# Imugene Limited
# Appendix 4D
# Half-year ended 31 December 2017

| | |
|---|---|
| **Name of entity:** | Imugene Limited |
| **ABN:** | 99 009 179 551 |
| **Half-year ended:** | 31 December 2017 |
| **Previous period:** | 31 December 2016 |

## Results for announcement to the market

| | | | | $ |
|---|---|---|---|---|
| Revenue for ordinary activities | Up | 52.6% | to | 20,826 |
| Net loss after tax (from ordinary activities) for the period attributable to members | Up | 9.4% | to | 1,632,852 |
| Net loss after tax for the period attributable to members | Up | 9.4% | to | 1,632,852 |

## Net tangible assets per security

| | **31 December 2017 Cents** | 31 December 2016 Cents |
|---|---|---|
| Net tangible asset backing (per security) | **$0.39** | $0.13 |

## Explanation of results

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the directors' report.

## Distributions

No dividends have been paid or declared by the company for the current financial period. No dividends were paid for the previous financial period.

## Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2017.

## Other information required by Listing Rule 4.2A

N/A

## Interim review

The interim financial statements have been reviewed by the group's independent auditor without any modified opinion, disclaimer or emphasis of matters.

# Imugene Limited

ABN 99 009 179 551

# Interim report
# for the half-year 31 December 2017

# Imugene Limited ABN 99 009 179 551
# Interim report - 31 December 2017

## Contents



This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Imugene Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Imugene Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

**Directors and company secretary**

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

Mr Paul Hopper, Executive Chairman
Mr Charles Walker, Non-Executive Director
Dr Axel Hoos, Non-Executive Director

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

Mr Phillip Hains
Mr Justyn Stedwell

**Principal activities**

The consolidated entity is an Australian immuno-oncology focused biopharmaceutical company developing HER2 +ve gastric and breast cancer vaccines. The group's lead product is HER-Vaxx, a proprietary HER2 +ve cancer vaccine that stimulates a polyclonal antibody response to HER2/neu.

**Review of operations**

***Financial***
The group reported a loss for the half-year ended 31 December 2017 of $1,632,852 (2016: $1,492,506). The loss is after fully expensing all research and development costs.

***Operations***
*HER-Vaxx and Mimotopes*
HER-Vaxx is for the treatment of patients with HER2+ cancers including gastric and breast. The Phase 1b/2 study with HER-Vaxx has commenced and recruitment is proceeding and ongoing. The Mimotopes program is focusing on identifying cancer targets including check point inhibitors in a variety of cancer indications. The first half of 2018 Imugene will be working to identify mimotope candidates whereby after mimotopes are nominated during the discovery process they undergo a rigorous screening process and test models to become a mimotope candidate for clinical development. After selection of a mimotope candidate, it moves to the next stage of development of manufacturing and pre-clinical models before transitioning into the clinic.

*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 such as higher rates 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 (classic 3+3 design in 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.

The first patient was dosed in August 2017 with dose escalation to the next dose announced on 7 February 2018 (see Outlook).

**Review of operations (continued)**

***Operations (continued)***
*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 tumour killing activity of the body's own cancer fighting cells.

The company's arginine modulator molecule increases the availability of arginine in the cellular environment with the effect being increased levels of cancer-fighting immune cells.

***Enhancement of management team***
In November 2017, the company strengthened its scientific leadership team by adding Peter Schmid, M.D, PhD to the Scientific Advisory Board of Imugene.

Prof Schmid is Chair of Cancer Medicine at the prestigious Barts Cancer Institute at Queen Mary University London. He is also Clinical Director of the Breast Cancer Centre at the St. Bartholomew Cancer Centre and Honorary Consultant Medical Oncologist at Barts Hospital. He leads the Centre of Experimental Cancer Medicine at Barts Cancer Institute and the Barts/Brighton Experimental Cancer Medicine Centre. Prof Schmid's specialist cancer interests are breast and lung cancer, cancer immune therapy and early drug development.

Imugene's Scientific Advisory Board works closely with management to maximise the potential of its therapy pipeline and rapidly progress its assets through pre-clinical and clinical proof of concept, guided by strong scientific rationale and translational science.

***Outlook***
All hospitals/clinics participating in the Phase1b/2 clinical trial are actively recruiting and enrolling study patients. The company announced early safety and immunogenicity data from the Phase 1b portion of the study on 7 February 2018 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. The first development candidate from this programme was announced on 11 February 2018.

The company's arginine modulator could prove to be beneficial in the tumour microenvironment to optimise cancer fighting immunity along with the mimotopes that induce B-Cell antibodies. A market update was announced on 18 February 2018.

***Business strategy and prospects***
The focus of the company's operations in the short to medium term will be directed at the gastric cancer clinical trial in 2018.

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

The company's arginine modulator could provide data to move forward in the pre-clinical phase of development. An NHMRC grant has been submitted with the Baker Heart and Diabetes Institute being a co-applicant.

**Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the group during the period.

**Matters subsequent to the end of the period**

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

(a) the group's operations in future financial periods, or
(b) the results of those operations in future financial periods, or
(c) the group's state of affairs in future financial periods.

**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 4.

This report is made in accordance with a resolution of directors.

Mr Paul Hopper
Executive Chairman

Melbourne
27 February 2018

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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 review of Imugene Limited for the half-year ended 31 December 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 review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 27 February 2018

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**Imugene Limited**
**Consolidated statement of comprehensive income**
**For the half-year ended 31 December 2017**

| | Notes | **31 December 2017 $** | 31 December 2016 $ |
|---|---|---|---|
| **Revenue** | | | |
| Interest income | 3 | **20,826** | 13,651 |
| Other income | 3 | **698,354** | 769,093 |
| | | **719,180** | 782,744 |
| **Expenses** | | | |
| Business development | | **(117,069)** | (88,270) |
| Commercialisation expenses | | **(99,301)** | (17,953) |
| Corporate administration expenses | | **(442,118)** | (499,258) |
| Research and development expenses | | **(1,686,055)** | (1,647,346) |
| Foreign exchange gain/(loss) | | **(7,489)** | (22,423) |
| **Loss before income tax** | | **(1,632,852)** | (1,492,506) |
| Income tax expense | | **-** | - |
| **Loss for the period** | | **(1,632,852)** | (1,492,506) |
| **Other comprehensive income for the period, net of tax** | | **-** | - |
| **Total comprehensive loss for the period** | | **(1,632,852)** | (1,492,506) |
| | | **Cents** | Cents |
| **Loss per share for profit attributable to the ordinary equity holders of the company:** | | | |
| Basic loss per share | | **(0.07)** | (0.10) |
| Diluted loss per share | | **(0.07)** | (0.10) |

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Imugene Limited**
**Consolidated statement of financial position**
**As at 31 December 2017**

| | Notes | **31 December 2017 $** | 30 June 2017 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **11,923,686** | 4,814,200 |
| Trade and other receivables | | **844,050** | 1,219,600 |
| Other assets | | **63,702** | 20,457 |
| **Total current assets** | | **12,831,438** | 6,054,257 |
| **Non-current assets** | | | |
| Other financial assets | | **20,306** | 20,306 |
| Property, plant and equipment | | **5,425** | 3,247 |
| Intangible assets | | **6,599,755** | 6,599,755 |
| **Total non-current assets** | | **6,625,486** | 6,623,308 |
| **Total assets** | | **19,456,924** | 12,677,565 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **567,320** | 232,041 |
| Provisions | | **64,480** | 65,452 |
| **Total current liabilities** | | **631,800** | 297,493 |
| **Non-current liabilities** | | | |
| Other financial liabilities | 4 | **985,450** | 985,450 |
| **Total non-current liabilities** | | **985,450** | 985,450 |
| **Total liabilities** | | **1,617,250** | 1,282,943 |
| **Net assets** | | **17,839,674** | 11,394,622 |
| **EQUITY** | | | |
| Share capital | 5 | **44,376,128** | 36,335,357 |
| Share-based payment reserve | 5 | **1,239,157** | 1,202,024 |
| Accumulated losses | | **(27,775,611)** | (26,142,759) |
| **Total equity** | | **17,839,674** | 11,394,622 |

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

**Imugene Limited**
**Consolidated statement of changes in equity**
**For the half-year ended 31 December 2017**

| | Notes | Share capital $ | Share-based payment reserve $ | Accumulated losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2016** | | 30,407,225 | 1,096,320 | (23,647,004) | 7,856,541 |
| Loss for the period | | - | - | (1,492,506) | (1,492,506) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Shares issued | | 3,247,753 | - | - | 3,247,753 |
| Capital raising costs | | (258,768) | - | - | (258,768) |
| Exercise of options | | 166 | - | - | 166 |
| Share-based payment expense | | - | 25,971 | - | 25,971 |
| | | 2,989,151 | 25,971 | - | 3,015,122 |
| **Balance at 31 December 2016** | | **33,396,376** | **1,122,291** | **(25,139,510)** | **9,379,157** |
| **Balance at 1 July 2017** | | 36,335,357 | 1,202,024 | (26,142,759) | 11,394,622 |
| Loss for the period | | - | - | (1,632,852) | (1,632,852) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Shares issued | 5 | 8,731,235 | - | - | 8,731,235 |
| Capital raising costs | 5 | (755,955) | - | - | (755,955) |
| Exercise of options | 5 | 65,491 | (20,491) | - | 45,000 |
| Share-based payment expense | 5 | - | 57,624 | - | 57,624 |
| | | 8,040,771 | 37,133 | - | 8,077,904 |
| **Balance at 31 December 2017** | | **44,376,128** | **1,239,157** | **(27,775,611)** | **17,839,674** |

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

**Imugene Limited**
**Consolidated statement of cash flows**
**For the half-year ended 31 December 2017**

| | **31 December 2017 $** | 31 December 2016 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | **(2,047,082)** | (2,055,461) |
| Interest received | **20,826** | 13,651 |
| Other (R&D refund) | **1,136,765** | 1,297,601 |
| **Net cash outflow from operating activities** | **(889,491)** | (744,209) |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | **(3,331)** | (2,035) |
| **Net cash outflow from investing activities** | **(3,331)** | (2,035) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares | **8,776,235** | 3,247,919 |
| Capital raising costs | **(773,927)** | (258,768) |
| **Net cash inflow from financing activities** | **8,002,308** | 2,989,151 |
| **Net increase in cash and cash equivalents** | **7,109,486** | 2,242,907 |
| Cash and cash equivalents at the beginning of the financial year | **4,814,200** | 1,582,583 |
| Effects of exchange rate changes on cash and cash equivalents | **-** | 7 |
| **Cash and cash equivalents at end of period** | **11,923,686** | 3,825,497 |

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

# 1 Basis of preparation (interim report)

These condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. These interim financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Imugene Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### (a) 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 group 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 group.

Based on current budget forecast assumptions, the group is in a position to meet future commitments in the current business cycle and pay its debts as and when they fall due. Furthermore, the group is able to progress its research and development programs for at least the next 12 months.

The interim report has been prepared on a going concern basis. Accordingly, the interim report does 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 group not continue as a going concern.

### (b) R&D tax incentives

The group's research and development activities are eligible under an Australian Government tax incentive for eligible expenditure from 1 July 2011. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. For the six month period to 31 December 2017 the group has included an item in other income of $698,354 (2016: $769,093) to recognise this amount which relates to this period.

### (c) Share-based payments

The value attributed to share options issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant share option value require assumptions to be made in relation to the likelihood and timing of meeting the conditions of the shares and the value and volatility of the price of the shares.

# 2 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 group has one reportable segment being the research, development and commercialisation of health technologies.

### (b) Reportable segment profit/ (loss)

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

## 2 Segment information (continued)

### (b) Reportable segment profit/ (loss) (continued)

| | **31 December 2017 $** | 31 December 2016 $ |
|---|---|---|
| Result from research, development and commercialisation | **(987,701)** | (878,253) |
| Result from other corporate activities | **(645,151)** | (614,253) |
| **Total segment profit/ (loss) before income tax** | **(1,632,852)** | (1,492,506) |

### (c) Segment revenue

Revenue is disclosed below based on the reportable segment:

| | **31 December 2017 $** | 31 December 2016 $ |
|---|---|---|
| Revenue from research, development and commercialisation | **698,354** | 769,093 |
| Revenue from other corporate activities | **20,826** | 13,651 |
| **Total segment revenue** | **719,180** | 782,744 |

### (d) Segment assets

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

| | **31 December 2017 $** | 30 June 2017 $ |
|---|---|---|
| Assets from research, development and commercialisation | **7,325,037** | 7,763,448 |
| Assets from other corporate activities: | | |
| Cash and cash equivalents | **11,923,686** | 4,814,200 |
| Property, plant and equipment | **5,425** | 3,247 |
| Other assets | **202,776** | 96,670 |
| **Total segment assets** | **19,456,924** | 12,677,565 |

## 2 Segment information (continued)

### (e) Segment liabilities

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

| | **31 December 2017 $** | 30 June 2017 $ |
|---|---|---|
| Liabilities from research, development and commercialisation | **985,450** | 985,450 |
| Liabilities from other corporate activities: | | |
| Trade and other payables | **567,320** | 232,041 |
| Other corporate liabilities | **64,480** | 65,452 |
| **Total segment liabilities** | **1,617,250** | 1,282,943 |

## 3 Revenue and expenses

The group derives the following types of revenue:

| | **31 December 2017 $** | 31 December 2016 $ |
|---|---|---|
| **Revenue** | | |
| Interest income | **20,826** | 13,651 |
| **Other income** | | |
| Revenue from research, development and commercialisation (R&D tax incentive) | **698,354** | 769,093 |
| **Expenses included in net profit/ (loss) before income tax** | | |
| Depreciation expense | **1,153** | 713 |
| Share-based payments | **57,624** | 25,971 |
| Superannuation | **20,764** | 20,547 |
| | **79,541** | 47,231 |

## 4 Other financial liabilities

| | **31 December 2017 $** | 30 June 2017 $ |
|---|---|---|
| **Non-current** | | |
| Expected future royalties payable – HER-Vaxx | **985,450** | 985,450 |
| | **985,450** | 985,450 |

The expected future royalties payable represents the 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.

## 5 Contributed equity

### (a) Share capital

| | 31 December 2017 Shares | 31 December 2017 $ | 30 June 2017 Shares | 30 June 2017 $ |
|---|---|---|---|---|
| Ordinary shares - fully paid | **2,854,807,170** | **44,376,128** | 2,365,238,659 | 36,335,357 |

*(i) Movements in ordinary shares*

| Details | Number of shares | $ |
|---|---|---|
| **Balance at 1 July 2017** | **2,365,238,659** | **36,335,357** |
| Issue of shares at $0.01 each by exercise of options | 4,500,000 | 45,000 |
| Transfer from share-based payments reserve upon exercise of options | - | 20,491 |
| Issue of shares at $0.018 each to sophisticated investors | 372,222,223 | 6,700,000 |
| Issue of shares at $0.018 each to sophisticated investors | 112,846,288 | 2,031,235 |
| Less: Transaction costs arising on share issue | - | (755,955) |
| **Balance at 31 December 2017** | **2,854,807,170** | **44,376,128** |

*(ii) Rights of each type of share*

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the group 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.

### (b) Options (share-based payment reserve)

*(i) Movement in options*

| Details | Number of options | $ |
|---|---|---|
| **Balance at 1 July 2017** | **59,000,000** | **1,202,024** |
| Exercise of unlisted options (ESOP) at $0.01 each | (4,500,000) | (20,491) |
| Issue of unlisted options (ESOP) at $0.02 each | 5,000,000 | 33,342 |
| Issue of unlisted options (ESOP) at $0.025 each | 5,000,000 | 12,293 |
| Issue of listed options (IMUOA rights issue) | 242,534,374 | - |
| Amortised share-based payments for options issued in prior periods | - | 11,989 |
| **Balance at 31 December 2017** | **307,034,374** | **1,239,157** |

## 6 Share-based payments

The following share-based payment arrangements were entered into during the half-year due to new options granted and vested:

| Grant date | Expiry date | Balance at start of year | Exercise price ($) | Granted | Exercised | Vested | Balance at end of year |
|---|---|---|---|---|---|---|---|
| 13-Sep-2017 | 30-Jun-2020 | - | 0.020 | 2,500,000 | - | 1,250,000 | 2,500,000 |
| 13-Sep-2017 | 30-Jun-2020 | - | 0.025 | 2,500,000 | - | - | 2,500,000 |
| 17-Sep-2017 | 30-Jun-2020 | - | $0.02 | 2,500,000 | - | 1,250,000 | 2,500,000 |
| 17-Sep-2017 | 30-Jun-2020 | - | $0.03 | 2,500,000 | - | - | 2,500,000 |

For the options granted during the half-year ended 31 December 2017, the valuation model inputs used to determine the fair value at the grant date are outlined below:

| Grant date | Expiry date | Share price at grant date ($) | Exercise price ($) | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date ($) |
|---|---|---|---|---|---|---|---|
| 13-Sep-2017 | 30-Jun-2020 | 0.015 | 0.020 | 100% | 0.00% | 2.01% | 21,252 |
| 13-Sep-2017 | 30-Jun-2020 | 0.015 | 0.025 | 100% | 0.00% | 2.01% | 19,564 |
| 17-Sep-2017 | 30-Jun-2020 | 0.016 | 0.020 | 100% | 0.00% | 2.08% | 23,204 |
| 17-Sep-2017 | 30-Jun-2020 | 0.016 | 0.025 | 100% | 0.00% | 2.08% | 21,414 |

The assessed fair value of the options granted during the half-year ended 31 December 2017 is split into four tranches amortised over the following vesting periods:

- **Tranche 1:** vested to 30 September 2017
- **Tranche 2:** vested to 30 June 2018
- **Tranche 3:** vested to 31 December 2018
- **Tranche 4:** vested to 31 March 2019

## 7 Contingencies

The group had no contingent liabilities at 31 December 2017 (2016: nil).

## 8 Related party transactions

The group had no related party transactions during the half-year ended 31 December 2017.

## 9 Events occurring after the reporting period

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

**Imugene Limited**
**Directors' declaration**
**For the half-year ended 31 December 2017**

In the directors' opinion:

(a) the interim financial statements and notes set out on pages 5 to 13 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 31 December 2017 and of its performance for the half-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.

Note confirms that the interim 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.

Mr Paul Hopper
Executive Chairman

Melbourne
27 February 2018

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

## Report on the Half Year Financial Report

### Conclusion

We have reviewed the accompanying half year financial report of Imugene Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Imugene Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

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

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Imugene Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Cunningham
Partner - Audit & Assurance

Melbourne, 27 February 2018