

ASX ANNOUNCEMENT: APPENDIX 4C

31 October 2014

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 30 September 2014.

The Company held cash reserves of \$1.806 million at the end of September, consistent with budget forecasts. Cash outflows relating to operating expenses (\$2.018 million) were marginally higher than the previous quarter (\$1.81 million).

Total spend on R&D activities (\$1.169 million) was higher than the previous quarter (\$0.599 million) reflecting progress in the Company's programs. In the quarter under review, the Company reported interim data in two of its three current phase II clinical programs. The Company also reported on completion of phase I feasibility studies of an inhaled version of INV102 (nadolol).

Invion has satisfied the criteria under AusIndustry's R&D Tax Incentive Scheme for an advance finding with respect to certain local and overseas R&D activities carried out in the financial year ended 30 June 2014. For activities currently approved, the Company anticipates an R&D Tax rebate of approximately \$0.790 million. All requisite documentation has been lodged with relevant Government Departments, and the Company anticipates these funds to be received in the coming weeks.

The cash position of the Company is under constant review by the Board, and the Board is considering its options to ensure that cash resources are in place to see the Company through to the completion of forthcoming clinical development milestones.

Invion is a life sciences group focussed on the development of treatments for major opportunities in chronic inflammatory respiratory and autoimmune disease. The Group has three drug assets in development, and three phase II clinical trials currently underway.

INV102 (nadolol) is a beta-blocker (*beta adrenergic biased ligand*) currently marketed as a safe and effective treatment for high blood pressure and chest pain, that has been shown to reverse mucous metaplasia in the airway and is therefore targeted to treat chronic airway diseases including asthma and COPD.

INV104 (zafirlukast) is a *leukotriene receptor antagonist* (LTRA) and approved oral asthma therapy, that reduces inflammation, constriction of the airways, and the build-up of mucus in the lungs.

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.

An Appendix 4C accompanies this announcement.

For and on behalf of the Board of Invion Limited

MELANIE FARRIS
Company Secretary

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")

30-September-2014

Consolidated statement of cash flows

| Cash flows related to operating activities | | | Current quarter | Year to date |
|--|---|---------------------------------------|-----------------|-----------------------|
| | | | \$A'000 | (3 months) \$A'000 |
| 1.1 | Receipts from customers | | 2 | 2 |
| | Payments for | (a) staff costs | (497) | (497) |
| | | (b) patent costs | (60) | (60) |
| 1.2 | | (c) research and development | (1,109) | (1,109) |
| | | (d) leased assets | (3) | (3) |
| | | (e) other working capital | (349) | (349) |
| 1.3 | Dividends received | | - | - |
| 1.4 | Interest and other items of a similar nature received | | - | - |
| 1.5 | Interest and other costs of finance paid | | - | - |
| 1.6 | Income taxes paid | | - | - |
| 1.7 | Other | (a) Research & Development tax refund | - | - |
| | | (b) Other | - | - |
| Net operating cash flows | | | (2,016) | (2,016) |

| | | Current quarter | Year to date |
|---|---|-----------------|-----------------------|
| | | \$A'000 | (3 months) \$A'000 |
| 1.8 | Net operating cash flows (carried forward) | (2,016) | (2,016) |
| Cash flows related to investing activities | | | |
| 1.9 | (a) businesses | - | - |
| | (b) equity investments | - | - |
| | (c) intellectual property | (119) | (119) |
| | (d) physical current assets | - | - |
| | (e) other non-current assets | (4) | (4) |
| 1.10 | (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 | - | - |
| | | (123) | (123) |
| Net investing cash flows | | | |
| 1.14 | Total operating and investing cash flows | (2,139) | (2,139) |
| Cash flows related to financing activities | | | |
| 1.15 | Proceeds from issues of shares | - | - |
| 1.16 | Proceeds from shares not yet issued | - | - |
| 1.17 | Proceeds from borrowings | - | - |
| 1.18 | Repayment of borrowings | - | - |
| 1.19 | Dividends paid | - | - |
| 1.2 | Other Creditors (costs of fund raising) | (5) | (5) |
| | | (5) | (5) |
| Net financing cash flows | | | |
| Net increase (decrease) in cash held | | (2,144) | (2,144) |
| 1.21 | Cash at beginning of quarter/year to date | 3,954 | 3,954 |
| 1.22 | Exchange rate adjustments to item 1.20 | (4) | (4) |
| 1.23 | Cash at end of quarter/year to date | 1,806 | 1,806 |

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) | 207 |
| 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 salaries and other payments, including termination payments, to executive directors.

Separate to the amounts noted at 1.24 above, for the September quarter, approximately \$33,150 in fees were paid or were payable to McCullough Robertson Lawyers. Mr Brett Heading is a Partner at McCullough Robertson Lawyers.

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 | 1,805 | 3,954 |
| 4.2 Deposits at call | - | - |
| 4.3 Bank overdraft | - | - |
| 4.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.23) | 1,805 | 3,954 |

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
1 defined 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
(Company Secretary)



Date: 31-October-2014

Print name: Melanie Farris