Imugene Limited
Appendix 4E

Name of entity	Imugene Limited
ABN or equivalent company reference	ABN 99009179551
Year ended	30 June 2017 (Previous Corresponding Year: 30 June 2016)

Results for announcement to the market

				$
Revenue for ordinary activities	Down	10.1%	to	35,429
Earnings before interest and taxation (EBIT)	Down	8.2%	to	(2,506,571)
Net loss after tax (from ordinary activities) for the period attributable to members	Down	8.2%	to	(2,506,571)

Dividends

No dividends have been paid or declared by the company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

Net tangible assets

	30 June 2017	**30 June 2016**
Net tangible assets	5,780,317	2,242,233
Shares (No.)	2,365,238,659	1,732,134,740
Net tangible assets (cents)	0.24	0.13
Net assets ($)	11,394,622	7,856,541
Basic loss per share (cents)	(0.12)	(0.19)
Diluted loss per share (cents)	(0.12)	(0.19)

Details of entities over which control has been gained or lost during the period

N/A

Explanation of results

The company reported a loss for the full-year ended 30 June 2017 of $2,506,571 (30 June 2016: $2,730,642). The loss is after fully expensing all research and development costs.

For further details relating to the current period's results, refer to the Operating and financial review contained within this document.

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Imugene Limited

ABN 99009179551

Annual report
for the year ended 30 June 2017

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Chairman's letter

Dear Fellow Shareholders

The year under review was a period of intense activity in your company across many fronts with the primary goal to enrol patients in the Phase 1b/2 gastric cancer trial in Asia.

Manufacturing, country and site selection, appointment of Principal Investigators, and country specific regulatory requirements occupied management, under Leslie Chong's strong leadership, for much of the year.

We anticipate the enrolment of the first cohort in the very near future with all sites now actively screening patients for the trial.

The collaboration with the Medical University of Vienna remains on a sound foundation, and we continue to work very closely with Professors Christophe Zielinski and Ursula Weidermann, and their research teams in Vienna, on both the HER-Vaxx program and the mimotope technology which we believe holds great promise in the oncology field.

In February, we were able to obtain the rights, at modest cost, to an exciting new small molecule arginine modulator which is creating considerable interest among researchers and biotech/pharmaceutical companies.

During the year, we strengthened our shareholding base with the addition of two Australian based funds following a small capital raising at the end of 2016.

In the second half of the financial year the balance sheet was further enhanced by the exercise of options by many shareholders providing additional working capital for the operations of the company.

The year ahead will be an exciting one during which we expect to dose patients in Hong Kong, Thailand and Taiwan under the Phase 1b/2 gastric study.

We will continue our research to identify the most appropriate lead mimotope candidate with a view to taking it into the clinic at the earliest opportunity and pre-clinical work will progress on the arginine modulator.

On behalf of the Board I thank management for their outstanding efforts, and our thanks to the shareholders for their continued support.



Paul A. Hopper
Executive Chairman

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Imugene Limited
Directors' report

Your directors present their report on the consolidated entity consisting of Imugene Limited (referred to hereafter as the 'company') and the entities it controlled at the end of, or during, the year ended 30 June 2017. Throughout the report, the consolidated entity is referred to as the company.

Directors and company secretary

The following persons held office as directors of Imugene Limited during the financial year:

Mr Paul Hopper
Mr Charles Walker
Dr Axel Hoos
Dr Anton Uvarov (resigned 31 October 2016)

The following persons held office as joint company secretary of Imugene Limited during the financial year:

Mr Phillip Hains
Mr Justyn Stedwell

Principal activities

The company is an Australian immuno-oncology focused biopharmaceutical company developing mimotopes that induce B-Cells to produce antibodies against cancer targets and development of small molecule drug candidates known as arginine modulators.

The company's lead product is HER-Vaxx, a proprietary HER2 +ve cancer vaccine that stimulates a polyclonal antibody response against the HER2/neu receptors which are prevalent in breast cancer and gastric cancer. The company seeks to develop its pipeline of mimotopes against clinically and commercially validated targets.

A new patent was filed for the arginine modulators in the field of cancer and Immuno-Oncology, including combination with checkpoint inhibitors.

Operating and financial review

Results

The company reported a loss for the full-year ended 30 June 2017 of $2,506,571 (30 June 2016: $2,730,642). The loss is after fully expensing all research and development costs.

Operations

HER-Vaxx
During the last financial year management have been working towards starting a clinical trial for HER-Vaxx in 2017. Some of this includes finalising full packages of regulatory documents to submit to each country's FDA, providing extensive training and selecting staffing of the contracted research organisation (CRO) to conduct site facility inspections, site initiations, organising meetings with the regulatory authorities and the principal investigators, setting up safety and clinical data bases.

Manufacture
HER-Vaxx consists of three elements: a peptide, a vaccine conjugate, and an adjuvant which works to "turn on" a patient's immune system. Management have improved on the formulation with the use of CRM197 as a vaccine conjugate and have added Montanide as an adjuvant. The finalised product is synergistic and highly immunogenic, and the resulting HER-Vaxx is more economical and easier to make and above all the most potent combination the company has ever developed. This work has also allowed for the filing of an additional patent, which if granted will refresh the patent life to 2036, and could directly extend the period in which HER-Vaxx could be in the market.

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Operating and financial review (continued)

Operations (continued)

Phase 1b/2 Clinical Trial
Having successfully conducted a Phase 1 clinical trial in patients with metastatic breast cancer, our next trial is to conduct a targeted trial in patients with HER-2 positive gastric cancer. The company changed to HER-2 positive gastric cancer as this type is not nearly as well served as breast cancer, still has approximately the same number of patients being HER-2 positive, and is more severe than breast cancer offering a significant market opportunity for HER-Vaxx. Asia was the region of choice due to the prevailing factors; higher rate of gastric cancer.

The Phase 1b/2 gastric cancer study design is as follows:

- The Phase 1b lead-in trial is testing three different doses of the HER-Vaxx vaccine with up to 18 patients (three groups up to six patients) in combination with chemotherapy across eight trial sites.
- The key endpoints are to identify the optimal dose of HER-Vaxx for the Phase 2 part of the study, and confirm safety. Researchers will monitor the patient's immune responses to the vaccine.
- The Phase 1b will be followed by a randomised open label Phase 2 study with around 68 patients with metastatic gastric cancer overexpressing HER2. The study will be randomised into two arms of either HER-Vaxx plus standard-of-care (chemotherapy) or standard-of-care alone. The endpoints of this randomised trial will be safety, immune response, progression-free survival and overall survival.

We have received full country specific FDA regulatory approvals.

Preclinical work
Preclinical work with HER-Vaxx continues beyond meeting the toxicology requirements for the various regulators.

New experiments on HER-Vaxx including in combination with checkpoint inhibitors are currently being conducted.

Mimotope Programme
A mimotope is a small molecule, often a peptide, which mirrors the structure of an epitope, the specific target an antibody binds to. Because of this property, it induces an antibody response like the one elicited by the epitope. Professor Ursula Wiedermann (our CSO) with her team at the Medical University of Vienna are working on mimotope characterisation, immunogenicity and pre-clinical work to identify our next mimotope candidate and pipeline.

Arginine Modulators
The company has an exclusive agreement with the Baker IDI Heart & Diabetes Institute in Melbourne to research, develop and commercialise a portfolio of small molecule arginine modulators for oncology.

Arginine is a naturally occurring amino acid critical for the activation, growth and survival of the body's own cancer-fighting cells. Depletion of arginine has been observed in renal cell carcinoma and acute myeloid leukemia patients. Researchers believe increasing availability of arginine could help restore the tumor killing activity of the body's own cancer fighting cells.

The company's A12 (arginine modulator) molecule increases the availability of arginine in the cellular environment.

Enhancement of management team

In November 2016, the company strengthened its leadership by promoting Leslie Chong from Chief Operating Officer to Chief Executive Officer. Ms. Chong comes with strong experience in immuno-oncology clinical trials from Genentech, a recognised leader in the development of cutting edge new therapies, and the developer of checkpoint inhibitors and contribution to Herceptin franchise. Over the past year, she has demonstrated a clear understanding of the nuances of the Australian market for life sciences, has developed a strong rapport with our investors and led successful capital raisings.

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Operating and financial review (continued)

Outlook

The Phase 1b/2 gastric study has received hospital/clinics ethics review and country regulatory agencies' approvals. All hospitals/clinics that are participating in the clinical trial are actively recruiting study patients. The company anticipates early safety and immunogenicity data from the Phase 1b portion of the study and we look forward to moving swiftly into the Phase 2 study where we will obtain further safety data as well as efficacy.

Professor Ursula Wiedermann (our CSO) with her team at the Medical University of Vienna are working diligently to identify the next mimotope candidate for formal development.

A12, the arginine modulator, is currently in pre-clinical experiments. With positive results, the company intends to develop this molecule into further formal pre-clinical studies.

The company's arginine modulator, A12 could prove to be beneficial in the tumor microenvironment to optimise cancer fighting immunity along with the mimotopes that induce B-Cell antibodies.

Business strategy and future prospects

The focus of the company's operations in the short to medium term will be directed at commencing the gastric cancer clinical trial in 2H, 2017.

An equal priority is to identify mimotope candidate to increase our B-Cell peptide vaccine franchise and pipeline.

The company's arginine modulator could provide exciting data to move forward in the pre-clinical phase of development.

Financial review

The company's net assets increased to $11,394,622 compared with the previous year to $7,856,541. As at 30 June 2017, the company had cash reserves of $4,814,200 (2016: $1,582,583). The overall decrease in receivables for the year reflects the pending receipt of $1,163,693 research and development tax rebate. The net carrying value of the company's intangible assets of $6,599,755 has remain unchanged since FY2016.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the current year.

Event since the end of the financial year

On 21 July 2017, the company received notice that the Canadian Patent Office has issued a Grant Notice for the company's proprietary cancer vaccine HER-Vaxx with a 2027 expiry date.

On 25 August 2017, a member of KMP exercised 4,500,000 options to acquire 4,500,000 fully paid ordinary shares in the company.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected the company's operations, results or state of affairs, or may do so in future years.

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Information on directors

The names of directors in office at any time during or since the end of the year are:

Mr Paul Hopper Executive Chairman		
Experience and expertise	Mr Hopper has over twenty years' experience in the management and funding of biotechnology and healthcare public companies both as CEO and Director, with extensive capital markets experience in equity and debt raisings in Australia, Asia, US and Europe. Mr Hopper's sector experience has covered a number of therapeutic areas with a particular emphasis on immunotherapy and cancer vaccines. Mr Hopper has served as CEO and Director of many listed biotechnology and healthcare companies in Australia and the US.	
Date of appointment	31 October 2012	
Former directorships in last 3 years	Prescient Therapeutics Limited (formerly Virax Holdings Limited) (ASX: PTX) Viralytics Limited (ASX:VLA) pSivida Corp (ASX:PVA)	
Special responsibilities	Audit and Risk Committee and Remuneration and Nomination Committee	
Interests in shares and options	Shares	71,696,875
	Options	Nil

Mr Charles Walker Non-Executive Director		
Experience and expertise	Mr Walker has broad and successful experience across many aspects of the biotechnology and life sciences industry. His experience includes significant operational and leadership experience, a strong capital markets tack record from executing nearly 50 international fundraisings both as principal and advisor, as well as a detailed scientific understanding gained from his technical background in pharmacology. Mr Walker was previously CEO and former CFO of Alchemia (ASX:ACL)	
Date of Appointment	Appointed as Non-Executive Director on 13th September 2015	
Former directorships in last 3 years	-	
Special responsibilities	Audit and Risk Committee and Remuneration and Nomination Committee	
Interests in shares and options	Shares	26,500,000
	Options	4,083,334

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Information on directors (continued)

Dr Axel Hoos Non-Executive Director		
Experience and expertise	Dr Hoos is a Senior Vice President, Oncology R&D at GlaxoSmithKline where he directs clinical and translational research on molecular mechanisms of cancer and tumour-host interactions for rational combination of therapies to optimise patient outcomes. Prior to his current role, he was the medical lead in immunology/oncology at Bristol-Myers Squibb where he developed the Yervoy monoclonal antibody in melanoma and other indications. Yervoy is the first therapy to extend survival in metastatic melanoma. He has previously been Co-Director of the influential think-tank Cancer Immunotherapy Consortium. He adds substantial big pharma oncology experience to the Board.	
Date of appointment	20 December 2013	
Former directorships in last 3 years	-	
Special responsibilities	Audit and Risk Committee and Remuneration and Nomination Committee	
Interests in shares and options	Shares	7,500,000
	Options	25,000,000

Dr Anton Uvarov Non-Executive Director		
Experience and expertise	Dr Uravov has significant experience as an equity analyst in the healthcare sector, both domestically and internationally. Prior to moving to Australia he was with Citigroup Global Markets where he spent two years as a member of the New York based biotechnology team. Dr Uravov holds a PhD degree in Biotechnology and Medical Genetics from the University of Manitoba, Canada and an MBA degree from the University of Calgary, Canada.	
Date of appointment	5 January 2016	
Date of resignation	31 October 2016	
Other current directorships	Actinogen Limited (ASX: ACW)	
Former directorships in last 3 years	Sun Biomedical Limited (ASX: SBN) Acuvax Limited (ASX: ACU)	
Special responsibilities	-	
Interests in shares and options	Shares	Nil
	Options	Nil

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Information on officers

The names of officers in office at any time during or since the end of the year are:

Ms Leslie Chong Chief Executive Officer		
Experience and expertise	Ms Chong joined the company in September 2015 from the leading pharmaceutical company, Genentech, where she was a Senior Clinical Program Lead, a member of the Roche family, in the head office in San Francisco. She has over 19 years of experience in leading clinical and department development in oncology.	
Date of appointment	21 November 2016	
Interests in shares and options	Shares	2,222,223
	Options	27,296,297

Mr Phillip Hains Chief Financial Officer and Joint Company Secretary		
Experience and expertise	Mr. Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.	
Date of appointment	20 December 2012	
Interests in shares and options	Shares	Nil
	Options	Nil

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Information on officers (continued)

Mr Justyn Stedwell Joint Company Secretary		
Experience and expertise	Mr Stedwell is a professional Company Secretary with over seven years' experience as a Company Secretary in ASX listed companies within various industries including IT & Telecommunications, Biotechnology, and Mining. He has completed a Bachelor of Business & Commerce (Management & Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia and Graduate Certificate of Applied Finance with Kaplan Professional.	
Date of appointment	30 July 2012	
Interests in shares and options	Shares	Nil
	Options	Nil

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	**Held**	**Attended**	**Held**
Paul Hopper	**11**	**12**	**5**	**5**
Charles Walker	**11**	**12**	**5**	**5**
Axel Hoos	**11**	**12**	**5**	**5**
Anton Uvarov	**5**	**12**	**3**	**5**

Remuneration report (audited)

The directors present the Imugene Limited 2017 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The report is structured as follows:

(a) Principles used to determine the nature and amount of remuneration
(b) Details of remuneration
(c) Service agreements
(d) Share-based compensation
(e) Relationship between the remuneration policy and group performance
(f) Key management personnel disclosures

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Remuneration report (audited) (continued)

(a) Principles used to determine the nature and amount of remuneration

Remuneration governance

At present the functions of the Remuneration and Nomination Committee in relation to the remuneration of the company's executives (including share and benefit plans) are carried out by the full board. No directors are present at meetings of the Board in this function where their own remuneration is being considered. Issues of remuneration are considered annually or otherwise as required.

The objective of the Board, acting in its capacity as Remuneration and Nomination Committee, is to ensure that pay and rewards are competitive and appropriate for the results delivered. The Remuneration and Nomination Committee charter adopted by the Board aims to align rewards with achievement of strategic objectives and the creation of value for shareholders. The remuneration framework applied provides a mix of fixed and variable pay and a blend of short and long-term incentives as appropriate.

Non-executive directors

The maximum amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting and is currently at a maximum of AUD/ USD $45,000 per director per annum. The company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the company, however to align directors' interests with shareholders' interests, directors are encouraged to hold shares in the company.

Non-executive directors' fees and payments are reviewed annually or otherwise as required by the Board.

Retirement benefits and allowances

No retirement benefits or allowances are paid or payable to directors of the company, other than superannuation where applicable.

Other benefits

No motor vehicle, health insurance or other similar allowances are made available to directors (other than through salary-sacrifice arrangements).

Executive pay

Executive pay and reward consists of base pay, short-term performance incentives, long-term performance incentives and other remuneration such as superannuation. Superannuation contributions are paid into the executive's nominated superannuation fund.

Base pay

Executives are offered a competitive level of base pay which comprises the fixed (unrisked) component of their pay and rewards. Base pay for senior executives is reviewed annually to ensure market competitiveness.

Short-term and long term incentives

Contractual agreements with key management personnel provide for the provision of incentive arrangements. There are currently short-term/long-term incentive schemes in place within individual contracts of the company's employees, refer to Service Agreements section of the Directors' Report.

Securities trading policy

The trading of company's securities by employees and directors is subject to, and conditional upon, the Policy for Trading in Company Securities which is available on the company's website (www.imugene.com).

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Remuneration report (audited) (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

Voting and comments made at the Company's 2016 Annual General Meeting

The company received 63% of 'yes' votes on its remuneration report for the 2016 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

(b) Details of remuneration

Amounts of remuneration

Key Management Personnel (KMP) of the company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the company receiving the highest remuneration. Details of the remuneration of the KMP of the company are set out in the following tables.

The following persons held office as directors of Imugene Limited during the financial year:

Mr Paul Hopper, Executive Chairman
Mr Charles Walker, Non-Executive Director
Dr Axel Hoos, Non-Executive Director
Dr Anton Uvarov, Non-Executive Director (resigned 31 October 2016)

And the following persons:

Ms Leslie Chong, Chief Executive Officer
Mr Phillip Hains, Chief Financial Officer and Joint Company Secretary
Dr Nicholas Ede,Chief Technical Officer

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Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

Amounts of remuneration (continued)

	Short-term benefits				Post employment benefits	Long-term benefits	Share-based payments			% of total remuneration		
2017	**Cash salary and fees**	**Bonus**	**Non-monetary**	**Other**	**Superannuation**	**Long service leave**	**Equity settled shares**	**Equity settled options**	**Total**	**not related to performance**	**At risk STI**	**At risk LTI**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**	**%**
Non-executive directors:												
Axel Hoos	59,799	-	-	-	-	-	-	89,660	149,459	40%	-	60%
Charles Walker	41,096	-	-	-	3,904	-	-	-	45,000	100%	-	-
Anton Uvarov (ii)	18,750	-	-	-	-	-	-	-	18,750	100%	-	-
Executive directors												
Paul Hopper (i)	137,400	-	-	136,000	-	-	-	-	273,400	100%	-	-
Other key management personnel:												
Leslie Chong	290,353	-	-	-	19,616	-	-	26,860	336,829	92%	-	8%
Nicholas Ede	185,000	-	-	-	17,575	-	-	-	202,575	100%	-	-
Total	**732,398**	**-**	**-**	**136,000**	**41,095**	**-**	**-**	**116,520**	**1,026,013**			

(i) Mr. Hopper's remuneration for the year was US$200,000 as per his employment contract. Effective 21 November 2016, Mr. Hopper's remuneration decreased to AU $137,400. The remaining balance of AU$130,545 has been deferred by mutual agreement. The remuneration disclosed in 'Other Short-term benefits' ($136,000) was deferred remuneration for FY2016 and FY2017.
(ii) Resigned as Non-Executive Director 31 October 2016

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Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

Amounts of remuneration (continued)

	Short-term benefits				Post employment benefits	Long-term benefits	Share-based payments			% of total remuneration		
2016	**Cash salary and fees**	**Bonus**	**Non-monetary**	**Other**	**Superannuation**	**Long service leave**	**Equity settled shares**	**Equity settled options**	**Total**	**not related to performance**	**At risk STI**	**At risk LTI**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**	**%**
Non-executive directors:												
Axel Hoos	61,746	-	-	-	-	-	-	33,050	94,796	65%	-	35%
Otto Buttula (ii)	22,287	-	-	-	2,117	-	-	-	24,404	100%	-	-
Charles Walker (iii)	32,877	-	-	-	3,123	-	-	-	36,000	100%	-	-
Anton Uvarov	22,500	-	-	-	-	-	-	-	22,500	100%	-	-
Executive directors												
Paul Hopper (i)	272,197	-	-	76,209	-	-	-	-	348,406	100%	-	-
Other key management personnel:												
Charles Walker (iii)	138,307	-	-	-	12,058	-	-	-	150,365	100%	-	-
Leslie Chong	229,070	-	-	-	16,649	-	20,000	57,183	322,902	76%	6%	18%
Nicholas Ede	173,333	-	-	-	16,467	-	-	9,581	199,381	95%	-	5%
Total	**952,317**	**-**	**-**	**76,209**	**50,414**	**-**	**20,000**	**99,814**	**1,198,754**			

(i) Mr. Hopper's remuneration for the year consisted of US$200,000 as per his employment contract. For the year Mr. Hopper has only been paid a cash component of US$100,000(AU$137,406). The remaining balance of US$100,000 (AU$134,791) has been deferred by mutual agreement. The remuneration disclosed in 'Other Short-term benefits' ($76,209) was deferred remuneration for FY2015.
(ii) Resigned as Executive Director 15 January 2016
(iii) Charles Walker had resigned as Managing Director on 13 September 2015, he was appointed immediately as a Non-Executive Director
(iv) In FY2016 Phillip Hains has stepped down from Key Management Personal in his position as CFO as he is no longer a key decision maker for the company.

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Remuneration report (audited) (continued)

(c) Service agreements

The key management personnel of the company consisted of the following directors of Imugene Limited:

Executives

Mr. Paul Hopper
The employment conditions of the Executive Chairman, Mr Paul Hopper is formalised in a consulting agreement for which he is paid AU$137,400 p.a.

Mr Hopper may be eligible to participate in any short term and/ or long term incentive arrangements operated or introduced by any member of the Group from time to time, in accordance with the terms and conditions governing those arrangements.

Non-executive directors

In accordance with best practise governance, the structure of non-executive directors and executive remunerations is separate and distinct.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board of Directors. The Board of Directors considers advice from external sources as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company.

The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

The base fee for a non-executive director is presently AUD/USD 45,000 p.a. plus GST where applicable. Directors' fees cover all main board activities and committee memberships.

Key management personnel

Ms. Leslie Chong
The employment conditions of the Chief Operating Officer, Ms Leslie Chong is formalised in a contract of employment which commenced on the 25 August 2015. This contract currently stipulates a salary of $275,000 pa, exclusive of superannuation and an annual bonus up to 30% of salary subject to performance with a termination period of twelve months. In addition, a sign on bonus of $20,000 in Imugene shares and relocation expenses of $30,000 were provided within two business days of the commencement date.

Effective from 21 November 2016, Ms Leslie Chong was promoted to the position of Chief Executive Officer. A variation to the contract of employment was entered into, increasing a salary of $275,000 p.a. to $300,000 p.a. excluding superannuation and an annual bonus up to 30% subject to performance milestones with no other change to terms and conditions.

In FY2017, it was determined by the board that Ms Chong was not eligible for her 30% performance bonus.

In FY2017, the time based performance milestones are related to:
- Increase in share price
- Raising capital
- Complete and / or manage all activities for site activation
- Dose first patient
- File technology patents and or IP

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Remuneration report (audited) (continued)

(c) Service agreements (continued)

Key management personnel (continued)

Dr. Nicholas Ede
The employment conditions for the Chief Technology Officer employee, Dr Nicholas Ede is formalised in a contract of employment which commenced on the 27 October 2014 and updated with effect from 1 February 2016. This contract stipulates a salary of $185,000 p.a. exclusive of superannuation and an incentive package of 4.5 million options subject to vesting conditions based on a period of time. The incentive package is determined upon continued employment as a key member of the Company in progressing development of Company trials.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

(d) Share-based compensation

(i) Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

(ii) Options

During the current financial period, there were 10,000,000 unlisted options issued to Dr.Axel Hoos as announced on 6 April 2017, that are subject to shareholder approval.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Axel Hoos

- Tranche 1 - 10,000,000 million options with an exercise price of $0.015, vesting if the Company's share price exceeds $0.015 based on a 5 day VWAP calculation. This lapsed in October 2016.
- Tranche 2 - 10,000,000 million options with an exercise price of $0.015, vesting if the Company achieves a successful licensing or partnering transaction, capital raising (excluding the recent raising), merger or acquisition.
- Tranche 3 - 2,500,000 options with an exercise price of $0.0125 per option, vesting upon recruitment of the first patient for a Phase 1b trial.
- Tranche 4 - 2,500,000 options with an exercise price of $0.0175 per option, vesting on recruitment of the first patient for a Phase 2 trial.
- Tranche 5 - 10,000,000 options with an exercise price of $0.02 per option exercisable within three years from the date of issue as announced on 6 April 2017. The issue of options is subject to shareholder approval and has no vesting conditions in place.

All Tranche 1 to 4 options were granted on 26 October 2015. Any options not vested will lapse if Dr Hoos ceases to be a director of the Company (unless otherwise approved by the Board).

Leslie Chong

- Tranche 2 - 9,000,000 options with an exercise price of $0.015, vesting on the second anniversary of the commencement of Leslie Chong's employment with the Company (Commencement Date), subject to ongoing employment with the Company). $16,717 vested in FY2017.
- Tranche 3 - 9,000,000 options with an exercise price of $0.0175, vesting third anniversary of the commencement date, subject to ongoing employment with the Company). $10,143 vested in FY2017.

All options were granted on 26 October 2015.

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Remuneration report (audited) (continued)

(e) Relationship between the remuneration policy and group performance

Statutory performance indicators

As detailed under headings (a) & (b), remuneration of executives consists of an unrisked element (base pay) and share bonuses based on performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting periods. As such, remuneration is not linked to the financial performance of the company in the current or previous reporting periods.

The tables below set out summary information about the company's earnings and movement in shareholder wealth for the five years to 30 June 2017:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
	$ AUD	$ AUD	$ AUD	$ AUD	$ AUD
Revenue	35,429	39,402	38,355	27,101	23,208
Net (loss)/profit before tax	(2,506,571)	(2,730,642)	(2,440,789)	(2,115,964)	(1,559,566)
Net (loss)/profit after tax	(2,506,571)	(2,730,642)	(2,440,789)	(2,115,964)	(1,559,566)

No dividends have been paid for the five years to 30 June 2017:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
	$ AUD	$ AUD	$ AUD	$ AUD	$ AUD
Share price at start of year	0.008	0.011	0.013	0.004	0.010
Share price at end of year	0.014	0.008	0.011	0.013	0.004
Basic earnings/ (loss) per share (cents)	(0.12)	(0.19)	(0.21)	(0.31)	(0.48)
Diluted earnings/ (loss) per share (cents)	(0.120)	(0.190)	(0.21)	(0.310)	(0.480)

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Remuneration report (audited) (continued)

(f) Key management personnel disclosures

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

2017	Balance at the start of the year	Balance at date of appointment	Received as part of remuneration	Additions	Disposals/other	Balance at date of resignation	Balance at the end of the year
Ordinary shares							
Paul Hopper	71,196,875	-	-	500,000	-	-	71,696,875
Axel Hoos	7,500,000	-	-	-	-	-	7,500,000
Nicholas Ede	5,000,000	-	-	2,000,000	-	-	7,000,000
Charles Walker	26,500,000	-	-	-	-	-	26,500,000
Leslie Chong	2,222,223	-	-	-	-	-	2,222,223
	112,419,098	**-**	**-**	**2,500,000**	**-**	**-**	**114,919,098**

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Remuneration report (audited) (continued)

(f) Key management personnel disclosures (continued)

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

2017	Balance at the start of the year	Granted as remuneration (i)	Acquired	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Vested & Exercisable	Un-vested & Un-exercisable
Options								
Axel Hoos	25,000,000	10,000,000	-	-	(10,000,000)	25,000,000	-	25,000,000
Charles Walker	4,083,334	-	-	-	-	4,083,334	4,083,334	-
Paul Hopper	-	-	-	-	-	-	-	-
Leslie Chong	27,296,297	-	-	-	-	27,296,297	9,296,297	18,000,000
Nicholas Ede	4,500,000		-	-	-	4,500,000	4,500,000	-
	60,879,631	**10,000,000**	**-**	**-**	**(10,000,000)**	**60,879,631**	**17,879,631**	**43,000,000**

(i) Amount that is sitting in the 'Granted as remuneration' column is subject to shareholder approval.

END OF REMUNERATION REPORT

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Related party transactions

There were no related party transactions during the period.

Shares under option

(a) Unissued ordinary shares

Unissued ordinary shares of Imugene Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
15 December 2014	14/07/2019	0.0250	2,500,000
16 February 2015	10/11/2017	0.0100	4,500,000
25 August 2015	14/09/2019	0.0125	9,000,000
25 August 2015	14/09/2019	0.0150	9,000,000
25 August 2015	14/09/2019	0.0175	9,000,000
26 October 2015	26/10/2018	0.0150	10,000,000
26 October 2015	26/10/2019	0.0125	2,500,000
26 October 2015	26/10/2019	0.0175	2,500,000
30 March 2017	3 years from date of issue*	0.0200	10,000,000
			59,000,000

*Issue is subject to shareholder approval. Expiry date is set to be three years from the date of issue.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Insurance of officers and indemnities

(a) Insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

(b) Indemnity of auditors

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

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Non-audit services

During the year ended 30 June 2017 the company did not engage the external auditor to provide non-audit services.

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the company are important.

There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd.

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 on page 21.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Paul A. Hopper
Executive Chairman

Melbourne
30 August 2017

Intellectual property

The company currently has rights to a family of patents/patent applications that protect its core platform immunotherapy technologies (HER-Vaxx, Mimotopes and Arginine modulators).

The company acquired the intellectual property for the HER-Vaxx immunotherapy through the acquisition of Biolife Science Qld Pty Ltd in late 2013.

The company will also seek patent protection for new intellectual property, including improvements to the platform technologies, and their applications including IP arising from the new Mimotopes and Arginine Platforms.

Maintaining and strengthening our already strong international intellectual property position is a key area of focus in maintaining the competitive advantage of HER-Vaxx and any future improvements, vaccine formulations and clinical uses.

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Auditor's Independence Declaration
To the Directors of Imugene Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Imugene Limited for the year ended 30 June 2017, I declare that, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 30 August 2017

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Imugene Limited
Corporate governance statement

Imugene Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement.

Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Additional information about the Company's corporate governance practices is set out on the Company's website at www.imugene.com.

Imugene Ltd and its controlled entities have adopted the third edition of the 'Corporate Governance principles and Recommendations' which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The corporate governance statement for the financial year ending 30 June 2017 is dated as at 30 June 2017 and was approved by the Board on 29 August 2017.

Principle 1: Lay solid foundations for management and oversight

Role of the board & executive management

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is available on the Company's website.

Board appointments

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election. The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

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Principle 1: Lay solid foundations for management and oversight (continued)

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Company values the differences between its personnel and the valuable contribution that these differences can make to the Company.

The Company is an equal opportunity employer and aims to recruit staff from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience. Executive and Board positions are filled by the best candidates available without discrimination.

The Board believes that multicultural diversity and other diversity factors are equally important as gender diversity within the organisation. The Board has not set any measurable objectives in regards to gender diversity as the Board is currently satisfied with the level of diversity within the Company.

As the Company grows and requires the services of more permanent staff, the Company does intend to recruit personnel at all levels from a diverse pool of qualified candidates as reasonably possible based on their skills, qualifications and experience.

The following table demonstrates the company's gender diversity as at the date of this report:

	Number of males	Number of females
Directors	3	-
Key Management Personnel	2	1
Other Company Employees/ Consultants	2	1

Board performance review

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted an informal self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every year by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company. Performance reviews involve analysis based on key performance indicators aligned with the financial and non-financial objectives of the Company. A performance review in accordance with the processes disclosed occurred during the 2017 financial year.

Performance review of KMP

On at least an annual basis, the Board conducts a formal performance review of the Chief Executive Officer or equivalent and any other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. A performance review of KMP occurred during the 2017 financial year in accordance with this process.

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Principle 1: Lay solid foundations for management and oversight (continued)

Independent advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 2: Structure the board to add value

The board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the company website at www.imugene.com. The charter details the board's composition and responsibilities.

Skills, experience, expertise of each director

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report along with the term of office held by each of the Directors.

Directors' independence

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

The Board does not consist of a majority of Independent Directors. The Board considers that the presence of at least one independent director on the Board is sufficient given the size of the Company and the Board, and the nature and scope of the Company's current operations. One of three current directors, Dr Axel Hoos, is considered to be independent. Anton Uvarov who was also an independent director, resigned on 31 October 2016.

The Company's Executive Chairman, Paul Hopper, is not an independent director. At this critical stage of the Company's development, the Board believes it is important to have the Chairman engaged in the management of the Company as an Executive Director. In situations that present a possible conflict of interest to the Chairman, the lead independent director will act as Chair.

The role of the Executive Chairman and the CEO are not exercised by the same individual.

Nomination of directors

The responsibilities of the Remuneration and Nomination Committee include considering board succession issues and reviewing Board composition to assist in ensuring the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board has a skills matrix covering the competencies and experience of each member. When the need for a new director is identified, the required experience and competencies of the new director are defined in the context of this matrix and any gaps that may exist.

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Principle 2: Structure the board to add value (continued)

Induction of new directors and ongoing development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Promote ethical and responsible decision making

Code of conduct

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company's Code of Conduct is available on the Company website.

Policy for trading in company securities

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees, and their "connected persons" (which includes spouses and controlled entities).

A copy of the Company's Policy for Trading in Company Securities can be found on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Audit and risk committee

The Board has established an Audit and Risk Committee (Audit Committee), which consists of all Board members and was Chaired by Non-Executive Director, Anton Uvarov up untl 31 October 2016 and is currently Chaired by Non-Executive Director, Charles Walker who is an independent director.

The Board considers that the presence of two non-executive directors and at least one independent director, on Board Committees is sufficient given the size of the Company and the Board, and the nature and scope of the Company's current operations.

The Board has adopted an Audit Committee Charter, which describes the role, composition, operations and responsibilities of the Audit Committee. Due to the size of the Company and the Board, the Audit Committee does not consist of only Non-Executive Directors and does not consist of a majority of independent directors.

The Company's Audit Committee Charter is available on the Company's website.

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Principle 4: Safeguard integrity in financial reporting (continued)

CEO and CFO Declarations

The CEO and CFO have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External auditors

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

Principles 5: Make timely and balanced disclosures

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule requirements and accountability at a senior executive level for that compliance.

The Company has a Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Company Secretary has been nominated as the person responsible for communicating with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The information disclosed will be factual and presented in a clear and balanced way. The Company has prepared and issued to all senior staff a written policy document on this matter and requires strict adherence to this policy.

The Company's Policy on Continuous Disclosure and a summary of the Company's Compliance Procedures are available on the Company's website.

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Principles 6: Respect the rights of shareholders

The Company is committed to providing current and relevant information to its shareholders.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "contact us" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives, Board and committee charters and annual reports on the Company's website.

Principle 7: Recognise and manage risk

The Board recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

The Board has adopted a Risk Management Policy which sets out the Company's risk management frame. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Company does not have an internal audit function.

The Company's Risk Management Policy is periodically reviewed and updated. A review of the Company's risk management framework was conducted by the Board during the 2016 financial year.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

The Company also faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

In addition, the following risk management measures have been adopted by the Board to manage the company's material business risks:

- the Board has established financial control procedures to manage expenditure commitments and approval of payments for both capital and operational expenditure;
- preparation and approval of an annual budget;

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Principle 7: Recognise and manage risk (continued)

- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the company to establish and maintain its governance practices.

The Company has in place a formal system of managing its material business risks. This system includes a risk matrix, which is prepared by management to identify the Company's material business risks and risk management strategies for these risks.

The risk matrix is reviewed and updated as required. Management reports to the Board on the Company's management of its material business risks at each board meeting. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

The categories of risk identified as part of the company's risk management system:

- Financial Reporting;
- Operational;
- Technological;
- Reputation; and
- Legal and compliance

The Company's Risk Management Policy is available on the Company's website.

The Company also manages ongoing risk through the Audit Committee. The functions and responsibilities of that Committee are outlined earlier in this section of the report and are set out in Audit Committee Charter which is available on the Company's website.

Principle 8: Remunerate fairly and responsibly

The Board has established a Remuneration and Nomination Committee which consists of all Board members and is Chaired by Independent Director, Dr. Axel Hoos. The Committee does not consist of a majority of Independent Directors with two of four members being independent. The Board considers that the presence of two non-executive directors and at least one independent director, on Board Committees is sufficient given given the size of the Company and the Board, and the nature and scope of the Company's current operations. The Remuneration and Nomination Committee Charter describes the role, composition, operations and responsibilities of the Remuneration and Nomination Committee.

The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration and Nomination Committee by ensuring that the director with the conflict of interest is not party to the relevant discussion.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Pay and rewards for executive directors and senior executives consists of a base salary and may include performance incentives. Long-term performance incentives may include options and/or shares granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for Non-Executive Directors (other than for superannuation).

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Principle 8: Remunerate fairly and responsibly (continued)

Participants in an equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

There were no formal Remuneration and Nomination Committee Meetings held during the year, however, the Board in its capacity as the Remuneration and Nomination Committee addresses remuneration and nomination matters as an agenda item at each Board Meeting. The Company's Remuneration and Nomination Committee Charter is available on the Company's website.

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Imugene Limited
Statement of profit or loss and other comprehensive income

	Notes	Consolidated entity 30 June 2017 $	30 June 2016 $
Revenue			
Revenue	2	**35,429**	39,402
Other income	2	**1,164,049**	1,524,869
Expenses			
Business development		**(196,235)**	(363,232)
Commercialisation expenses		**(122,452)**	(116,025)
Corporate administration expenses		**(894,055)**	(1,091,823)
Research and development expenses		**(2,472,156)**	(2,697,735)
Foreign exchange gain/(loss)		**(21,151)**	(26,098)
Loss before income tax		**(2,506,571)**	(2,730,642)
Income tax expense	4	**-**	-
Loss for the period		**(2,506,571)**	(2,730,642)
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive income (loss) for the period		**(2,506,571)**	(2,730,642)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic loss per share (cents per share)		**(0.12)**	(0.19)
Diluted loss per share (cents per share)		**(0.12)**	(0.19)

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

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Imugene Limited
Statement of financial position

	Notes	Consolidated entity 30 June 2017 $	30 June 2016 $
ASSETS			
Current assets			
Cash at bank		**4,814,200**	1,582,583
Trade and other receivables	5	**1,219,600**	1,312,631
Other assets		**20,457**	17,878
Total current assets		**6,054,257**	2,913,092
Non-current assets			
Other financial assets		**20,306**	20,000
Property, plant and equipment		**3,247**	2,956
Intangible assets	6	**6,599,755**	6,599,755
Total non-current assets		**6,623,308**	6,622,711
Total assets		**12,677,565**	9,535,803
LIABILITIES			
Current liabilities			
Trade and other payables	7	**232,041**	657,321
Provisions	8	**65,452**	36,491
Total current liabilities		**297,493**	693,812
Non-current liabilities			
Other financial liabilities	9	**985,450**	985,450
Total non-current liabilities		**985,450**	985,450
Total liabilities		**1,282,943**	1,679,262
Net assets		**11,394,622**	7,856,541
EQUITY			
Share capital	10	**36,335,357**	30,407,225
Share-based payment reserve	11	**1,202,024**	1,096,320
Accumulated losses		**(26,142,759)**	(23,647,004)
Total equity		**11,394,622**	7,856,541

The above Statement of financial position should be read in conjunction with the accompanying notes.

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Imugene Limited
Consolidated statement of changes in equity

Consolidated entity	Attributable to owners of Imugene Limited Share capital $	 Share-based payment reserve $	 Accumulated losses $	 Total $
Balance at 1 July 2015	27,682,224	966,141	(20,916,362)	7,732,003
Loss for the period	-	-	(2,730,642)	(2,730,642)
Total comprehensive income for the period	**-**	**-**	**(2,730,642)**	**(2,730,642)**
Transactions with owners in their capacity as owners:				
Shares issued	3,020,000	-	-	3,020,000
Capital raising costs	(264,634)	-	-	(264,634)
Share-based payment expense	-	99,814	-	99,814
Options issued (1)	(30,365)	30,365	-	-
	2,725,001	130,179	-	2,855,180
Balance at 30 June 2016	**30,407,225**	**1,096,320**	**(23,647,004)**	**7,856,541**
Balance at 1 July 2016	30,407,225	1,096,320	(23,647,004)	7,856,541
Loss for the period	-	-	(2,506,571)	(2,506,571)
Total comprehensive income for the period	**-**	**-**	**(2,506,571)**	**(2,506,571)**
Transactions with owners in their capacity as owners:				
Shares issued	6,248,806	-	-	6,248,806
Capital raising costs	(320,674)	-	-	(320,674)
Options lapsed	-	(10,816)	10,816	-
Share-based payment expense	-	116,520	-	116,520
	5,928,132	105,704	10,816	6,044,652
Balance at 30 June 2017	**36,335,357**	**1,202,024**	**(26,142,759)**	**11,394,622**

(1) Reclassification from contributed equity to share based payment reserve.

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

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Imugene Limited
Consolidated statement of cash flows

	Notes	Consolidated entity 30 June 2017 $	30 June 2016 $
Cash flows from operating activities			
Payments to suppliers and employees		**(4,006,191)**	(3,852,300)
Interest received		**35,429**	39,402
Other income		**-**	7,500
Other (R&D refund)		**1,297,738**	755,855
Net cash (outflow) from operating activities	20(a)	**(2,673,024)**	(3,049,543)
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,034)**	(4,112)
Payments for term deposits		**(306)**	(20,000)
Payments for IP		**-**	(66,650)
Net cash (outflow) from investing activities		**(2,340)**	(90,762)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**6,248,806**	3,000,000
Capital raising costs		**(320,674)**	(264,634)
Net cash inflow from financing activities		**5,928,132**	2,735,366
Net increase (decrease) in cash and cash equivalents		**3,252,768**	(404,939)
Cash and cash equivalents at the beginning of the financial year		**1,582,583**	1,956,992
Effects of exchange rate changes on cash and cash equivalents		**(21,151)**	30,530
Cash and cash equivalents at end of period		**4,814,200**	1,582,583

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

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1 Summary of significant accounting policies

(a) Corporate information

The financial report of Imugene Limited and its subsidiaries (the 'company') for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on the 30 August 2017 the financial report is for the company consisting of Imugene Limited and its subsidiaries.

Imugene Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The principal activity of the company is the research and development of HER2 +ve gastric and breast cancer vaccines.

(b) Basis of preparation

The general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for a for-profit oriented entity. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollars, which is the company's functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated.

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(c) Going concern

Some of the risks inherent in the development of pharmaceutical products include the uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development or may infringe intellectual property rights of other parties, and obtaining the necessary drug clinical regulatory authority approvals. Also a particular project may fail the research and the clinical development process through lack of efficacy or safety, or may be stopped or abandoned due to strategic imperatives including an assessment that the projects will not deliver a sufficient return on investment or have been superseded by newer competitive products or technologies. There is a risk that the company will be unable to find suitable development or commercial partners for its projects, and that these arrangements may not generate a material return for the company.

Based on current budget forecast assumptions, the company will need to access additional funds to meet future commitments and to pay its debts when they fall due, and to progress the company's research & development programs. The ability of the company to successfully access additional capital, and the amount of additional funds required is dependent on the outcome of its product research & development programs. The company is confident they will be able to access the required additional funds.

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1 Summary of significant accounting policies (continued)

(c) Going concern (continued)

The current net loss for the period is $2,506,571 (2016: $2,730,642) and the cash inflow / (outflow) for the period is $3,252,768 (2016: ($404,939)).

Notwithstanding the requirement to access additional funding for the company, the financial statements have been prepared on a going concern basis. Accordingly the financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

(d) New and amended standards adopted by the group

There are no new and amended standards adopted by the group during the current financial period.

(e) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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1 Summary of significant accounting policies (continued)

(e) New standards and interpretations not yet adopted (continued)

Title	Nature of change	Impact	Application date
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	The company is currently not generating revenue from contracts and thus the impact is expected to be nil.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the group: 1 January 2018.
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The company is still determining if there will be any potential impact.	Must be applied for financial years commencing on or after 1 January 2018.
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.	The company expects there will be no material impact.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.
AASB 2016-5 *Classification and Measurement of Share-based Payment Transactions*	This AASB has amended AASB 2 Share-based Payments to address: a. The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; b. The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and c. The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	The company is still determining if there will be any potential impact.	Must be applied for financial years commencing on or after 1 January 2018.

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1 Summary of significant accounting policies (continued)

(e) New standards and interpretations not yet adopted (continued)

(f) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Imugene Limited as at 30 June 2017 and the results of all subsidiaries for the year ended.

Subsidiaries are all those entities over which the company has control. The company controls an entity when they are exposed to, or have rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest - recognised on an accrual basis using the effective interest method.

Research and Development Tax refund - is recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount of tax incentive can be reliably measured.

(h) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all grant conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is expected to compensate.

(i) Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

(j) Cash and cash equivalents

Cash and short-term deposits in the Consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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1 Summary of significant accounting policies (continued)

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, once they become over due by more than 60 days. A separate account records the impairment.

An allowance for a doubtful debt is made when there is objective evidence that the Group will not be able to collect the debts. The criteria used to determine that there is objective evidence that an impairment loss has occurred include whether the Financial Asset is past due and whether there is any other information regarding increased credit risk associated with the Financial Asset. Bad debts which are known to be uncollectible are written off when identified.

(l) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Director.

(m) Foreign currency translation

The functional currency of the company is based on the primary economic environment in which the company operates. The functional currency of the company is Australian dollars.

Transactions in foreign currencies are converted to local currency at the rate of exchange at the date of the transaction.

Amounts payable to and by the company outstanding at reporting date and denominated in foreign currencies have been converted to local currency using rates prevailing at the end of the financial year.

All exchange differences are taken to profit or loss.

(n) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 loss nor taxable profit or loss.

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 of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting 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 assets 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 substantively enacted at reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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1 Summary of significant accounting policies (continued)

(n) Income tax (continued)

The company and its wholly-owned Australian resident entities are members of a tax consolidated group under Australian taxation law. The company is the head entity in the tax consolidated group. Entities within the tax consolidated group have entered into a tax funding agreement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, the company and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the head entity.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of 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 the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

Cash flows arising from operating activities are included in the Statement of cash flows on a gross basis (i.e. including GST) and the GST component of cash flows 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. The net amount of GST recoverable from or payable to, the taxation authority is included as part of the receivables or payables in the Consolidated statement of financial position.

(p) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful 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 is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

(i) In-process research and development

In-process research and development that has been acquired as part of a business acquisition is considered to be not yet available for use on the basis that it is incomplete and cannot be used in its current form. Intangible assets that are not yet available for use are not amortised but rather are tested for impairment annually, or whenever events or circumstances present an indication of impairment.

In process research and development will continue to be tested for impairment until the related research and development efforts are either completed or abandoned. Upon completion of the related research and development efforts, management determines the remaining useful life of the intangible assets and amortises them accordingly. In order for management to determine the remaining useful life of the asset, management would consider the expected flow of future economic benefits to the entity with reference to the product life cycle, competitive landscape, obsolescence, market demand, any remaining patent useful life and various other relevant factors.

In the case of abandonment, the related research and development efforts are considered impaired and the asset is fully expensed.

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1 Summary of significant accounting policies (continued)

(p) Intangible assets (continued)

(ii) Patents, licenses and other rights costs

Patent costs are expenses as incurred.

Patents, licenses and other rights are recognised at cost on acquisition in the event of a business combination. Patents, licenses and other rights have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

The carrying value of an intangible asset arising from patent, licenses and other rights expenditure is tested for impairment annually when the asset is not available for use, or more frequently when an indication of impairment arises during the reporting period.

(q) Research and development costs

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the company can demonstrate the technical feasibility of completing the intangible asset so that it 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 development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not available for use, or more frequently when an indication of impairment arises during the reporting period.

(r) Impairment of non-financial assets

The carrying values of non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

(s) Other financial assets

Amounts referring to 'Other financial assets' is classified as a non-cash investing item as the item relates to a security deposit for the company's credit card facility which has been determined to be not-at-call.

(t) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. Licensing fees are recognised as an expense when it is confirmed that they are payable by the company.

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1 Summary of significant accounting policies (continued)

(u) Provisions

Provisions are recognised when the company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability.

(v) Financial liabilities

Borrowings and other financial liabilities are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the amounts originally received for borrowings and other financial liabilities (net of transaction costs) and the redemption value is recognised in profit or loss over the period to maturity using the effective interest rate method.

(w) Employee benefits

(i) Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave entitlements are recognised as provisions in the statement of financial position.

(ii) Long service leave

The liability for long service leave is recognised for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, to the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(x) Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction (net of tax) of the share proceeds received.

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1 Summary of significant accounting policies (continued)

(y) Earnings per share

Basic earnings per share is calculated as net loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Parent entity financial information

The financial information for the parent entity, Imugene Limited, disclosed in note 17 has been prepared on the same basis as consolidated financial statements.

(aa)Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of intangible assets

In-process research and development assets that are not yet available for use are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment analysis is performed annually at the end of the financial year on fair value less costs to sell.

(ii) Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

(iii) Expected future royalties payable - HER-Vaxx

The liability represents the fair value estimate of royalties payable to BSFE on commercial income arising from HER-Vaxx. For more details refer to note 9.

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2 Revenue

	Consolidated entity	
	30 June 2017 $	30 June 2016 $
Revenue		
Interest income	**35,429**	39,402
	35,429	39,402
Other income		
Revenue from research, development and commercialisation (R&D tax refund)	**1,164,049**	1,517,369
Other	**-**	7,500
	1,164,049	1,524,869
Significant expenses included in net loss before tax		
Depreciation expense	**1,743**	1,155
Superannuation	**41,095**	56,747
Share based payments	**116,520**	119,814
	159,358	177,716

3 Segment information

(a) Description of segments and principal activities

Management has determined, based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions, that the company has one reportable segment being the research, development and commercialisation of health technologies.

(b) Segment revenue

Profit/ (loss) is disclosed below based on the reportable segment:

	Consolidated entity	
	30 June 2017 $	30 June 2016 $
Revenue from research, development and commercialisation (R&D tax refund)	**1,164,049**	1,524,869
Revenue from other corporate activities	**35,429**	46,902
Total segment revenue	**1,199,478**	1,571,771

(c) Segment assets

Reportable segments' assets are reconciled to total assets as follows:

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3 Segment information (continued)

(c) Segment assets (continued)

	Consolidated entity	
	30 June 2017	30 June 2016
Reportable segment assets	**$**	$
Asset from research, development and commercialisation	**7,763,448**	7,897,137
Assets from other activities		
Cash and cash equivalents	**4,814,200**	1,582,583
Property, plant and equipment	**3,247**	2,956
Other assets	**96,670**	53,127
	12,677,565	9,535,803

(d) Segment liabilities

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
Liabilities from research, development and commercialisation	**985,450**	985,450
Liabilities from other corporate activities:		
Trade and other payables	**232,041**	657,321
Other corporate liabilities	**65,452**	36,491
Total segment liabilities	**1,282,943**	1,679,262

(e) Reportable segment profit/ (loss)

Profit/ (loss) is disclosed below based on the reportable segment:

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
Profit/ (loss) are disclosed below based on the reportable segment:		
Profit/ (loss) from research, development and commercialisation	**(1,626,794)**	(1,659,623)
Profit/ (loss) from other activities	**(879,777)**	(1,071,019)
	(2,506,571)	(2,730,642)

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4 Income tax expense

The company has not commenced significant trading. At its current stage of operational development the company is not in a position to satisfy the accounting criteria of AASB112: Income Taxes to bring to account the benefit of its tax losses. Accordingly no current or deferred income tax benefits have yet been brought to account.

(a) Income tax expense

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
Current tax	**-**	-
Deferred tax	**-**	-
Adjustments for current tax of prior periods	**-**	-
Income tax expense	**-**	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
Profit from continuing operations before income tax expense	**(2,506,571)**	(2,730,642)
Tax at the Australian tax rate of 27.5% (2016 - 30.0%)	**(689,307)**	(819,193)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non assessable R&D grant income	**(320,113)**	(455,211)
Non allowable expenses	**738,216**	864,922
Tax losses and other timing differences for which no DTA is recognised	**271,204**	409,482
Income tax expense	**-**	-

(c) Unrecognised temporary differences

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
Unused tax losses and temporary differences for which a deferred tax asset has not been recognised	**16,990,160**	16,718,956
Potential tax benefit at 27.5% (2016: 30%)	**4,672,294**	5,015,687

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5 Trade and other receivables

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
GST refund	**55,907**	15,249
R&D tax refund	**1,163,693**	1,297,382
	1,219,600	1,312,631

The company did not have any receivables that were past due as at 30 June 2017 (30 June 2016: Nil). The company did not consider a credit risk on the aggregate balances as at 30 June 2017.

6 Intangible assets

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
In process, research and development (acquired)		
Intangible assets	**6,599,755**	6,599,755

As per AASB 138, the Company's investment in Biolife Science Qld Pty Ltd is being initially measured at cost, less any accumulated amortisation and accumulated impairment loss. The Company fully controls the asset via way of a 100% share ownership in the company 'Biolife Science Qld', In addition to this, the company also has various patents granted over the technology in multiple countries (refer to Intellectual Property report), the board fully believes that the investment in Biolife Science Qld Pty Ltd will be able to generate future economic benefit.

(i) Impairment tests for intangible assets with are not yet available for use

In-process research and development acquired is considered to be not yet available for use on the basis that it is incomplete and cannot be used in its current form, refer to note 1. The recoverable amount of in-process research and development was assessed at the end of the financial year based on the fair value less costs to sell.

In determining the fair value less costs to sell, consideration is given to the following indicators:

- the market capitalisation of Imugene Limited on the Australian Securities Exchange (ASX:IMU) on the impairment testing date of 30 June 2017 in excess of the net book value of assets;
- comparisons with companies in a similar field of development and similar stage;
- Overall growth in the oncology sector and recent $53M investment in the immune-oncology related Intellectual Property for a similar company;
- the scientific results and progress of the trials;

(ii) Impairment of patents, licenses and other rights

The Board have assessed that patents, licenses and other rights are not amortised until they are ready for use, ie commercialised.

6 Intangible assets (continued)

Consolidated entity Non-Current assets	In-process research and development (acquired) $	Total $
At 1 July 2015 and 30 June 2016		
Net book amount	6,599,755	6,599,755
At 1 July 2016 and 30 June 2017		
Net book amount	6,599,755	6,599,755

7 Trade and other payables

	Consolidated entity **30 June 2017** **$**	 30 June 2016 $
Current liabilities		
Trade payables	**16,174**	265,430
Other payables	**215,867**	391,891
	232,041	657,321

8 Provisions

	Consolidated entity **30 June 2017** **$**	 30 June 2016 $
Employee benefits - annual leave	**65,452**	36,491

9 Other financial liabilities

	Consolidated entity **30 June 2017** **$**	 30 June 2016 $
Non-current		
Expected future royalties payable – HER-Vaxx	**985,450**	985,450
	985,450	985,450

Represents fair value estimate of royalties payable to BSFE on commercial income arising from HER-Vaxx. This is based on 18% of fair value of the IP at the time of acquisition of $5.5 million. There has been no change in the future royalties as the carrying value is based on the initial consideration, and no reliable information has come to light that would change the valuation assumptions.

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10 Issued capital

	Notes	30 June 2017 No.	30 June 2017 $	30 June 2016 No.	30 June 2016 $
Ordinary shares - fully paid	10(a)	**2,365,238,659**	**36,335,357**	1,732,134,740	30,407,225
Options		**59,000,000**	**-**	430,177,356	-
Total		**2,424,238,659**	**36,335,357**	**2,162,312,096**	**30,407,225**

(a) Ordinary shares

Details	Notes	**Number of shares (thousands)**	**$**
Opening balance 1 July 2015		1,329,912,517	27,651,859
Shares issued during the period	10(a)(ii)	402,222,223	2,755,366
Balance 30 June 2016		1,732,134,740	30,407,225

Details	Notes	**Number of shares (thousands)**	**$**
Opening balance 1 July 2016		1,732,134,740	30,407,225
Shares issued during the period	10(a)(i)	633,103,919	5,928,132
Balance 30 June 2017		2,365,238,659	36,335,357

Rights of each type of share
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held. The ordinary shares have no par value.

(i) Details of shares issued during the current year

FY2017	**Details**	**Numbers**	**Issue price $**	**AUD $**
26/10/2016	Private placement to sophisticated investors	259,820,210	0.0075	1,948,652
03/11/2016	Private placement to sophisticated investors	173,213,474	0.0075	1,299,101
31/01/2017	Exercise of options (IMUO)	11,094	0.0150	166
24/02/2017	Exercise of options (IMUO)	261,441	0.0150	3,922
10/03/2017	Exercise of options (IMUO)	22,744,148	0.0150	341,162
27/03/2017	Exercise of options (IMUO)	4,942,221	0.0150	74,133
06/04/2017	Exercise of options (IMUO)	14,377,980	0.0150	215,670
13/04/2017	Exercise of options (IMUO)	74,400,017	0.0150	1,116,000
13/04/2017	Exercise of options (IMUO)	83,333,334	0.0150	1,250,000
	Less capital raising costs			*(320,674)*
		633,103,919		**5,928,132**

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10 Issued capital (continued)

(a) Ordinary shares (continued)

(ii) Details of shares issued during the prior year

FY2016	Details	Numbers	Issue price $	AUD $
26/10/2015	Private placement to sophisticated investors	400,000,000	0.008	3,000,000
26/10/2015	Shares issued to COO (1)	2,222,223	0.009	20,000
	Less capital raising costs			*(264,634)*
		402,222,223		**2,755,366**

(1) Fee payable to COO Leslie Chong as approved by shareholders on 15 October 2015

11 Share-based payments

	Notes	Consolidated entity 30 June 2017 $	30 June 2016 $
Share-based payment reserve			
Opening balance		**1,096,320**	966,141
Share-based payment expense	11(a)	**116,520**	99,814
Reclassification of share based payment option from contributed equity		**-**	30,365
Expiration of options	11(b)	**(10,816)**	-
		1,202,024	1,096,320

	Note	30 June 2017 No. of options
Movement in share options:		
Opening balance		**430,177,356**
Exercised		**(200,070,235)**
Expired	11(b)	**(181,107,121)**
Additions	11(a)	**10,000,000**
Total		**59,000,000**

(a) Options granted during the period

As announced on 6 April 2017, a total of 10,000,000 unlisted options have been issued to Dr.Axel Hoos. The unlisted options are exercisable within three years from the date of issue, subject to shareholder approval at $0.02 with no vesting conditions.

The share based payment expense for the period relates to the grant-date fair value of options granted being amortised over the vesting period and the 10,000,000 unlisted options issued to Dr.Axel Hoos as announced on 6 April 2017.

(b) Expiration of options

On 26 October 2016, 10,000,000 options exercisable at $0.0150 expired. The residual value of $10,816 previously provided in Reserves have been transferred to Accumulated losses.

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12 Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed.

A written policy has been adopted for overall risk management.

(a) Market risk

(i) Foreign exchange risk

The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange rate risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the company's functional currency. The parent entity also has exposure to foreign exchange risk in the currency cash reserves it holds to meet its foreign currency payments. The company does not make use of derivative financial instruments to hedge foreign exchange risk.

The following financial assets and liabilities are subject to foreign currency risk, the currency of the original amounts are displayed in brackets, all the amounts in the table below are displayed in $ AUD at year-end spot rates.

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
Cash and cash equivalents ($ USD)	**4,651**	6,256
Trade and other payables ($ USD)	**-**	35,711
Trade and other payables (€ EUR)	**-**	63,544
	4,651	105,511

The company has conducted a sensitivity analysis of the company's exposure to foreign currency risk. The company is currently exposed to the US Dollar (USD) and Euro (EUR). The sensitivity analysis is conducted on a currency by currency basis using the sensitivity analysis variable, which has been based on the average annual movement in AUD/USD and AUD/EUR exchange rates over the past 5 years based on the year-end spot rates. The variables for USD and EUR being 7.2% and 2.6% respectively.

(ii) Interest rate risk

The company is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

12 Financial risk management (continued)

(a) Market risk (continued)

30 June 2017	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Non Interest Bearing $	Fixed Interest Bearing $	Total $
Financial assets					
Cash and cash equivalents	1.58	4,814,200	-	-	4,814,200
Trade and other receivables		-	1,219,600	-	1,219,600
Other financial assets		-	-	20,306	20,306
Total	1.58	4,814,200	1,219,600	20,306	6,054,106
Financial liabilities					
Trade and other payables		-	232,041	-	232,041
Other financial liabilities		-	985,450	-	985,450
Total	-	-	1,217,491	-	1,217,491
Net financial assets/ (liabilities)		4,814,200	2,109	20,306	4,836,615

30 June 2016	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Non Interest Bearing $	Fixed Interest Bearing $	Total $
Financial assets					
Cash and cash equivalents	1.40	1,582,583	-	-	1,582,583
Trade and other receivables	-	-	1,312,631	-	1,312,631
Other financial assets	-	-	-	20,000	20,000
Total	1.40	1,582,583	1,312,631	20,000	2,915,214
Financial liabilities					
Trade and other payables	-	-	657,321	-	657,321
Other financial liabilities	-	-	985,450	-	985,450
Total	-	-	1,642,771	-	1,642,771
Net financial assets/ (liabilities)		1,582,583	(330,140)	20,000	1,272,443

There has been no change in the company's exposure to interest rate risk or the manner in which it manages and measures its risk in the current year.

An increase or decrease of 1% in interest rates at the reporting date would have the following increase/ (decrease) effect on after tax loss and equity. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2016. The percentage change is based on the expected volatility or interest rates using market data and analysts forecasts.

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12 Financial risk management (continued)

(a) Market risk (continued)

Consolidated entity	$	-1% Net result $	-1% Equity $	1% Net result $	1% Equity $
30 June 2017					
Cash and cash equivalents	**4,814,200**	**(48,142)**	**(48,142)**	**48,142**	**48,142**
Total increase/ (decrease)		**(48,142)**	**(48,142)**	**48,142**	**48,142**

Interest rate risk

Consolidated entity	$	-1% Net result $	-1% Equity $	1% Net result $	1% Equity $
30 June 2016					
Cash and cash equivalents	1,582,581	(15,826)	(15,826)	15,826	15,826
Total increase/ (decrease)		(15,826)	(15,826)	15,826	15,826

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has no significant concentration of credit risk with any single counterparty or group of counterparties, and it is not the company's policy to hedge credit risk. The company ensures that surplus cash is invested with financial institutions that maintain a high credit rating.

There has been no significant change in the company's exposure to credit risk since the previous year. The carrying amount of the company's financial assets represent the maximum credit exposure.

(c) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk as follows:

- preparation of cash flow analyses related to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- managing credit risk related to financial assets; and
- investing surplus funds with reputable financial institutions.

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12 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturity profile:

	Carrying amount		Contractual cash flow		Within 1 year		1-5 years		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	**2016 $**
Financial assets										
Cash & cash equivalents	4,814,200	1,582,583	4,814,200	1,582,583	4,814,200	1,582,583	-	-	4,814,200	1,582,583
Trade & other receivables	1,219,600	1,312,631	1,219,600	1,312,631	1,219,600	1,312,631	-	-	1,219,600	1,312,631
Other financial assets	20,306	20,000	20,306	20,000	20,306	20,000	-	-	20,306	20,000
Total	6,054,106	2,915,214	6,054,106	2,915,214	6,054,106	2,915,214	-	-	6,054,106	**2,915,214**
Financial liabilities										
Trade & other payables	(232,041)	(657,321)	(232,041)	(657,321)	(232,041)	446,322	-	-	(232,041)	(657,321)
Other financial liabilities	(985,450)	(985,450)	(985,450)	(985,450)	-	-	(985,450)	(985,450)	(985,450)	(985,450)
Total	(1,217,491)	(1,642,771)	(1,217,491)	(1,642,771)	(232,041)	446,322	(985,450)	(985,450)	(1,217,491)	**(1,642,771)**

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12 Financial risk management (continued)

(d) Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the company may issue new shares or reduce its capital, subject to the provisions of the company's constitution. The capital structure of the company consists of equity attributed to equity holders of the company, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the company's Management the Board monitors the need to raise additional equity from the equity markets.

(e) Fair value estimation

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values determined in accordance with the accounting policies disclosed in Note Summary of significant accounting policies.

(f) Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table provides the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

- recurring fair value measurements

	Level 1		Level 2		Level 3	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Financial assets						
Bank deposit	20,306	20,000	-	-	-	-
Financial liabilities						
Future royalties payable - HER-Vaxx	-	-	-	-	985,450	985,450

13 Key management personnel disclosures

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

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13 Key management personnel disclosures (continued)

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
Short-term employee benefits	**868,398**	1,028,526
Post-employment benefits	**41,095**	50,414
Share-based payments	**116,520**	119,814
	1,026,013	1,198,754

Related party transactions are set out in note 16.

14 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated entity	
	2017	2016
	$	$
Audit and other assurance services		
Audit and review of financial statements	**50,000**	50,000
Total remuneration for audit and other assurance services	**50,000**	50,000

15 Commitments

On 13 December 2016 the company announced it had entered into an agreement with Baker IDI Heart and Diabetes Institute Holdings Limited where a contingent liability exists relating to the commercialisation of related Intellectual Property. As at 30 June 2017, no liability was recognised on the basis that commercialised income cannot be reliably measured.

There are no other commitments or contingencies that are not disclosed elsewhere in this report.

16 Related party transactions

(a) Parent entity

Imugene Limited is the parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 18.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 13 and the Remuneration report (audited) in the Directors' report.

(d) Receivable from and payable to related parties

There were no receivables from or payables to related parties at the current and previous reporting date.

(e) Loans to/ from related parties

There were no loans to or from related parties at the current and previous reporting date.

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17 Parent entity financial information

Set out below is the supplementary information about the parent entity.

(a) Summary financial information

	30 June 2017	30 June 2016
	$	$
Profit or loss for the period	**(1,071,015)**	(1,351,812)
Total comprehensive income	**(1,071,015)**	(1,351,812)

	30 June 2017	30 June 2016
	$	$
Current assets	**6,039,303**	2,875,141
Non-current assets	**10,472,949**	9,000,418
Total assets	**16,512,252**	11,875,559
Current liabilities	**297,493**	634,440
Net assets	**16,214,759**	11,241,119
Issued capital	**36,335,357**	30,407,225
Share-based payments reserve	**1,202,024**	1,096,320
Accumulated losses	**(21,322,622)**	(20,262,426)
Total equity	**16,214,759**	11,241,119

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in the current or prior financial year in relation to debts of its subsidiaries.

(c) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the company as disclosed in note Summary of significant accounting policies.

18 Subsidiaries

Name of entity	**Principal Activities**	**Country of incorporation**	**FY 2016 %**
Lingual Consegna Pty Ltd	Biopharmaceutical development	Australia	100
Biolife Science QLD Pty Ltd	Biopharmaceutical development	Australia	100

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19 Events occurring after the reporting period

On 21 July 2017, the company received notice that the Canadian Patent Office has issued a Grant Notice for the company's proprietary cancer vaccine HER-Vaxx with a 2027 expiry date.

On 25 August 2017, a member of KMP exercised 4,500,000 options to acquire 4,500,000 fully paid ordinary shares in the company.

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial years.

20 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated entity	
	30 June 2017	30 June 2016
	$	$
Profit for the period	**(2,506,571)**	(2,730,642)
Adjustment for		
Depreciation and amortisation	**1,743**	1,156
Share based payments	**116,520**	119,814
Movement in Foreign exchange	**21,151**	(30,530)
Change in operating assets and liabilities:		
Movement in accounts receivable	**93,032**	(773,164)
Movement in other current assets	**(2,579)**	(21,294)
Movement in accounts payable	**(425,281)**	361,785
Movement in provisions	**28,961**	23,332
Net cash inflow (outflow) from operating activities	**(2,673,024)**	(3,049,543)

(b) Non-cash investing and financing activities

There has been no event not already disclosed elsewhere in the Report.

21 Earnings per share

(a) Basic earnings per share

	Consolidated entity	
	30 June 2017	30 June 2016
	Cents	Cents
Basic loss per share (cents per share)	**(0.12)**	(0.19)

21 Earnings per share (continued)

(a) Basic earnings per share (continued)

(b) Diluted earnings per share

	Consolidated entity	
	30 June 2017	30 June 2016
	Cents	Cents
Diluted loss per share (cents per share)	**(0.12)**	(0.19)

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21 Earnings per share (continued)

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity	
	30 June 2017 $	30 June 2016 $
Loss attributable to the ordinary equity holders of the company (cents per share)	**2,506,571**	2,730,642

(d) Weighted average number of shares used as the denominator

	Consolidated entity	
	2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**2,069,024,769**	1,449,024,207

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Imugene Limited
Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 30 to 59 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors, made pursuant to section 295(5)(a) of the Corporations Act 2001.



Mr Paul Hopper
Executive Chairman

Melbourne
30 August 2017

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Independent Auditor's Report
To the Members of Imugene Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Imugene Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated 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 Group's financial position as at 30 June 2017 and of its 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 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.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of $2,506,571 during the year ended 30 June 2017, and had cash outflows for the period of $3,252,768. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Biolife Intangible Assets – Note 6	
The Company has capitalised an intangible asset associated with the development of what will be its flagship product, totalling $6,599,755 as at 30 June 2017. The product is not yet at a position for commercialisation to the market, and accordingly has not yet begun its useful life. As the Biolife intangible asset is not being amortised, management are required to demonstrate that the carrying value of the intangible asset is supportable by reference to its value in use or fair value less costs to sell. There is significant judgment that is required of management to develop assumptions for the recoverable amount of the asset for the purpose of satisfying the impairment considerations under AASB 136 *Impairment of Assets*. As the Biolife assets are still in the development phase and have not commercialised, management are unable to accurately calculate the fair value through a discounted cash flow model and as such the recoverable amount of the asset was determined based on a fair value less cost to sell basis. This area is a key audit matter due to the judgements and estimates associated with this analysis	Our procedures included, amongst others: • obtaining management's impairment analysis memo noting that the recoverable amount of the asset was determined based on a fair value less cost to sell basis; • validating appropriateness of management's analysis of the recoverable amount; • obtaining management reports for comparable company sales and valuations. Verifying that management is qualified to perform the analysis by: 1) reviewing comparable company sales included in management's analysis and verifying accuracy through corroborating to external sources; and 2) reviewing comparable company included in management's analysis and validating mathematical accuracy of valuation through recalculation of the market capitalisation on respective stock exchange. • considering if any indicators of impairment such as results of recent trials or change in factors that underpinned the initial valuation of the Biolife asset. • considering other qualitative factors including market valuation of the company compared to its net assets, results of recent clinical trial results, other public information available, press releases; and • reviewing the adequacy of the disclosures in the financial statements.

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Key audit matter	How our audit addressed the key audit matter
R&D Tax Rebate – Note 5	
Under the Research and Development (R&D) Tax Incentive scheme, the Group receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than $20 million per annum provided it is not controlled by income tax exempt entities. An R&D plan is filed with AusIndustry in the following financial year, and based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Company's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation. This area is a key audit matter due to the degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.	Our audit procedures included, amongst others: • obtaining the FY17 R&D Rebate calculations prepared by management's expert and performing the following audit procedures: - verifying that management's expert is qualified to perform the calculation; - developing an understanding of the model, identifying and assessing the key assumptions in the calculation; - reviewing the reasonableness of assumptions utilised in the calculation; - agreeing expenses to the underlying financial results; - reviewing included expenses for reasonableness; and - testing the mathematical accuracy of the accrual. • comparing the estimates made in previous years to the amount of cash actually received after lodgement of the R&D tax claim; • comparing the nature of the R&D expenditure included in the current year estimate to the prior year estimate; • considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria; • assessing the eligible expenditure used to calculate the estimate to the expenditure recorded in the general ledger; • inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; • engaging with our R&D specialist to review the reasonableness of the calculation; and • assessing the adequacy of financial statement 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 Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

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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 related 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 17 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Imugene Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Cunningham
Partner - Audit & Assurance

Melbourne, 30 August 2017

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Imugene Limited
Shareholder information

The shareholder information set out below was applicable as at ***30 August 2017***

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares No. of holders	 Total units
1 - 1000	545	167,569
1,001 - 5,000	223	730,350
5,001 - 10,000	209	1,594,442
10,001 - 100,000	971	48,260,289
100,001 and over	1,312	2,318,986,009
	3,260	**2,369,738,659**

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	 Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	240,227,753	10.14
NATIONAL NOMINEES LIMITED	95,548,708	4.03
WEBINVEST PTY LTD <OLSB UNIT A/C>	85,000,000	3.59
MRS SARAH CAMERON	51,817,073	2.19
TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	45,695,224	1.93
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	38,498,291	1.62
DR RUSSELL KAY HANCOCK	30,000,000	1.27
KENSINGTON CAPITAL MANAGEMENT PTY LTD	30,000,000	1.27
MOREGLADE PTY LTD	28,062,500	1.18
DR ROGER ASTON	27,562,500	1.16
KILINWATA INVESTMENTS PTY LTD	27,453,125	1.16
J P MORGAN NOMINEES AUSTRALIA LIMITED	25,678,956	1.08
JOHN DAHLSEN SUPERANNUATION FUND PTY LTD	25,266,667	1.07
MR CHARLES EDWYN WALKER	25,000,000	1.06
MR JASON DENNIS ROBERTS <JD ROBERTS FAMILY A/C>	23,782,726	1.00
MR DAVID RUSSELL STEWART & MRS ADRIENNE RUTH STEWART	22,274,000	0.94
MR ANDREW MURRAY GREGOR	20,486,666	0.86
CELTIC CAPITAL PTE LTD <INVESTMENT 1 A/C>	20,000,000	0.84
MR GREGORY JOHN HOWLETT <G H SUPERANNUATION FUND A/C>	17,000,000	0.72
TETS PTY LTD	16,356,165	0.69
BEDE PTY LTD <N CAREW SUPER FUND A/C>	15,524,623	0.66
	911,234,977	**38.46**

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C. Substantial holders

Substantial holders in the company are set out below:

	Number held
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	240,227,753

D. Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 672 as at 30 August 2017):

Holders	Units
672	$446,735.00

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Imugene Limited
Corporate directory

Directors	Mr Paul Hopper *Executive Chairman* Mr Charles Walker *Non-Executive Director* Dr Axel Hoos *Non-Executive Director*
Secretary	Mr Justyn Stedwell Mr Phillip Hains
Principal registered office in Australia	Level 3, 62 Lygon Street Carlton VIC 3053 Australia (61 03) 9824 5254
Share and debenture register	Automic Registry Services Suite 1a, Level 1 7 Ventor Avenue Perth Western Australia 6005 (61 08) 9324 2099
Auditor	Grant Thornton Audit Pty Ltd The Rialto, Level 30 525 Collins Street Melbourne Victroria 3000
Solicitors	McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street Brisbane Queensland 4000
Bankers	National Australia Bank level 2, 330 Collins Street Melbourne Victoria 3000
Website	www.imugene.com