

29 April 2016

The Manager
Company Announcements Office
ASX Limited
20 Bridge St
SYDNEY NSW 2000

Dear Sir

APPENDIX 4C

Invion Limited (ASX:IVX) is pleased to lodge its Appendix 4C for the quarter ending 31 March 2016.

The Company held cash reserves of \$0.852 million at the end of March, with cash outflows during the quarter at \$1.2 million. Operating and R&D cash outflows continue to be significantly reduced from earlier quarters following the completion of major program activity.

Following the recent meeting with the US Food & Drug Administration (FDA) regarding the smoking cessation program for INV102 (nadolol), and reflecting the reduced R&D and operational activity while business development activities continue, the company has reduced headcount to further significantly reduce burn rate in the coming quarters.

Business Update

In late 2015, Invion completed all projected R&D activities on its three drug assets across four development programs, and subsequently appointed Ferghana Partners Group to progress various potential commercial opportunities.

The major R&D milestones included:

- Data from phase 2 clinical trial of INV013 (ala-Cpn10) in lupus patients;
- Selection of formulation and device and commencement of manufacture of toxicology and clinical supplies for INV104 (zafirlukast);
- Positive safety and efficacy data from phase 2 oral INV102 (nadolol) study in patients undergoing smoking cessation and completion of enrolment of NIH-funded phase 2 study of INV102 (nadolol) in asthma patients; and
- Pre-IND status as a potential therapy for asthma, COPD & cystic fibrosis, and manufacture of toxicology and clinical supplies and commencement of toxicology studies for inhaled INV102 (nadolol)

An Appendix 4C accompanies this announcement.

For and on behalf of the Board of Invion Limited

MELANIE FARRIS
Company Secretary and Head of Operations

About Invion Limited

Invion is a life sciences company focussed on the development of treatments for major opportunities in respiratory and autoimmune disease. Invion has three drug assets in development across four development programs. Invion is an ASX listed company (ASX:IVX), with operations in Brisbane, Australia and Delaware, USA.

- **INV102 (nadolol)** is a beta adrenergic biased ligand targeted to reverse mucous metaplasia in the airway epithelium treat chronic inflammatory airway diseases. In Q4 2015, Invion reported that data from a 155 patient phase 2 study of oral INV102 in smoking cessation demonstrated good safety and that treated patients were more likely to stop smoking completely or dramatically reduce the number of cigarettes smoked. An End of Phase 2 Meeting with the FDA was held in 1Q 2016. Feasibility for an inhaled version of the drug to potentially treat COPD and cystic fibrosis is well-progressed with 3M Drug Delivery Systems, and toxicological studies have commenced. In addition, a phase 2 study of oral INV102 in mild asthma patients funded by the US NIH is fully recruited and will complete dosing in 1H 2016.
- **INV104 (zafirlukast)** is a leukotriene receptor antagonist (LTRA) that reduces inflammation, constriction of the airways, and the build-up of mucus in the lungs. An FDA-approved oral therapy, Invion is, through a joint development and licensing agreement with Hovione Scientia Limited, developing a proprietary dry powder formulation of the drug for the development of INV104 (zafirlukast) as a potential inhaled therapy for asthma.
- **INV103 (ala-Cpn10)** is a modified, naturally occurring human protein which has been proposed as a founding member of the Resolution Associated Molecular Pattern (RAMPs) family hypothesised to maintain and restore immune homeostasis. Invion reported final data from its phase 2 clinical trial in lupus patients in Q3 2015. 30mg and 100mg iv twice weekly showed reduced response to stimulation by LPS after 1 month of dosing. These data, which reflect relevant activity at the target cell type in patients with a target (autoimmune) disease, has formed the foundation of partnering discussions for this program.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

INVION LIMITED

ABN

76 094 730 417

Quarter ended ("current quarter")

31-March-2016

Consolidated statement of cash flows

Cash flows related to operating activities

		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
1.1	Receipts from customers	-	140
	Payments for		
	(a) staff costs	(496)	(1,330)
	(b) patent costs	(27)	(153)
1.2	(c) research and development	(102)	(2,974)
	(d) leased assets	(3)	(7)
	(e) other working capital	(645)	(1,443)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	(62)
1.6	Income taxes paid	-	-
1.7	Other		
	(a) Research & Development tax refund	-	2,406
	(b) Other	-	-
Net operating cash flows		(1,273)	(3,423)

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
1.8	Net operating cash flows (carried forward)	(1,273)	(3,423)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical current assets	-	-
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other	-	-
Net investing cash flows			
1.14	Total operating and investing cash flows	(1,273)	(3,423)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares	10	3,110
1.16	Proceeds from shares not yet issued	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	(974)
1.19	Dividends paid	-	-
1.2	Other Creditors (costs of fund raising)	-	(213)
Net financing cash flows		10	1,923
Net increase (decrease) in cash held		(1,263)	(1,500)
1.21	Cash at beginning of quarter/year to date	2,107	2,285
1.22	Exchange rate adjustments to item 1.20	8	67
1.23	Cash at end of quarter/year to date	852	852

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2 (a)	196
1.25 Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments to directors includes directors fees and executive directors salaries.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cashflows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-
3.3 Convertible loan facility	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	852	2,107
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	852	2,107

Acquisitions and disposals of business entities

	Acquisitions	Disposals
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

This statement has been prepared under accounting policies which comply with accounting standards as defined 1 in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Original signed



Date: 29-April-2016

Company Secretary

Print name: Melanie Farris