

**Invion Limited**

**ABN 76 094 730 417**

**Half year ended - 31 December 2019**

**Invion Limited**  
**Contents**  
**31 December 2019**

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**Invion Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity: Invion Limited  
ABN: 76 094 730 417  
Reporting period: For the half-year ended 31 December 2019  
Previous period: For the half-year ended 31 December 2018

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**2. Results for announcement to the market**

			<b>\$</b>
Revenues from ordinary activities	down	58.3% to	1,854,832
Loss from ordinary activities after tax attributable to the owners of Invion Limited	down	10.8% to	(1,180,129)
Loss for the half-year attributable to the owners of Invion Limited	down	10.8% to	(1,180,129)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the consolidated entity after providing for income tax amounted to \$1,180,129 (31 December 2018: \$1,322,326).

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**3. Net tangible assets**

	<b>Reporting period \$</b>	<b>Previous period \$</b>
Net tangible assets per ordinary security	<u>0.00</u>	<u>0.00</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half year ended.

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**11. Attachments**

*Details of attachments (if any):*

The Half year ended of Invion Limited for the half-year ended 31 December 2019 is attached.

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**12. Signed**



Signed \_\_\_\_\_

Date: 24 February 2020

Thian Chew  
Chairman

**Invion Limited**  
**Corporate directory**  
**31 December 2019**

Directors	Thian Chew, Chairman Craig Newton, Managing Director & CEO (appointed on 1 November 2019) Alan Yamashita, Non-executive Director Melanie Farris, Non-executive Director (appointed on 22 December 2019) Greg Collier, Managing Director & CEO (retired on 31 October 2019) Greg Collier, Non-executive Director (appointed on 31 October 2019) James Campbell, Non-executive Director (retired on 21 December 2019)
Company secretary	Melanie Farris
Australia Business Number	76 094 730 417
Registered office	722 High Street, East Kew, Victoria 3102 P: (03) 8618 6843 E: investor@inviongroup.com W: www.inviongroup.com
Share register	Link Market Service Limited Locked Bag A14, Sydney South NSW 1235 Australia P: 1300 554 474 F: (02) 9287 0303 W: www.linkmarketservices.com.au
Auditor	Ernst & Young, Brisbane, Australia
Stock exchange listing	Invion Limited shares are listed on the Australian Securities Exchange (ASX code: IVX)

**Invion Limited**  
**Directors' report**  
**31 December 2019**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Invion Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

**Directors**

The following persons were directors of Invion Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Thian Chew, Chairman  
Mr Craig Newton, Managing Director & CEO (appointed on 1 November 2019)  
Mr Alan Yamashita, Non-executive Director  
Ms Melanie Farris, Non-executive Director (appointed on 22 December 2019)  
Greg Collier, Managing Director & CEO (retired on 31 October 2019)  
Greg Collier, Non-executive Director (appointed on 31 October 2019)  
James Campbell, Non-executive Director (retired on 21 December 2019)

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$1,180,129 (31 December 2018: \$1,322,326).

Invion is a drug delivery company that is leading the global research and development of Photosoft™ technology for the treatment of a range of cancers. Invion holds the Australia and New Zealand license rights to the Photosoft™ technology. Research and clinical trials are funded by the technology licensor, RMW Cho Group, via an R&D services agreement with the Company.

On 30 September 2019 the Company announced advances in its formulation, manufacturing and optimisation process as it aims to develop a high purity compound which addresses all regulatory and clinical requirements and can be manufactured at large scale, allowing for efficient market supply. The additional effort led to the development of IVX-P03, a higher purity version of IVX-P02, and further optimisation and definition of these compounds is ongoing.

Mr Craig Newton was appointed CEO effective 1 November 2019. Mr Newton joined Invion as Chief Operating Officer in April 2018. He 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 announced that Dr Greg Collier was to retire as CEO effective 31 October 2019. Dr Collier retired from the Board at the close of the Annual General Meeting of Shareholders held 4 November 2019.

On 31 October 2019 the Company announced that it had signed a research agreement with world-renowned research organisation, Peter MacCallum Cancer Centre (known as "Peter Mac"). Under the agreement, Peter Mac will undertake pre-clinical and in-vitro studies on Invion's IVX-PDT Photodynamic therapy for ano-genital cancers, including penile and anal cancer. The Peter Mac pre-clinical studies, which are commence in 2020, will be overseen by leading cancer research scientist, Professor Robert Ramsay, who is Group Leader and Joint-Head Gastrointestinal Cancer Program at Peter Mac. Associate Professor Nathan Lawrentschuk, urological surgeon and oncologist in the Uro-Oncology Service at Peter Mac will also be involved in the pre-clinical studies.

On 27 November 2019 the Company announced the results from a pre-clinical study undertaken by Hudson Institute of Medical Research. The study used the first batch of Australian-made Photosoft™ compound on mice with ovarian cancer. Researchers at Hudson Institute analysed both immediate and medium-term effects on tumours and observed the following that Photosoft™ caused the immediate and specific death of tumour tissue, with no apparent adverse effects in the surrounding healthy tissues, and that the size of the tumours in animals treated with Photosoft™ Technology reduced to less than half of their original size over a three-week period. The pre-clinical study marked the first scientific demonstration of the Photosoft™ Technology in a clinically relevant model and supports Hudson Institute's original laboratory findings that Photosoft™ can rapidly kill cancer cells *in vitro*.

**Significant changes in the state of affairs**

On 4 November 2019, 6,814,403 unlisted share options (exercisable at \$0.02, expiring on 30 October 2023) were issued to Mr Craig Newton, CEO.

**Invion Limited**  
**Directors' report**  
**31 December 2019**

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Thian Chew  
Chairman

24 February 2020



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Invion Limited**

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

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Jennifer Barker'.

Jennifer Barker  
Partner  
Brisbane  
24 February 2020

**Invion Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revenue from contracts with customers		1,854,832	1,171,604
Interest revenue		155	1,208
<b>Expenses</b>			
Other income/expense	5	3,511	(18,907)
Employee and employee benefits expense		(402,863)	(426,129)
Depreciation and amortisation expenses		(138,788)	(756,879)
Administration & corporate expenses	6	(474,855)	(643,442)
Rent and occupancy expense		(52,606)	(55,690)
Share-based payment expense		(899,002)	(1,950)
Research & development costs	7	(1,038,655)	(701,360)
Patent costs		(3,766)	(23,807)
Business development		(28,092)	(115,729)
		<u>(1,180,129)</u>	<u>(1,571,081)</u>
<b>Loss before income tax benefit</b>		<b>(1,180,129)</b>	<b>(1,571,081)</b>
Income tax benefit	8	-	248,755
		<u>-</u>	<u>248,755</u>
<b>Loss after income tax benefit for the half-year attributable to the owners of Invion Limited</b>		<b>(1,180,129)</b>	<b>(1,322,326)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Unrealised exchange differences on translation of foreign subsidiary		-	410,112
		<u>-</u>	<u>410,112</u>
Other comprehensive income for the half-year, net of tax		-	410,112
		<u>-</u>	<u>410,112</u>
<b>Total comprehensive income for the half-year attributable to the owners of Invion Limited</b>		<b><u>(1,180,129)</u></b>	<b><u>(912,214)</u></b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	21	(0.02)	(0.02)
Diluted earnings per share	21	(0.02)	(0.02)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Invion Limited**  
**Statement of financial position**  
**As at 31 December 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	119,028	771,313
Trade and other receivables	10	507,998	120,575
Other current assets		102,436	50,270
<b>Total current assets</b>		<u>729,462</u>	<u>942,158</u>
<b>Non-current assets</b>			
Property, plant and equipment		3,531	4,819
Intangibles	11	4,977,500	5,115,000
<b>Total non-current assets</b>		<u>4,981,031</u>	<u>5,119,819</u>
<b>Total assets</b>		<u>5,710,493</u>	<u>6,061,977</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	284,229	490,567
Provisions		22,236	63,875
Unearned income		227,890	50,270
<b>Total current liabilities</b>		<u>534,355</u>	<u>604,712</u>
<b>Total liabilities</b>		<u>534,355</u>	<u>604,712</u>
<b>Net assets</b>		<u>5,176,138</u>	<u>5,457,265</u>
<b>Equity</b>			
Issued capital	13	130,555,435	130,555,435
Reserves	14	21,532,127	23,119,839
Accumulated losses		<u>(146,911,424)</u>	<u>(148,218,009)</u>
<b>Total equity</b>		<u>5,176,138</u>	<u>5,457,265</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Invion Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2019**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Option reserve</b> <b>\$</b>	<b>Foreign Currency translation reserves</b> <b>\$</b>	<b>Convertible note reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2018	132,140,700	19,432,957	1,851,548	2,486,714	(148,005,574)	7,906,345
Loss after income tax benefit for the half-year	-	-	-	-	(1,322,326)	(1,322,326)
Other comprehensive income for the half-year, net of tax	-	-	410,112	-	-	410,112
Total comprehensive income for the half-year	-	-	410,112	-	(1,322,326)	(912,214)
<i>Transactions with owners in their capacity as owners:</i>						
Share option expense	-	1,950	-	-	-	1,950
Balance at 31 December 2018	<u>132,140,700</u>	<u>19,434,907</u>	<u>2,261,660</u>	<u>2,486,714</u>	<u>(149,327,900)</u>	<u>6,996,081</u>
<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Options reserves</b> <b>\$</b>	<b>Foreign currency translation reserves</b> <b>\$</b>	<b>Convertible note reserve</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2019	130,555,435	20,633,125	-	2,486,714	(148,218,009)	5,457,265
Loss after income tax expense for the half-year	-	-	-	-	(1,180,129)	(1,180,129)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	-	(1,180,129)	(1,180,129)
<i>Transactions with owners in their capacity as owners:</i>						
Share option expense	-	899,002	-	-	-	899,002
Reserve reclassification	-	-	-	(2,486,714)	2,486,714	-
Balance at 31 December 2019	<u>130,555,435</u>	<u>21,532,127</u>	<u>-</u>	<u>-</u>	<u>(146,911,424)</u>	<u>5,176,138</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Invion Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2019**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,645,010	-
Payments to suppliers and employees	(2,355,276)	(2,248,714)
Research and development tax incentive	57,826	-
	<u>(652,440)</u>	<u>(2,248,714)</u>
Interest received	155	1,208
Net cash used in operating activities	<u>(652,285)</u>	<u>(2,247,506)</u>
<b>Cash flows from investing activities</b>		
Payment for Property, Plant and Equipment	-	(3,927)
Net cash used in investing activities	<u>-</u>	<u>(3,927)</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(652,285)	(2,251,433)
Cash and cash equivalents at the beginning of the financial half-year	771,313	2,891,372
Net foreign exchange differences	-	2,293
Cash and cash equivalents at the end of the financial half-year	<u><u>119,028</u></u>	<u><u>642,232</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Invion Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 1. General information**

The financial statements cover Invion Limited as a consolidated entity consisting of Invion Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Invion Limited's functional and presentation currency.

Invion Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

722 High Street, East Kew, VIC 3102 Australia

**Principal place of business**

722 High Street, East Kew, VIC 3102 Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2020.

**Note 2. 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.

**Note 3. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Going concern**

This financial report for the six months ended 31 December 2019 has been prepared on a going concern basis. The Group incurred an operating loss after income tax of \$1,180,129 (2018: \$1,322,326) for the half-year. At 31 December 2019 the Company had net assets of \$5,176,138 (30 June 2019: \$5,457,265) and a net current asset position of \$195,107 (30 June 2019: \$337,446). 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.

**Invion Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 3. Significant accounting policies (continued)**

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 material 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.

**Note 4. Operating segments**

*Identification of reportable operating segments*

The Invion Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Invion Group operates as a clinical-stage life sciences (drug development) group. At 31 December 2019, the Group had operations in Australia only with its wholly owned subsidiary EpiTech Dermal Science Pty Ltd (previously IVX Cosmetics Pty Ltd). The Group does not consider that the risks and returns of the Group have been or are affected by differences in either the products or services it provides. The Group operates as one segment and as such in one geographical area. 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.

The information reported to the CODM is on a monthly basis.

**Note 5. Other income/expense**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Unrealised foreign exchange gain (loss)	(3,511)	18,907

**Note 6. Administration & corporate expenses**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Legal fees	6,808	70,182
Compliance costs	109,949	128,870
Consulting fees incl. accounting, business development	133,880	257,835
Insurance	85,107	71,292
Other administration and corporate expenses	139,111	115,263
	<u>474,855</u>	<u>643,442</u>

**Invion Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 7. Research & development costs**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Clinical trial costs	497,153	443,775
Drug production and supply	43,017	81,422
Feasibility studies	-	10,928
Other research and development	498,485	165,235
	<u>1,038,655</u>	<u>701,360</u>

**Note 8. Income tax benefit**

The Company has recorded nil tax benefit for the period ended 31 December 2019 (2018: \$nil).

**Note 9. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	<u>119,028</u>	<u>771,313</u>

**Note 10. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	430,814	28,805
R&D tax incentive rebate	22,889	91,770
GST refundable	54,295	-
	<u>507,998</u>	<u>120,575</u>

**Note 11. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Intellectual property - at cost	5,500,000	5,500,000
Less: Accumulated amortisation	<u>(522,500)</u>	<u>(385,000)</u>
	<u>4,977,500</u>	<u>5,115,000</u>

**Invion Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 11. Non-current assets - intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Photosoft™ \$	Total \$
Balance at 1 July 2019	5,115,000	5,115,000
Amortisation expense	<u>(137,500)</u>	<u>(137,500)</u>
Balance at 31 December 2019	<u><u>4,977,500</u></u>	<u><u>4,977,500</u></u>

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. 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.

**Note 12. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
Trade payables	250,763	308,092
Accrued expenses	32,000	144,380
Director related accruals	1,466	22,808
GST payable	<u>-</u>	<u>15,287</u>
	<u><u>284,229</u></u>	<u><u>490,567</u></u>

**Note 13. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December 2019 Shares</b>	<b>30 June 2019 Shares</b>	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
Ordinary shares - fully paid	<u>5,500,606,300</u>	<u>5,500,606,300</u>	<u>130,555,435</u>	<u>130,555,435</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Invion Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 14. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Options reserve	21,532,127	20,633,125
Convertible note reserve	-	2,486,714
	<u>21,532,127</u>	<u>23,119,839</u>

*Option reserve*

Items recognised as an expense with respect to share-based consideration.

*Convertible note reserve*

This represents the equity component of convertible notes which had lapsed and the reserve balance taken to the accumulated losses.

**Note 15. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 16. Contingent liabilities**

The consolidated entity has no material contingent liabilities as at the date of this report.

**Note 17. Commitments**

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 \$0.45 million relating to R&D development activities (30 June 2019: \$1.93 million).

**Note 18. Related party transactions**

*Parent entity*

Invion Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 19.

*Transactions with related parties*

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. During the half year ended 31 December 2019, payments to Mr Chew consisted of director's fees of \$45,000 and Share based payment of \$32,074 related to the share options granted.

**Invion Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 18. Related party transactions (continued)**

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 \$1,854,832 (2018:\$1,171,604). As at 31 December 2019 \$430,814 (30 June 2019: \$28,805) was included in trade receivables and a contract liability of \$227,890 (30 June 2019: \$50,270) included in unearned income.

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 19. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 3:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2019 %	30 June 2019 %
EpiTech Dermal Science Pty Ltd (previously IVX Cosmetics Pty Ltd)	Australia	100.00%	100.00%

**Note 20. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 21. Earnings per share**

	Consolidated	
	31 December 2019 \$	31 December 2018 \$
Loss after income tax attributable to the owners of Invion Limited	<u>(1,180,129)</u>	<u>(1,322,326)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>5,500,606,300</u>	<u>5,492,272,967</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>5,500,606,300</u>	<u>5,492,272,967</u>
	Cents	Cents
Basic earnings per share	(0.02)	(0.02)
Diluted earnings per share	(0.02)	(0.02)

**Invion Limited**  
**Directors' declaration**  
**31 December 2019**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Thian Chew  
Chairman

24 February 2020



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## **Independent Auditor's Review Report to the Members of Invion Limited**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

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

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Emphasis of Matter - Material Uncertainty Related to Going Concern**

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss of \$1.1 million during the period ended 31 December 2019 (31 December 2018: \$1.3 million) 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.

#### **Directors' Responsibility for the Half-Year Financial Report**

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

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a



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true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## **Independence**

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

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink that reads "Jennifer Barker".

Jennifer Barker  
Partner  
Brisbane  
24 February 2020