018, Executive Directors took a portion of salary and fees payable, forfeiting the balance.

(iii) M Farris provides company secretary and head of operations services to the Company on a consulting basis. T Coogan provides the Company with accounting services on a consulting basis. Ms Farris and Mr Coogan together provide the Chief Financial Officer declaration to Directors required under Section 295A of the Corporations Act.

(iv) T Coogan is not designated 'key management personnel' for the financial year ended 30 June 2019.

Employment contracts

All Executive Directors and KMP have rolling contracts, not limited by term. Details of current Executive Director and KMP contracts are as follows:

Executive	Remuneration	Notice period	STI and treatment of STI on termination	LTI and treatment of LTI on termination
Dr Greg Collier	Base salary of $330,000 subject to annual review. Exclusive of superannuation paid at government-	Termination: accrued legal entitlements plus severance of up to 12 months base salary (subject to any limitations under	Eligible to receive an annual bonus of up to 30% of base salary. Payout of any performance bonus is at the discretion of the Board.	Eligible to participate in the company's Employee Share Option Plan (ESOP). Any issue of shares or options is subject to shareholder approval.

	determined levels (currently 9.50%).	the Corporations Act). Termination for cause: accrued legal entitlements.	The treatment of STIs on termination is at Board discretion.	The treatment of LTIs on termination is at Board discretion.
Craig Newton	Base salary of $225,000 per annum (FTE) subject to annual review. Exclusive of superannuation paid at government-determined levels (currently 9.50%).	Termination: accrued legal entitlements plus severance of up to three months base salary (subject to any limitations under the Corporations Act). Termination for cause: accrued legal entitlements.	Eligible to receive an annual bonus of up to 25% of base salary. Payout of any performance bonus is at the discretion of the Board. The treatment of STIs on termination is at Board discretion.	Eligible to participate in the company's Employee Share Option Plan (ESOP). Any issue of shares or options is subject to shareholder approval. The treatment of LTIs on termination is at Board discretion.

Shareholdings of Directors, Executives and Key Management Personnel for the year ended 30 June 2019

	Balance 1 July	Shares issued from Options exercised	Net Acquired/ (Disposed)	Balance 30 June
T Chew	545,217,721		1,640,000	546,857,721
G Collier	23,437,599	-	8,333,333	31,770,932
J Campbell	4,186,772	-	-	4,186,772
A Yamashita	-	-	-	-
C Newton	-	-	-	-
M Farris	56,000	-	-	56,000
	572,898,092	-	**9,973,333**	582,871,425
M Glass (i)	8,706,932	-	-	8,706,932
	581,605,024	**-**	**9,973,333**	**591,578,357**

(i) M Glass retired from the Board on 12 February 2019.

Option holdings of Directors, Executives and Key Management Personnel for year ended 30 June 2019

	Award date	Awarded	Exercise price $	Expiry date	Fair value per option $	Vesting date	Vesting number	Vested during the year	Lapsed or forfeited during the year	Exercised during the year	Eligible to exercise at 30 June 2019	Unvested at 30 June 2019
T Chew	12-Feb-19	27,257,615	0.03	12-Feb-23	0.0124	12-Feb-19	5,451,523	5,451,523	-	-	5,451,523	-
						01-Dec-19	5,451,523	-	-	-	-	5,451,523
						01-Dec-20	5,451,523	-	-	-	-	5,451,523
						01-Dec-21	5,451,523	-	-	-	-	5,451,523
						01-Dec-22	5,451,523	-	-	-	-	5,451,523
G Collier	12-Feb-19	136,288,073	0.03	12-Feb-23	0.0124	12-Feb-19	27,257,615	27,257,615	-	-	27,257,615	-
						01-Dec-19	27,257,615	-	-	-	-	27,257,615
						01-Dec-20	27,257,615	-	-	-	-	27,257,615
						01-Dec-21	27,257,615	-	-	-	-	27,257,615
						01-Dec-22	27,257,615	-	-	-	-	27,257,615
J Campbell	12-Feb-19	20,443,211	0.03	12-Feb-23	0.0124	12-Feb-19	4,088,642	4,088,642	-	-	4,088,642	-
						01-Dec-19	4,088,642	-	-	-	-	4,088,642
						01-Dec-20	4,088,642	-	-	-	-	4,088,642
						01-Dec-21	4,088,642	-	-	-	-	4,088,642
						01-Dec-22	4,088,642	-	-	-	-	4,088,642
A Yamashita	12-Feb-19	20,443,211	0.03	12-Feb-23	0.0124	12-Feb-19	4,088,642	4,088,642	-	-	4,088,642	-
						01-Dec-19	4,088,642	-	-	-	-	4,088,642
						01-Dec-20	4,088,642	-	-	-	-	4,088,642
						01-Dec-21	4,088,642	-	-	-	-	4,088,642
						01-Dec-22	4,088,642	-	-	-	-	4,088,642
C Newton	12-Feb-19	68,144,037	0.03	12-Feb-23	0.0124	12-Feb-19	13,628,807	13,628,807	-	-	13,628,807	-
						01-Dec-19	13,628,807	-	-	-	-	13,628,807
						01-Dec-20	13,628,807	-	-	-	-	13,628,807
						01-Dec-21	13,628,807	-	-	-	-	13,628,807
						01-Dec-22	13,628,807	-	-	-	-	13,628,807
M Farris	12-Feb-19	45,429,358	0.03	12-Feb-23	0.0124	12-Feb-19	9,085,872	9,085,872	-	-	9,085,872	-
						01-Dec-19	9,085,872	-	-	-	-	9,085,872
						01-Dec-20	9,085,872	-	-	-	-	9,085,872
						01-Dec-21	9,085,872	-	-	-	-	9,085,872
						01-Dec-22	9,085,872	-	-	-	-	9,085,872
		318,005,505					**318,005,505**	**63,601,101**			**63,601,101**	**254,404,404**

The disclosure of shares and options held by key management personnel are determined in accordance with the requirements of AASB 124, which requires that KMP holdings also include the holdings of 'close family members'. Disclosure of 'close family member' holdings is not required by *the Corporations Act 2001* (Cth) and therefore the figures shown above may differ from those holdings reported in at Note 19 to the Consolidated Financial Statements.

INVION LIMITED PERFORMANCE AND SHAREHOLDER WEALTH

Relative movements in Basic Earnings per share, Net tangible assets per share and Dividend per share (cents per share) for the last five years are as follows. Period end share price has been included as one measure of shareholder wealth:

	2015	2016	2017	2018	2019
Earnings/(Loss) Per Share from continuing operations	(1.55)	(0.41)	(0.14)	(0.02)	(0.05)
Net tangible assets per share	0.00	0.00	0.00	0.00	0.00
Dividend per share	-	-	-	-	-
Share Price	$0.019	$0.004	$0.003	$0.034	$0.015

INDEMNITY

Subject to the Corporations Act and rule 26.2 of the Constitution of Invion Limited, the Company must indemnify each Director, Secretary and Executive Officer to the maximum extent permitted by law against any liability incurred by them by virtue of their holding office as, and acting in the capacity of, Director, Secretary or Executive Officer of the Company, other than:

a) a liability owed to the Company or a related body corporate of the Company;

b) a liability for a pecuniary penalty order under section 1317G Corporation Act or a compensation order under section 1317H Corporations Act;

c) a liability owed to a person other than the Company that did not arise out of conduct in good faith.

The Company has paid premiums in respect of a contract insuring its Directors, the Company Secretary and Executive Officers for the financial year ended 30 June 2019. Under the Company's Directors and Officers Liability Insurance Policy, the Company cannot release the nature of the liabilities insured by the policy or the amount of the premium.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A statement of independence has been provided by the Company's auditor, Ernst & Young, and is included in the attached financial report.

NON-AUDIT SERVICES

No non-audit services were conducted by the Company's auditor in the financial year ended 30 June 2019.

COMPANY SECRETARY

Melanie Farris FGIA FCIS MAICD

Melanie holds a Bachelor of Communication (Public Relations), and a Graduate Diploma in Applied Corporate Governance. She is a Fellow of the Governance Institute of Australia, a Fellow of the Institute of Chartered Secretaries (UK) and a Member of the Australian Institute of Company Directors.

CORPORATE GOVERNANCE STATEMENT

Invion Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2019 Corporate Governance Statement reflects the corporate governance practices in place throughout the financial year ended 30 June 2019 and is available in the Investor section of the Company's website: https://www.inviongroup.com/Investor%20Centre/company-info/asx-announcements.

Signed in accordance with a resolution of Directors

Thian Chew
Chairman
28 August 2019

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 $	2018 (restated) $
Continuing Operations			
Revenue from contracts with customers	6a	**3,882,096**	737,713
Other (expense) / income	6b	**(28,823)**	151,886
Employee benefits expense	6e	**(701,721)**	(320,579)
Depreciation, amortisation	6d	**(309,568)**	(160,000)
Finance costs	6g	**-**	(117,927)
Administration and corporate expense	6c	**(1,411,608)**	(769,341)
Rent and occupancy expense		**(99,794)**	(23,096)
Share based payment expense	20a	**(1,350,168)**	(15,174)
Research and development costs	6f	**(2,230,333)**	(363,656)
Patent costs		**(26,561)**	(7,230)
Business development		**(269,725)**	(39,103)
Loss before income tax from continuing operations		**(2,546,205)**	(926,507)
Income tax benefit (expense)	7	**-**	-
Loss from continuing operations after Income tax		**(2,546,205)**	(926,507)
Gain / (loss) from Discontinued Operations after tax	24	**1,482,107**	(3,943,626)
Net loss		**(1,064,098)**	(4,870,133)
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
Unrealised exchange differences on translation of foreign subsidiary	16	**(1,851,548)**	306,703
Total comprehensive loss for the year		**(2,915,646)**	(4,563,430)
Basic earnings per share for loss attributable to the ordinary equity holders of the parent			
Loss per share (cents)	17	**(0.02)**	(0.13)
Loss per share of continuing operations (cents)	17	**(0.05)**	(0.02)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the Financial Statements.

Consolidated Statement of Financial Position
as at 30 June 2019

	Notes	2019 $	2018 $
Current Assets			
Cash and cash equivalents	18a	**771,313**	2,891,371
Trade and other receivables	8	**120,575**	91,770
Other current assets	9	**50,270**	77,617
Total Current Assets		**942,158**	3,060,758
Non-Current Assets			
Property, plant and equipment	10	**4,819**	-
Intangible assets	11	**5,115,000**	7,288,272
Total Non-Current Assets		**5,119,819**	7,288,272
Total Assets		**6,061,977**	10,349,030
Current Liabilities			
Trade and other payables	12	**490,567**	782,070
Unearned income	8	**50,270**	886,264
Financial liabilities	12	**-**	20,295
Short-term provisions	13	**63,875**	93,024
Total Current Liabilities		**604,712**	1,781,653
Non-Current Liabilities			
Deferred tax liabilities	7b	**-**	652,494
Long-term provisions	13	**-**	8,538
Total Non-Current Liabilities		**-**	661,032
Total Liabilities		**604,712**	2,442,685
Net Assets		**5,457,265**	7,906,345
Equity			
Issued capital	14	**130,555,435**	132,140,700
Reserves	16	**23,119,839**	23,771,219
Accumulated losses		**(148,218,009)**	(148,005,574)
Total Equity		**5,457,265**	7,906,345

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

	Note	Issued capital $	Options reserve $	Foreign currency translation reserve $	Convertible note reserve $	Accumulated losses $	Total equity $
As at 1 July 2018		132,140,700	19,432,957	1,851,548	2,486,714	(148,005,574)	7,906,345
Loss for the period		-	-	-	-	(1,064,098)	(1,064,098)
Other comprehensive income		-	-	(1,851,548)	-	-	(1,851,548)
Total comprehensive loss		**-**	**-**	**(1,851,548)**	**-**	**(1,064,098)**	**(2,915,646)**
Spin-out of subsidiary	24	(1,735,265)	-	-	-	851,663	(883,602)
Share based payment	20	150,000	1,200,168	-	-	-	1,350,168
As at 30 June 2019		**130,555,435**	**20,633,125**	**-**	**2,486,714**	**(148,218,009)**	**5,457,265**

	Note	Issued capital $	Options reserve $	Foreign currency translation reserve $	Convertible note reserve $	Accumulated losses (restated) $	Total equity $
As at 1 July 2017		123,693,298	19,417,783	1,544,845	2,486,714	(143,135,441)	4,007,199
Loss for the period		-	-	-	-	(4,870,133)	(4,870,133)
Other comprehensive income		-	-	306,703	-	-	306,703
Total comprehensive loss		**-**	**-**	**306,703**	**-**	**(4,870,133)**	**(4,563,430)**
Issue of share capital	14	8,707,534	-	-	-	-	8,707,534
Transaction costs	14	(260,132)	-	-	-	-	(260,132)
Share based payment	20	-	15,174	-	-	-	15,174
As at 30 June 2018		**132,140,700**	**19,432,957**	**1,851,548**	**2,486,714**	**(148,005,574)**	**7,906,345**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Financial Statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from/(used in) operating activities			
Payments to suppliers and employees		**(5,406,962)**	(1,154,336)
Receipts from customers		**3,299,935**	1,779,283
R&D tax rebate received		**-**	81,068
Interest received		**1,334**	1,072
Net cash received/ (used in) operating activities	18b	**(2,105,693)**	707,087
Cash flows from/(used in) investing activities			
Payment for property, plant and equipment		**(6,054)**	-
Subsidiary Bank Account transferred on spin-out		**(7,554)**	-
Net cash provided by/ (used in) investing activities		**(13,608)**	-
Cash flows from/(used in) financing activities			
Repayment of borrowings		**-**	(1,237,600)
Repayment of accrued interest		**-**	(415,634)
Proceeds from issue of shares		**-**	3,207,534
Costs of capital raising		**-**	(286,145)
Net cash provided by financing activities		**-**	1,268,155
Net (decrease) / increase in cash held		**(2,119,301)**	1,975,242
Net foreign exchange differences		**(757)**	(1,357)
Cash and equivalents at beginning of the financial period		**2,891,371**	917,486
Cash and equivalents at the end of the financial period	18a	**771,313**	2,891,371

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the Financial Statements.

1. CORPORATE INFORMATION

Invion Limited is a Company limited by shares incorporated in Australia whose shares have been publicly traded on the Australian Securities Exchange since its listing on 15 February 2011 (ASX:IVX). Invion is a clinical-stage life-sciences company that is leading the global clinical development of the Photosoft™ technology for the treatment of cancers. Invion has been appointed exclusive licensee in Australia and New Zealand of Photosoft™. The appointment has been made by technology licensor, The Cho Group, a Hong Kong based group that has funded and successfully commercialised a number of unique and advanced technologies. Via an R&D services agreement between the two entities, the research and clinical trials of Photosoft™ are funded by The Cho Group.

The Invion Group ("the Group") consists of Invion Limited ("Invion" or "the Company") and its wholly owned subsidiary IVX Cosmetics Pty Ltd. The Group is headquartered in Melbourne (Australia). This consolidated financial report of Invion Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 28 August 2019.

2. SEGMENT REPORTING

The Invion Group operates as a clinical-stage life sciences (drug development) group. During the financial year under review, the Group had operations in Australia and the United States with its wholly owned subsidiaries Invion Inc., Chronic Airway Therapeutics Limited[(i)] and IVX Cosmetics Pty Ltd[(ii)]. Subsequent to the spin-out of its respiratory assets on 12 February 2019, the Group only had operations in Australia. For the financial year under review the Group did not consider that the risks and returns of the Group were affected by differences in either the products or services it provides, nor the geographical areas in which the Group has operated. As such the Group operates as one segment. Group performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis.

(i) The Company completed the spin-out of its interests in Invion Inc. and Chronic Airway Therapeutics Limited on 12 February 2019. Refer to Note 24.
(ii) IVX Cosmetics Pty Ltd has been established as an entity for the Group to explore the potential use of its assets in a cosmetics setting. There was no activity in the entity during the financial year or up until the date of this report.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards as issued by the Australian Accounting Standards Board and International Accounting Standards Board. The financial report is presented in Australian dollars.

Changes in Accounting Policy

New and amended standards adopted

Apart from the policies listed below, this consolidated financial report has been prepared by adopting accounting policies that are consistent with those adopted in the annual financial statements for the year ended 30 June 2019. New standards and amendments to standards mandatory for the first time for the financial year beginning 1 July 2018 have been adopted. The adoption of these standards has not had a material financial effect on the current period or any prior period and is not likely to affect future periods.

AASB 15 - Revenue from contracts with customers

The Group is in the business of performing research under contract. Revenue from contracts with customers is recognised when performance of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services, net of Goods and Services Tax (GST). The Group has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Services

Revenue from services is recognised at the point in time when performance of the service is transferred to the customer, generally when the relevant research expenditure is incurred. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, delivery). In determining the transaction price for the services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

On adoption of the new standard at 1 July 2018, there was no transition adjustment as the timing of the recognition of the revenue remained the same. Therefore, the company applied the full retrospective approach to the adoption of the standard.

AASB 9 - Financial instruments – initial recognition and subsequent measurement

The Group applied AASB 9 Financial Instruments for the first time during the current financial period. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

The majority of the Group's tangible assets are cash and receivables. The new classification requirements of the standard did not have a material impact on these existing financial assets.

On adoption of the new standard at 1 July 2018, the Group reviewed on transition the effect that any credit loss impact had on trade receivables at 30 June 2018 and determined that AASB 9 did not have an effect on the Group's consolidated financial statements as there was only a trade receivable balance at 30 June 2018 with The Cho Group that has been assessed as having an insignificant ELC risk.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(ii) New standards and interpretations not yet adopted

The Group has elected not to early adopt any other new standards or amendments that are issued but not yet effective.

AASB 16 Leases

AASB 16 provides a single lessees accounting model whereby all leases are recorded on the statement of financial position. The adoption of AASB 16 will result in the recognition of a "right of use asset" and a "financial liability". Lessees are required to recognise an asset and liability for all leases with the exemption of short term leases (less than 12 months) and low value leases. The Company does not have any operating leases at 30 June 2019, therefore AASB 16 will not have any transition impact on 1 July 2019.

Interpretation 23 Uncertainty over Income Tax Treatments

Interpretation 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under AASB 112. An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty. An entity has to reassess its judgements and estimates if facts and circumstances change. Interpretation 23 is effective for annual reporting periods beginning on or after 1 January 2019.

3.2. Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis. New accounting standards and interpretations, including those issued but not yet effective, are detailed in Note 3.1. The effect of adopting new standards and interpretations effective this year are also disclosed at Note 3.1.

3.3. Going concern

The report has been prepared on a going concern basis. The Group incurred an operating loss after income tax from continuing operations of $2,546,205 (restated 2018: $926,507) for the year ended 30 June 2019. At 30 June 2019 the Group had net assets of $5,457,265 (2018: $7,906,345). In common with other companies in the biotechnology sector, the Group's operations are subject to risks and uncertainty due primarily to the nature of the drug development and commercialisation.

The ability of the Group to continue as a going concern and meet its strategic objectives is principally dependent upon funds continuing to be available for research and development expenditure and other principal activities. The Directors have identified funding risk as an area of uncertainty and material risk impacting the Group due to the dependency on the R&D Services Agreement with The Cho Group, and as similar to other companies in the biotechnology sector, recognise that further capital may be required to fund the Group's activities.

The Directors are satisfied that notwithstanding the uncertainty, on the basis The Cho Group funding continues to be made available, there is a reasonable basis to conclude that adequate cash is available to meet the liabilities and commitments of the Group for a period of at least twelve months from the date of this report, and on that basis, are satisfied that the going concern basis of preparation is appropriate. No adjustment has been made to recorded assets and liability amounts and classifications should the group not continue as a going concern.

3.4. Basis of consolidation

The consolidated financial statements comprise the financial statements of Invion Limited and its wholly-owned subsidiary IVX Cosmetics Pty Ltd as at 30 June 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if and only if the Group has power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary); exposure, or rights, to variable returns from its involvement with the subsidiary; and the ability to use its power over the subsidiary to affect its returns.

The Group re-assesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.5. Revenue from contracts with customers

Revenue from services is recognised at the point in time when performance of the service is transferred to the customer, generally when the relevant research expenditure is incurred. The normal credit term is 30 days. If the Group receives revenue in advance of incurring the relevant expenditure, it is treated as a contract liability as the Group does not control the revenue until the relevant expenditure has been incurred. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, delivery). In determining the transaction price for the services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Contract balances

Trade receivables: A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets: A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities (or unearned income): A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group completes the performance obligations under the contract.

3.6. Property, plant and equipment (PPE)

Plant and equipment is stated at cost less depreciation and impairment in value. Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

	2019	2018
Plant and equipment	10%-50%	10%-50%
Computer equipment	20%-50%	20%-50%
Furniture and fittings	10%-20%	10%-20%

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

3.7. Acquisition of assets

All assets acquired including property, plant and equipment (PPE) and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market prices at the date of acquisition are used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value.

3.8. Recoverable amount of assets

At each Balance Date, the Group assesses whether there is any indication that an intangible asset or PPE may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs of disposal, and value in use. It is determined for an individual asset, unless the asset’s value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

3.9. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Comprehensive Income when the asset is derecognised.

Patents – Intellectual Property

The Group made upfront payments to purchase patents. The patents have been granted for periods of up to 20 years by the relevant authority, often with the option of renewal at the end of this period.

Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset 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 asset; and
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of the expected future benefit. Amortisation is recorded in the Consolidated Statement of Comprehensive Income. During the development, the asset is tested for impairment annually.

A summary of the policies applied to the Group's intangible assets is as follows:

	Patents	**Development Costs**
Useful lives	Finite	Finite
Amortisation method used	Amortised on a straight-line basis over the period of the patent	Amortised on a straight-line basis over the expected period of available use
Internally generated or acquired	Acquired	Internally generated

3.10. Income taxes

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 profit nor taxable profit and loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probably that the temporary differences will not reverse in the foreseeable future

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 or unused tax assets an unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arise 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 profit nor the taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance 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. Deferred income tax asset and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the Balance Date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Comprehensive Income.

3.11. Other taxes

Revenues, expenses and assets and liabilities are recognised net of the amount of goods and services tax (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 an asset or as part of an item of expense as applicable; or
- Where receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash 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.

3.12. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand. Bank overdrafts are carried at the principal amount. Interest is charged as an expense on an accrual basis.

3.13. Foreign currency

The Group's consolidated financial statements are presented in Australian Dollars, which is also the Parent's functional currency. For each entity the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency.

– Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit and loss with the exception of monetary items that are designed as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit and loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

– Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit and loss.

3.14. Trade and other payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services, whether or not billed to the consolidated entity. Payables to related parties are carried at amortised loss. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

3.15. Issued capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

3.16. Superannuation

Contributions are made to approved employee superannuation funds at the rate as directed by the Superannuation Guarantee Legislation. For the period ending 30 June 2019, this was 9.50% of employees' gross salaries. Contributions are recognised as an expense against income as they are made.

3.17. Employee provisions

Provisions are recognised when Invion has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When Invion expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Balance Date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such an applicable corporate bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Wages, Salaries and Annual Leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to Balance Date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at Balance Date, including related on-costs, such as workers compensation insurance and payroll tax.

Long Service Leave

The amount provided for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made in connection with employees' services provided up to Balance Date. The provision is calculated at discounted amounts based on remuneration wage and salary rates that the Company expects to pay as at Balance Date, including related on-costs, such as workers compensation insurance and payroll tax.

3.18. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the statement of comprehensive income when the liabilities are de-recognised and as well as through the amortisation process.

3.19. Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement for borrowings, finance charges in respect of finance leases and foreign exchange differences. Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs. Ancillary costs incurred in connection with the arrangement of borrowings are netted against the relevant borrowings and amortised over their life. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which necessarily take a substantial period of time to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for acquisition, construction or production of a qualifying asset, the capitalised amount of the borrowing costs include costs incurred in relation to that borrowing net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

3.20. Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit / (loss) attributable to members for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company outstanding during the year. Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the year. As the Company incurred a loss for the current and previous year, potential ordinary shares, being options to acquire ordinary shares, are considered non-dilutive and therefore not included in the diluted earnings per share calculation.

3.21. Share-Based Payment Transactions

The Group provides benefits to employees, including Directors, of the Group and to selected contractors in the form of share based payment transactions, whereby participants render services in exchange for shares or rights over shares (equity-settled transactions). The Group also provided benefits to an institutional investor as part as compensation for a funding agreement. The costs of the equity settled transactions with participants are measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes option-pricing model. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Invion Limited. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each Balance Date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company will ultimately vest. This opinion is based on the best available information at Balance Date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity settled award is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vesting on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award is treated as if it were a modification of the original award, as described in this paragraph.

3.22. Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

► Represents a separate major line of business or geographical area of operations
► Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
Or
► Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and the prior year has been restated to reflect the continuing operations. Additional disclosures are provided in Note 24. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

3.23. Significant accounting judgements, estimates and assumptions

Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If any such indication exists, the Group will estimate the recoverable amount of the asset. In assessing whether there is any indication that an asset may be impaired, the Group considers external and internal sources of information including market forces, the Group's market capitalisation, evidence of obsolescence, significant changes with an adverse effect on the Group or its assets, and any financial projections.

Taxes

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with using a Black Scholes standard model, with the assumptions detailed in Note 20(b). 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 expenses and equity.

R&D Tax rebate income

R&D tax rebate income is accrued following management's determination of anticipated R&D tax rebate income, and is based on an assessment of R&D expenditure in the period and advice received from R&D tax advisors.

4. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits, loans and borrowings. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and making assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts. Financial assets and liabilities have contractual maturities of less than twelve months.

4.1. Interest rate risk

The Group's exposure to market interest rates relates solely to its cash holdings. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to a mix of fixed and variable interest arrangements. The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at Balance Date. This sensitivity analysis demonstrates the effect on the current year results which could result from a change in these risks. As at 30 June 2019, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows. The table below shows the impact on cash to exposure to variable interest rates:

	2019	**2018**
Change in profit/(loss) and equity before tax	**$**	**$**
Increase in interest rate by 2%	**15,426**	38,091
Decrease in interest rate by 2%	**(15,426)**	(38,091)

4.2. Foreign currency risk

The major foreign currency exposure is in US Dollars (USD). This is as a result of cash funds held and both receivable and payable contracts entered into in this currency. The Group maintains foreign currency bank accounts denominated in USD in order to minimise foreign currency risk exposure. The Group had a deficit of foreign currency receivables over payables of $(37,615) at 30 June 2019 (2018: $363,329 deficit). No cash assets were exposed to foreign currency risk at the Balance Date. Trade creditors are the only liability exposed to foreign currency risk at the Balance Date. As at 30 June 2019, the effect on profit as a result of changes in the value of the Australian Dollar to USD, with all other variables remaining constant, would be as follows:

	2019	**2018**
Change in profit/(loss)	**$**	**$**
Improvement in AUD by 15%	**(5,354)**	(47,064)
Decline in AUD by 15%	**7,244**	63,679

4.3. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to standardised financial assets, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments.

4.4. Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources will be available as and when required, as well as ensuring capital raising initiatives are conducted in a timely manner as required.

	1-6 months	6-12 months	Total
2019	**$**	**$**	**$**
Financial Liabilities			
Trade and other payables	490,567	-	490,567
Total Financial Liabilities	490,567	-	490,567

	1-6 months	6-12 months	Total
2018	**$**	**$**	**$**
Financial Liabilities			
Trade and other payables	782,070	-	782,070
Notes payable (ii)	-	20,295	20,295
Total Financial Liabilities	782,070	20,295	802,365

(i) Unsecured (non-equity related) debt funding was provided by Invion directors/ related parties for working capital and for the repayment of outstanding liabilities. Further details are recorded in Note 22 – Related Party Transactions.

(ii) Notes Payable liabilities were assumed on acquisition of Inverseon, Inc. in 2012. These Notes are no longer held by the Company following spin-out of the Subsidiary on 12 February 2019.

4.5. Net fair values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. The following methods and assumptions were used to estimate the fair values: cash and short-term deposits, receivables and other assets, trade and other current liabilities, convertible notes, loans from directors, and other unsecured loans approximate their carrying value largely due to the short-term maturities of these instruments. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of Consolidated Statement of Financial Position and in the notes to and forming part of the financial report.

5. FAIR VALUE HIERARCHY

Valuation Technique

In determining Fair Value, consideration is given to the price that would be paid to transfer the liability in an orderly transaction between market participants at the measurement date. Determination of the fair value takes into account contractual obligations of the Company, expectations regarding the timing of conversion, the conversion price/actual share price and the probability of any other events occurring that would result in an increase to the face value of the convertible note as set out in the contract with the counterparty.

6. INCOME & EXPENSES

	2019 $	2018 $ (restated)
(a) *Revenue from contracts with customers (1)*	**3,882,096**	737,713
(b) *Other (expense)/ income*		
Foreign exchange loss	**(35,876)**	(12,534)
Interest received	**1,334**	1,072
Other income	**5,719**	-
R&D tax rebate	**-**	163,348
	(28,823)	151,886
(c) *Administration & corporate expenses:*		
Legal fees	**117,094**	51,313
Compliance costs	**278,133**	200,093
Consulting fees incl. accounting, business development	**634,559**	266,287
Insurance	**138,311**	130,488
Other administration and corporate expenses	**243,511**	121,160
	1,411,608	769,341
(d) *Depreciation & amortisation*		
Amortisation: Intangible amortisation	**308,333**	160,000
Depreciation of non-current assets: Plant and equipment	**1,235**	-
	309,568	160,000
(e) *Employee benefits expense*		
Salaries, wages and fees	**601,803**	239,391
Superannuation	**60,167**	23,948
Employee entitlements	**38,993**	56,018
Other employee benefits expense	**758**	1,222
	701,721	320,579
(f) *Research and development*		
Clinical trial costs	**1,210,564**	165,442
Drug production and supply	**376,325**	19,413
Feasibility studies	**10,928**	154,801
Other research and development	**632,516**	24,000
	2,230,333	363,656
(g) Finance costs		
Interest expense on loans from Directors	**-**	111,457
Interest expense on other secured loans	**-**	6,470
	-	117,927

(1) Fees earned from the Cho Group for Research and Development services provided.

	2019 $	2018 $ (restated)
7. INCOME TAX		
(a) Statement of comprehensive income		
Current income tax		
Current income tax benefit	61,228	200,835
Deferred income tax		
Reversal of temporary difference	357,561	(83,720)
Income tax losses not recognised as a deferred tax asset	(418,789)	(117,115)
Income tax benefit / (expense) reported on the statement of comprehensive income	-	-

(b) A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	2019	2018
Accounting Loss from continuing operations before income tax	(2,546,205)	(926,507)
At the Company's statutory income tax rate of 27.5%	(700,206)	(254,789)
Non tax deductible items – permanent differences	638,978	53,954
Movement in temporary differences not recorded	(357,561)	83,720
Current year losses not recognised	418,789	117,115
	-	-

	2019 $	2018 $
Tax assets at 27.5%		
Domestic tax losses (i)	527,461	108,672
Temporary differences – including balances in equity	308,087	786,420
Total unrecorded tax assets	835,548	895,092

(i) Domestic tax losses represent the tax losses available since the transaction which resulted in a change of ownership

The Company's tax rate is recorded as 27.5%. At 30 June 2018, there was a Deferred Tax Liability which represented the notional tax payable on the value of the Intellectual Property and Funding Right at the time of acquisition of the subsidiary at the US tax rate of 40%. This liability reduces as the intellectual property and funding right are amortised. The deferred tax liability was spun-out with the intellectual property in Invion Inc., (refer to

Note 24), therefore any remaining deferred tax liability for Invion Ltd was offset by a recognition of a deferred tax asset resulting in a nil balance at 2019.

In prior years, Invion has recorded significant estimated, unconfirmed and un-recouped losses as disclosed above. Invion had recognised future income tax benefit for the tax losses incurred by the Group up to the balance of the deferred tax liability. Due to the complexity of Invion's changing shareholder base and operations, combined with income tax legislation, the amount of the Company's available tax losses which are available for carry forward use cannot be determined with a sufficient degree of probability to recognise any further benefit. Companies can carry forward a tax loss indefinitely, and use it when they choose, provided they have either maintained the same ownership and control and/or carried on the same business since the tax loss was incurred. In the year to 30 June 2018, the Company experienced a material change in ownership. On this basis, for the period under review, the Company has not recognised tax losses which occurred prior to the change in ownership ($32,332,351). Management will undertake a detailed review of the ability to carry forward and use these prior losses on a needs basis. The losses disclosed as available may not be available in full.

The losses disclosed as at 30 June 2019 will only be obtained in future periods if future assessable income of a nature and of an amount sufficient to enable the benefit to be realised; the conditions for deductibility imposed by tax legislation continue to be complied with; and, no changes in tax legislation adversely affect Invion in realising the benefit.

	2019 $	2018 $
8. Balances related to Revenue from contract with customers		
Trade receivable	**28,805**	-
R&D tax rebate (i)	**91,770**	91,770
	120,575	91,770
Contract Asset	**-**	-
Contract Liability (unearned income)	**50,270**	886,264
Set out below is the amount of revenue recognised from		
Amounts Included in Contract Liabilities at the beginning of the Year	**886,264**	-
Performance Obligations Satisfied in Previous Years	**-**	-

Terms and conditions

All receivables are non-interest bearing and are usually settled on terms of between 30 and 45 days. Credit risk is assessed as insignificant on all receivables.

(i) The R&D tax rebate for the year ended 30 June 2018 was received by the Company in July 2019.

	2019 $	2018 $
9. OTHER ASSETS		
Current – Prepayments	**50,270**	77,617
	50,270	77,617

	2019	2018
	$	$
10. PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment		
- At Cost	**6,054**	19,667
- Accumulated Depreciation and Amortisation	**(1,235)**	(19,667)
Total written down value	**4,819**	-

11. INTANGIBLE ASSETS

	INV102	INV104	Photosoft™	Total
	$	$	$	$
At July 2018	1,631,272	267,000	5,390,000	**7,288,272**
Acquisitions	-	-	-	**-**
Less: amortisation	(829,746)	(33,334)	(275,000)	**(1,138,080)**
Less: impairment (i)	-	-	-	**-**
Spin-out of assets	(1,068,288)	(233,666)		**(1,301,954)**
Foreign Exchange	266,762	-	-	**266,762**
At 30 June 2019	-	-	5,115,000	**5,115,000**
At July 2017	4,485,450	317,000	-	**4,802,450**
Acquisitions	-	-	5,500,000	**5,500,000**
Less: amortisation	(1,162,463)	(50,000)	(110,000)	**(1,322,463)**
Less: impairment (i)	(2,000,000)	-	-	**(2,000,000)**
Foreign Exchange	308,285	-	-	**308,285**
At 30 June 2018	1,631,272	267,000	5,390,000	**7,288,272**

At each Balance Date, the Group assesses whether there is any indication that an intangible asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount, and where the carrying amount of an asset may exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Invion is developing Photosoft™ technology as an improved next generation Photodynamic Therapy. The Photosoft™ commercialisation licence is reflected as an intangible asset and is being amortised over a 20 year period (2018: 25 year period). The Photosoft™ commercialisation licence is being carried at the value of the licence and distribution agreement less accumulated amortisation. The Directors are of the view that there have been no indicators of impairment to this carrying value due to both the short period since the transaction when an independent expert valued the licence, and the progress in the R&D development asset since that time.

12. TRADE & OTHER PAYABLES

	2019 $	2018 $
Trade payables	**308,092**	567,838
Accrued expenses	**144,380**	159,830
Director related accruals	**22,808**	-
GST payable	**15,287**	54,402
	490,567	782,070

12.1 Financial Liabilities

	2019 $	2018 $
Notes payable	**-**	20,295
	-	20,295

Trade creditors are non-interest bearing and are normally settled on 30-day terms. These Notes are no longer held by the Company following spin-out of the Subsidiary on 12 February 2019, refer to Note 24.

13. PROVISIONS

	2019 $	2018 $
Current		
- Short-term employment provisions	**63,875**	93,024
Non-current		
- Long-term employment provisions	**-**	8,538
	63,875	101,562

	2019 Number	2019 $	2018 Number	2018 $
14. ISSUED CAPITAL				
Ordinary shares fully paid	**5,500,606,300**	**130,555,435**	5,492,272,967	132,140,700
Movements in shares on issue				
As at 1 July	**5,492,272,967**	**132,140,700**	1,455,965,273	123,693,298
Shares issued in Transaction (i)	**-**	**-**	2,750,000,000	5,500,000
Shares issued in Rights Issue (ii)	**-**	**-**	1,245,557,694	2,494,409
Shares issued on exercise of share options (iii)	**-**	**-**	40,750,000	713,125
Shares issued to MD/CEO for short-term incentive payment in equity (iv)	**8,333,333**	**150,000**	-	-
Spin-out of subsidiary (v)	**-**	**(1,735,265)**	-	-
Transaction costs	**-**	**-**	-	(260,132)
As at 30 June	**5,500,606,300**	**130,555,435**	5,492,272,967	132,140,700

(i) Issue of shares following Shareholder approval of The Cho Group transaction: On 4 December 2017, 2,750,000,000 shares were issued following Shareholder approval of The Cho Group transaction. Invion was appointed exclusive distributor and licensee in Australia and New Zealand of Photosoft™ technology for the treatment of all cancers. In return for the exclusive licence, Invion issued new Invion shares for a licence value of $5,500,000 at $0.002 per share.

(ii) Shares Issued in Rights Issue: On 15 March 2018, 1,245,557,694 new shares were issued following the completion of the fully underwritten non-renounceable rights issue entitlement offer announced on 12 February 2018 to raise approximately $2.5 million. Invion received valid applications from eligible shareholders for approximately 1.13 billion shares, representing a take up by eligible shareholders of approximately 92.69%, and valid applications under the top-up facility for approximately 1.30 billion shares. As the Entitlement Offer was over-subscribed, no new shares were issued to The Cho Group Limited, other than in its capacity as a shareholder.

(iii) Exercise of unlisted share options: During the months of April and May 2018, a total of 40,750,000 new shares were issued upon the exercise of unlisted share options. The share options had an exercise price of $0.01750 each and an expiry date of 18 November 2020. The exercise of the share options resulted in $713,125 capital inflow to the Company

(iv) On 12 February 2019, following Shareholder approval at the Company's General Meeting held 30 January 2019, the Company issued 8,333,333 fully paid ordinary shares for the short-term incentive bonus to MD/CEO to be paid in equity.

(v) On 30 January 2019, the Shareholders of Invion approved the spin-out of subsidiaries, Invion, Inc. and Chronic Airway Therapeutics Limited (CAT) by way of equal capital reduction. $1,735,265 represents the value of CAT shares. See Note 24.

15. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the Parent. The primary objectives of the Group's capital management are to ensure adequate capital is maintained to support the continuance of the Group as a going concern, and to maintain optimal returns to shareholders and benefits to other stakeholders. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders (if any), return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2019.

16. RESERVES

	2019 $	2018 $
Balance at 1 July	**23,771,219**	23,449,342
Option reserve	**1,200,168**	15,174
Translation of subsidiary	**(1,851,548)**	306,703
Balance at 30 June	**23,119,839**	23,771,219

Nature and purpose of reserves
The equity reserve records (1) Option reserve: Items recognised as an expense with respect to share-based consideration; (2) Foreign currency translation reserve: Translation of foreign subsidiary; and (3) Convertible note reserve: The equity component of convertible notes.

	2019 $	2018 $
17. EARNINGS PER SHARE (EPS)		
Basic/diluted (loss) per share (cents per share)(i)	**(0.02)**	(0.13)
Basic/diluted (loss) per share from continuing operations (cents per share)(i)	**(0.05)**	(0.02)
Income and share data used in the calculation of basic & diluted earnings per share:		
Loss after income tax expense	**(1,064,098)**	(4,870,133)
Loss from continuing operations after tax expense	**(2,546,205)**	(926,507)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic & diluted EPS	**5,495,446,483**	3,813,788,379
Effect of dilutive securities:		
- Share options(i)	-	-
Adjusted weighted average number of ordinary shares outstanding during the year used in calculation of basic & diluted EPS	**5,495,446,483**	3,813,788,379

(i) As the Company incurred a loss for the current year, potential ordinary shares - being options to acquire ordinary shares - are considered non-dilutive. The discontinued operations had no dilutive securities.

18. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2019 $	2018 (restated) $
Cash at bank	**771,313**	2,891,371
	771,313	2,891,371
(b) Reconciliation of net cash flows from operating activities to operating loss after income tax		
Operating loss after taxation	**(1,064,098)**	(4,870,133)
Operating (profit)/loss after taxation from discontinued operations	**(1,482,107)**	3,943,626
Operating loss after taxation from continuing operations	**(2,546,205)**	926,507
Non cash items		
Depreciation, Amortisation	**309,568**	1,325,135
Equity based compensation	**1,350,168**	15,174
Impairment of intangible assets	**-**	2,000,000
Net foreign exchange	**(32,287)**	11,242
Income Tax Expense (Benefit)	**-**	652,494
Change in assets and liabilities		
(Increase)/decrease in receivables and prepayments	**(1,458)**	(94,334)
Increase/(decrease) in payables	**(311,798)**	654,201
(Decrease)/ increase in provisions	**(37,687)**	46,475
(Decrease)/ increase in unearned income	**(835,994)**	966,833
Net cash flows (used in) / from operating activities	**(2,105,693)**	707,087

19. KEY MANAGEMENT PERSONNEL

(a) Compensation for key management personnel	2019 $	2018 $
Short-term employee benefits	**998,721**	492,766
Short term incentive expense	**162,500**	-
Post-employment benefits	**51,062**	20,742
Share based payments	**567,847**	4,221
	1,780,130	517,729

20. SHARE-BASED PAYMENTS

	2019 $	2018 $
(a) Recognised share-based payment expense		
Expense arising from equity-settled share-based payment transactions	**1,200,168**	15,174
Expenses arising from issue of short term incentive shares to MD/CEO	**150,000**	-
	1,350,168	15,174

(b) Types of share-based payment plans

On 12 February 2019, following Shareholder approval at the Company's General Meeting held 30 January 2019, the Company issued 8,333,333 fully paid ordinary shares for the short-term incentive bonus to MD/CEO to be paid in equity.

Also, on 12 February 2019, following Shareholder approval the Company issued 208,520,753 unlisted share options to directors of the Company, and 140,831,010 unlisted share options to employees and consultants of the Company. Options have an exercise price of $0.03 per Option (a 66% premium to market price of shares) and an expiry date of 12 February 2023. 20% of Options vested immediately upon issue, with the remaining options vesting in equal portions over three years commencing 1 December 2019.At the date of this report there were 351,059,116 (2018: 21,407,353) unissued ordinary shares under options. During the year ended 30 June 2019, no ordinary shares of Invion Limited were issued upon the exercise of share options granted (2018: 40,750,000).

(c) Summary of options granted and lapsed during the year ending 30 June 2019

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year:

	Number 2019	WAEP 2019	Number 2018	WAEP 2018
Outstanding at the beginning of year	**21,407,353**	**$0.0921**	59,057,353	$0.0921
Options issued during the year	**349,351,763**	**$0.0300**	35,750,000	$0.0175
Options lapsed during the year	**(19,700,000)**	**$0.0771**	(32,650,000)	$0.1138
Options exercised during year	**-**	**-**	(40,750,000)	$0.0175
Outstanding at the end of the year	**351,059,116**	**$0.0302**	21,407,353	$0.0921

A total of 71,232,234 Share Options were vested and exercisable at 30 June 2019. The weighted average exercise price for these options is $0.0302. The following average inputs were applied to the binomial option pricing model:

Weighted average exercise price	$0.03
Weighted average life of the option	43 months
Underlying share price	$0.02
Expected share price volatility	125%
Risk free interest rate	1.66%

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

21. COMMITMENTS AND CONTINGENCIES

Corporate commitments: The Company rents premises at East Kew in Victoria on a month-to-month basis. The agreement has no terms nor is there a make-good requirement upon termination of the agreement. The Company does not have lease agreements for telephone, copier or similar corporate overhead items. No corporate commitment is therefore recognised.

R&D commitments: At the Balance Date, the Company had contractual commitments to the value of $1.93 million relating to R&D development activities (2018: nil).

22. RELATED PARTY TRANSACTIONS

Transactions with associates of The Cho Group

Mr Thian Chew, Chairman of Invion Limited, is Managing Partner of Polar Ventures Limited. Polar Ventures Limited and The Cho Group are associates in accordance with section 12(2) of the Corporations Act. The Cho Group has entered into a consultancy agreement with Polar Ventures, pursuant to the terms of which Polar Ventures has agreed to provide general advice and support for The Cho Group's interests in its investment in Invion. In the year ended 30 June 2019, payments to Mr Chew consisted of director's fees only. As detailed in the Remuneration Report, total payments to Mr Chew were in the amount of $90,000 and options vesting of $48,055.

The Group was engaged to conduct the clinical development of Photosoft™ globally. The Cho Group agreed to provide funding for the clinical trials and related development, in a clinical development program designed and managed by a joint steering committee between the two companies. Current revenue during the period was $3,882,096 (2018: $737,713). As at 30 June 2019 $28,805 (2018: nil) was included in trade receivables and a contract liability of $50,270 (2018: $886,264) included in unearned income.

Transactions with the subsidiary

Invion Limited is the parent entity in the Group. Details of the Group's subsidiary are set out below. During the period the parent transacted with the subsidiary. All transactions have been eliminated on consolidation.

		% equity interest	
Name	**Country of incorporation**	**30 June 2019**	**30 June 2018**
Invion Inc.(i)	USA	**-**	**100%**
Chronic Airway Therapeutics Limited(i)	Australia	**-**	**-**
IVX Cosmetics Pty Ltd(ii)	Australia	**100%**	**-**

(i) The Company incorporated Chronic Airway Therapeutics Limited during the period and completed the spin-out of its interests in Invion Inc. and Chronic Airway Therapeutics Limited on 12 February 2019. See Note 24.
(ii) IVX Cosmetics Pty Ltd has been established as an entity for the Group to explore the potential use of its assets in a cosmetics setting. There was no activity in the entity during the half year or up until the date of this report.

There have been no transactions with Invion Inc and Chronic Airway Therapeutics Limited subsequent to the spin-out.

23. PARENT NOTE

Information relating to Invion Limited (the Parent)

	2019 $	2018 $
Current assets	**942,158**	3,058,610
Total assets	**6,061,977**	9,531,381
Current liabilities	**604,712**	1,616,498
Total liabilities	**604,712**	1,625,036
Issued capital	**130,555,435**	132,140,700
Retained losses	**(148,218,009)**	(146,154,026)
Reserves	**23,119,839**	21,919,671
Loss of the Parent entity	**(863,815)**	(929,521)
Total comprehensive loss of the Parent entity	**(863,815)**	(929,521)

No commitments or guarantees exist for the Parent entity at balance sheet date.

24. SPIN-OUT OF SUBSIDIARY

On 30 January 2019, the Shareholders of Invion approved the spin-out of its respiratory assets. The spin-out created two independent groups: Invion Limited, and, Chronic Airway Therapeutics Limited (CAT) and Invion, Inc. The spin-out was recorded at the net book value at 12 February 2019 and treated as a discontinued operations.

The spin-out was satisfied by an in-specie distribution of shares in CAT. Existing Invion shareholders retained their shares in Invion. Eligible Invion shareholders received one CAT share for each Invion share held on the record date. Invion obtained a Class Ruling (CR 2019/13) from the Australian Tax Office in respect of the spin-out transaction. The following are recorded in relation to the spin-out transaction:

At the time of spin-out	
Value of Invion Limited	$203,214,100
Number of ordinary shares on issue	5,492,272,967
Share Price	$0.0370
	$
Share Capital of Invion Limited	132,140,700
Spin-out benefit per share	0 .0003159
Market value of Invion Inc.	1,501,599
Market value of Zarfirlukast	233,666
Value of spin out and share capital reduction	**1,735,265**

The Group applied AASB 5 Non-current Assets Held for Sale and Discontinued Operations as part of accounting for the spin-out of CAT. The entirety of the transaction occurred during the current financial period.

	2019 $	2018 $
Expenses	**(369,441)**	(3,291,132)
Income tax benefit / (expense)	**-**	(652,494)
Recognition of Foreign currency translation reserve	**1,851,548**	-
Gain / (loss) for the year from discontinued operations	**1,482,107**	(3,943,626)
Net assets associated with discontinued operations	**883,602**	-

25. SUBSEQUENT EVENTS

On 22 July 2019, the Company announced that Chief Operating Officer, Craig Newton would transition to the role of Chief Executive Officer effective 1 November 2019. Craig joined Invion as Chief Operating Officer in April 2018, and since that time has recruited a strong and experienced clinical development team. Craig has over 30 years of experience in senior business and operational roles gained at various leading global companies including CSL, Serono UK, Bio Nova International, AVAX Australia and Cryptome Pharmaceuticals. The Company reported that Dr Greg Collier is set to retire as MD and CEO, effective 31 October 2019, and that Dr Collier would remain on the Board as a Non-Executive Director.

26. AUDITOR'S REMUNERATION

	2019 $	2018 $
Amounts received or due and receivable by the auditors of the Company for:		
- an audit and review of the financial report	**83,873**	78,372
	83,873	78,372

Directors' Declaration

In the opinion of the Directors:

- the financial statements and notes of the Group are in accordance with the Corporations Act 2001 (*Cth*), including giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

- the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 3.1; 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.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2019.

Signed in Melbourne, Australia on behalf of the Board

Thian Chew

Chairman

28 August 2019

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Independent Auditor's Report to the Members of Invion Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Invion Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.3 of the financial report which indicates the Group incurred a loss from continuing operations after income tax of $2,546,205 for the year ended 30 June 2019 (30 June 2018: $926,507) and is dependent on the continued funding from its R&D Services Agreement to maintain its operations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Spin-out of Respiratory Assets Subsidiary

Why significant	How our audit addressed the key audit matter
As detailed in note 24 to the financial report, the Group demerged its respiratory assets through the spin-out of its investment in Invion Inc. and its Zarfirlukast respiratory asset into a stand-alone company, Chronic Airway Therapeutics ("CAT") Limited. The demerger was satisfied by an in-specie distribution of shares in CAT to all the Group's shareholders in proportion to their shareholdings in the Group at no additional consideration. Accounting for the demerger is complex and resulted in a reduction in share capital of $1,735,265. As a consequence, this was considered to be a key audit matter.	Our audit procedures included the following: • We evaluated the Group's accounting for the spin-out. This included an assessment of whether there has been a change in control of the Group before and after the spin-out or whether it was a common control transaction. • We tested the amount of the in-specie distribution recognised as a reduction in share capital in the financial report. • We assessed whether the Group accurately determined the carrying amount of assets and liabilities derecognised as at the transaction completion date and whether the operating result for the period until disposal was correctly recorded. • Our tax specialists considered the tax implications resulting from the spin-out, including considering external advice obtained by the Group. • We assessed the adequacy of the related financial report disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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* and for 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.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Invion Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

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.

Ernst & Young

Ernst & Young

Jennifer Barker

Jennifer Barker
Partner
Brisbane
28 August 2019

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Auditor's Independence Declaration to the Directors of Invion Limited

As lead auditor for the audit of the financial report of Invion Limited for the financial year ended 30 June 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 audit; and

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

This declaration is in respect of Invion Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Jennifer Barker
Partner
28 August 2019

Invion Limited ACN 094 730 417

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www.inviongroup.com

Share Registry
Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:
Link Market Services, Locked Bag A14, Sydney South, NSW, 1235
Tel: 1300 554 474
Email: registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

For all correspondence to the share registry, please provide your Security-holder Reference Number (SRN) or Holder Identification Number (HIN).

Change of address
Changes to your address can be updated online at www.linkmarketservices.com.au or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting
The Annual General Meeting will be held in Melbourne in November 2019 (date to be confirmed).

Annual report mailing list
All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Securities exchange listing
Invion's shares are listed on the Australian Securities Exchange and trade under the ASX code IVX. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System)

ASX Shareholder Disclosures
The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 9 August 2019.

1. Total securities on issue

ASX code	Description	Expiry	Listed	Unlisted
IVX	Fully paid ordinary shares	-	5,500,606,300	
IVXAQ	Share options ($0.04)	09.11.18		1,702,353
IVXAS	Share options ($0.0175)	09.11.18		5,000
IVXAT	Share options ($0.03)	18.11.20		349,351,763
			5,500,606,300	**351,059,116**
		TOTAL FULLY DILUTED	**5,865,294,223**	

Top holders	Securities	%
Top 20 holders	4,280,553,516	77.82
Balance Of Register	1,220,052,784	22.18
Total Issued Capital	**5,500,606,300**	**100.00**

2. Distribution of equity securities – ordinary shares

Range	Securities	%	No. of holders	%
100,001 and Over	5,416,782,888	98.48	1,418	33.33
10,001 to 100,000	80,068,332	1.46	1,802	42.35
5,001 to 10,000	2,452,569	0.04	313	7.36
1,001 to 5,000	1,195,163	0.02	388	9.12
1 to 1,000	107,348	0.00	334	7.85
Total	**5,500,606,300**	**100.00**	**4,255**	**100.00**
Unmarketable Parcels	20,909,556	0.38	1,875	44.07

3. Voting rights

Shareholders in Invion Limited have a right to attend and vote at general meetings. At a general meeting, individual shareholder may vote in person or by proxy. All quoted and unquoted share options, and convertible notes, have no voting rights.

4. Substantial shareholders

Associates of RMW Cho Group have notified the Company of their substantial holding. The holdings of the Associates are as listed below.

Rank	Name	09 Aug 2019	%IC
1	UNLIMITED INNOVATION GROUP LIMITED	2,814,302,977	51.16
2	POLAR VENTURES LIMITED	545,217,721	9.91
3	MR HONSUE CHO	284,626,482	5.17
5	RMWC PTY LTD	93,865,000	1.71
161	POLAR VENTURES LIMITED	1,640,000	0.03

5. Share buy-back

There is no current or planned buy-back of the Company's shares.

6. Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that is has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

7. Twenty largest shareholders - ordinary shares

Rank	Name	09 Aug 2019	%IC
1	UNLIMITED INNOVATION GROUP LIMITED	2,814,302,977	51.16
2	POLAR VENTURES LIMITED	545,217,721	9.91
3	MR HONSUE CHO	284,626,482	5.17
4	BNP PARIBAS NOMINEES PTY LTD	117,913,474	2.14
5	RMWC PTY LTD	93,865,000	1.71
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	55,454,149	1.01
7	CITICORP NOMINEES PTY LIMITED	54,100,906	0.98
8	MR ESMOND WONG & MRS QUYNH THI KIM NGUYEN	37,384,765	0.68
9	ACSLNC PTY LTD	34,750,000	0.63
10	MR WEI JIN	30,328,618	0.55
11	MR ESMOND WONG & MRS QUYNH THI KIM NGUYEN	28,750,347	0.52
12	BNP PARIBAS NOMS PTY LTD	27,872,944	0.51
13	MS YINQI LING	23,529,412	0.43
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	21,565,622	0.39
15	BARWON BIOTECHNOLOGY PTY LTD	19,070,272	0.35
16	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	19,032,940	0.35
17	MR SHENGWEI OU	17,326,452	0.31
18	GILLETT SUPER NOMINEES PTY LTD	15,719,614	0.29
19	MS KAM YEE CHAN	13,426,031	0.24
20	JEAN-LUC TETARD	13,157,895	0.24
20	CARLOS ADOLFO MUNOZ	13,157,895	0.24

8. Twenty largest shareholders - quoted share options

No options are quoted.

9. Holders of greater than 20% unquoted securities

The following equity holders hold greater than 20% or more of the following unquoted equity securities (by class) of the Company:

Class of unquoted equity security	Holders with >20% of the securities in each class	Number of equity securities held
Share options exercisable at $0.03 each that expire on 12 February 2023.	Dr Greg Collier	136,288,073

Corporate Directory

Directors

Thian Chew, Chairman

Greg Collier, Managing Director & CEO

James Campbell, Non-executive Director

Alan Yamashita, Non-executive Director

Company Secretary

Melanie Farris

Registered Office

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E: investor@inviongroup.com

W: www.inviongroup.com

Australian Business Number

76 094 730 417

Securities Exchange Listing

Australian Securities Exchange

ASX Code: IVX

Auditors

Ernst & Young

Brisbane

Australia

Share Registry

Link Market Services Limited

Locked Bag A14

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