



Imugene Limited Appendix 4E Year ended 30 June 2019

Name of entity:Imugene LimitedABN:99 009 179 551Year ended:30 June 2019Previous period:30 June 2018

Results for announcement to the market

\$

Revenue from ordinary activities	-	-%	to	_
Loss from ordinary activities after tax attributable to members	Up	97.7%	to	(7,775,360)
Net loss for the period attributable to members	Up	97.7%	to	(7,775,360)

Distributions

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

Explanation of results

Please refer to the review of operations and activities on pages 5 to 11 for explanation of the results.

Additional information supporting the Appendix 4E disclosure requirements can be found in the review of operations and activities, directors' report and the financial statements for the year ended 30 June 2019.

Net tangible assets per security

	2019 Cents	2018 Cents
Net tangible asset backing (per security)	0.56	0.29

Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2019.

Other information required by Listing Rule 4.3A

N/A
N/A
N/A
N/A

Imugene Limited Appendix 4E 30 June 2019 (continued)

Audit

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



Imugene Limited ABN 99 009 179 551 Annual report - 30 June 2019

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Imugene Limited Corporate directory

Directors Mr Paul Hopper Executive Chairman

Ms Leslie Chong

Chief Executive Officer and Managing Director

Mr Charles Walker Non-Executive Director

Dr Axel Hoos

Non-Executive Director

Dr Lesley Russell Non-Executive Director

Dr Jens Eckstein
Non-Executive Director

Secretary Mr Phillip Hains

Mr Justyn Stedwell

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Australia

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Australia

Telephone: +61 (0)2 9698 5414

Auditor Grant Thornton Audit Pty Ltd

Collins Square

Tower 5, 727 Collins Street Melbourne VIC 3008

Australia

Telephone: +61 (0)3 8320 2222

Solicitors McCullough Robertson

Level 11, Central Plaza Two

66 Eagle Street Brisbane QLD 4000

Australia

Telephone: +61 (0)7 3233 8888

Bankers National Australia Bank

330 Collins Street Melbourne VIC 3000

Stock exchange listings Imugene Limited shares are listed on the Australian

Securities Exchange (ASX: IMU)

Website www.imugene.com



Chairman's letter

Imugene Limited: Annual report





Chairman's letter

Dear fellow shareholders.

On behalf of the board, I present my review of your company's activities for the past financial year ended 30 June 2019.

Imugene continues to make solid progress across all fronts, and as I write we are poised to enter another exciting stage in the company's development.

Following completion of the Phase 1 clinical trial at the end of 2018, this calendar year we dosed the first patients in our HER-Vaxx Phase 2 clinical trial in gastric cancer which is recruiting patients across centres in Asia and Eastern Europe.

In 2018 we licensed B-cell peptide vaccine technology from Ohio State University with promising application in the field of immune checkpoint inhibitors, in particular PD-1, an area of intense interest in the life sciences industry. Management has been closely focused on pre-clinical development studies to ready the anti-PD-1 vaccine for entry into a Phase 1 clinical trial at the earliest opportunity.

The leadership team was enhanced during the year with the appointment of two outstanding, US based, non-executive directors, Dr Lesley Russell and Dr Jens Eckstein. Both have deep commercial and scientific experience and already have made a substantial contribution at board level and providing guidance to management.

Our CEO, Ms Leslie Chong has provided clear and decisive leadership during the year ably assisted by our small management team and has worked tirelessly to promote the company's interests. On behalf of the board I thank her for an outstanding effort.

The financial position of the company remains strong, and investor interest in our activities, both in Australia and overseas, is solid.

Since balance date, Imugene has announced it proposes to acquire an oncolytic virus being developed at the prestigious City of Hope Cancer Centre (COH) in Los Angeles. Details of this transaction is dealt with in the review of operations and activities.



The year has been an exciting one with contributions from across all fronts of the company. On behalf of the board I wish to express our thank to all stakeholders for their support and we look forward to an exciting year ahead.

Mr Paul Hopper

Executive Chairman



Review of operations and activities





Review of operations and activities

30 June 2019

Imugene Limited is pleased to announce its financial results for the year ended 30 June 2019.

Financial review

The group reported a loss for the year ended 30 June 2019 of \$7,775,360 (2018: \$3,933,641). This increased loss compared to the comparative period is largely due to the significant increase in clinical trial and research activities undertaken by the group.

On the back of a successful \$20.1 million capital raise (before costs) in July 2018, the group's net assets increased to \$27,294,723 (2018: \$15,475,479). As at 30 June 2019, the group had cash reserves of \$19,047,914 (2018: \$7,822,057).

An overall increase in receivables for the year reflects the pending receipt of \$4,126,679 (2018: \$1,867,714) for the research and development tax rebate.

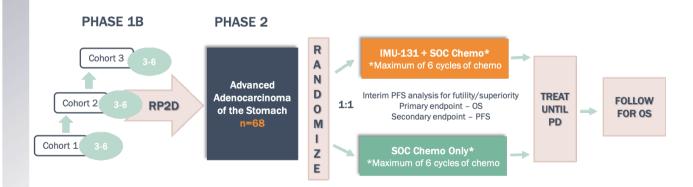
Operating review

HER-Vaxx

During the last financial year, management continued to monitor the enrolment and data collection for the HER-Vaxx Phase 1b/2 clinical trial. This included working with oncologists on the study to ensure that eligible patients are enrolled and guiding the contract research organisation (CRO) to attentively monitor the sites and data.

Phase 1b/2 gastric cancer study

Our current trial is targeting HER-2 positive gastric cancer. HER-2 positive gastric cancer was selected for this study as this type is not nearly as well served as breast cancer. Gastric cancer has slightly lower number of patients who are HER-2 positive. However, these patients have less access to the approved therapies and the disease is more severe than breast cancer offering a significant market opportunity for HER-Vaxx. Specific regions were chosen to conduct the study due to the







prevailing factors of higher rates of gastric cancer, access and reimbursement of standard of care.

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

- The Phase 1b trial is tested at three different doses of the HER-Vaxx vaccine with up to 18 patients (three groups of up to six patients) in combination with chemotherapy across clinical trial sites.
- The key endpoints are to identify the optimal dose of HER-Vaxx for the Phase 2 study, and to confirm safety. Researchers continue to monitor the patient's immune responses to the vaccine.
- The Phase 2 has commenced, 68 patients with metastatic gastric cancer overexpressing HER-2 will be randomised into two arms of either HER-Vaxx plus standard-of-care chemotherapy or standard-of-care chemotherapy only. The endpoints of this randomised trial will be overall survival, progression-free survival, immune response, and safety.

During the year, our established HER-Vaxx Phase 1b gastric cancer study was completed and met all study endpoints. Positive top-line results in patients expressing the HER-2 target protein were reported. In March 2019, the group dosed its first Phase 2 patient.

Additionally, Imugene presented the Phase 1b study results of its HER-Vaxx cancer vaccine at the American Association for Cancer Research (AACR) meeting in April 2019 in Atlanta, Georgia, and at the American Society of Clinical Oncology (ASCO) in Chicago, Illinois in June 2019.

Key results presented at the meetings included:



- 11 out of 14 evaluated patients showed clinically meaningful responses;
- Those patients that were dosed with 50 micrograms (the highest dose evaluated) showed marked increases of HER-2 specific antibody levels after vaccination;
- 2 of the 3 patients dosed with 50 micrograms demonstrated greater than 40% reduction in tumour size from baseline to day 56 (eight weeks);
- The vaccines were well tolerated and safe with antibody responses at the highest dose of 50 micrograms with no significant local or systemic reactions, and





• Trial showed clear dose-dependence of HER-2 specific antibody production.

The Phase 1b data continues to be submitted, published and presented at major cancer conferences globally. The Phase 2 HER-Vaxx study was initiated in March 2019 and is currently ongoing to further evaluate HER-Vaxx for the treatment of HER-2 positive gastric cancer.

Mimotope programme

A mimotope mirrors the structure of an epitope, the specific target an antibody binds to. Due to this property, it induces an antibody response like the one elicited by the monoclonal antibody. Professor Ursula Wiedermann 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. In early 2019, the team in Vienna successfully discovered new mimotope cancer vaccines that inhibited tumour growth in a syngeneic mouse model of HER-2 positive breast cancer via both passive and active immunisation strategies with PD-1 targeting B-cell cancer mimotope vaccines.

Ohio State University/Mayo Clinic licence

Imugene's PD1-Vaxx is a B-cell peptide cancer vaccine designed to treat tumours such as lung cancer by interfering with PD-1/PD-L1 binding and interaction, and produce an anti-cancer effect similar to Keytruda, Opdivo and the other immune checkpoint inhibitor monoclonal antibodies that are transforming the treatment of a range of cancers.

Dr Tanios Bekaii-Saab from the Mayo Clinic presented on the PD1-Vaxx (PD-1) and B-Vaxx (HER-2) cancer vaccines at the AACR 2019 in Atlanta, Georgia.

PD1-Vaxx on its own and in combination with B-Vaxx, have shown potential in preclinical studies, showing

robust HER-2 (B-Vaxx) and PD-1 (PD1-Vaxx) antibody responses in all vaccinated mice. This study indicates that the combined vaccination is effective in reducing tumour growth versus either the PD-1 vaccine alone or more importantly the positive control gold standard that is anti-mouse PD-1 monoclonal antibody in a BALB/c syngeneic model of colon carcinoma. The vaccine combination was found to be safe and did not appear to exhibit toxicity or autoimmunity. Imugene is working to evaluate PD1-Vaxx and its potential efficacy in a range of cancers.

Imugene received and accepted the minutes of its Pre-Investigational New Drug (IND) meeting with the US Food and Drug Administration (FDA) for its PD1-Vaxx cancer immunotherapy on 8 February 2019.

The FDA meeting was productive and provided Imugene with a clear roadmap for a successful IND submission and subsequent clinical development of PD1-Vaxx.

American Association for Cancer Research





Enhancement of Scientific Advisory Board

Imugene is guided by the experience of several recognised leaders in immuno-oncology who joined Imugene's Scientific Advisory Board (SAB). These pre-eminent cancer research leaders include: Dr Josep Tabernero, an internationally respected oncologist and President of ESMO; Professor Tanios Bekaii-Saab co-leader of the Gastrointestinal Cancer Program at the prestigious Mayo Clinic Cancer Center; Professor Pravin Kaumaya, the developer and lead inventor of Imugene's newly licensed peptide cancer vaccine programs from Ohio State University, and on 7 January 2019, Imugene announced the appointment of Professor Michael Caligiuri, President of the City of Hope National Medical Center in Los Angeles and most recent ex-president of AACR to its SAB.

Enhancement of management team

In August 2018, Imugene announced the appointment of Dr Mark T. Marino as Chief Medical Officer (CMO). Dr Marino is leading the group's global clinical development, regulatory and medical monitoring activities. Dr Marino brings deep experience to the group, having held senior level clinical development/leadership and CMO positions at top-tier pharmaceutical companies, including Daiichi-Sankyo, Hoffman-La Roche AG, and Novartis Pharmaceuticals Corporation.



Imugene's executive and management team (left to right): Mr Charles Walker (director), Prof. Pravin Kaumaya (SAB), Dr Anthony Good (VP Clinical Research), Ms Leslie Chong (CEO and MD), Dr Axel Hoos (Director), Dr Nicholas Ede (CTO), Mr Paul Hopper (Chairman) and Dr Mark Marino (CMO)





Enhancement of leadership team

In April 2019, Imugene announced the appointment of leading global pharmaceutical executive Dr Lesley Russell as a Non-Executive Director, effective 23 April 2019. Dr Russell has more than 25 years' international operational and leadership experience with a number of established and emerging pharmaceutical companies across multiple therapeutic areas including oncology and haematology.

In May 2019, Imugene announced the appointment of leading biotechnology executive and entrepreneur Dr Jens Eckstein as a Non-Executive Director, effective 20 May 2019. Dr Eckstein recently joined Apollo Ventures as Managing Partner. Before that, Dr Eckstein was President of SR One Limited, the corporate venture capital arm of GlaxoSmithKline which invests globally in emerging life science



Dr Lesley Russell

companies pursuing innovative science with significant impact on medical care and patients.

Events since the end of the financial year

In early July 2019, an oral presentation of the Phase 1b study results of Imugene's HER-Vaxx cancer vaccine was well received at the European Society of Medical



Oncology (ESMO) World Congress in Gastrointestinal cancer in Barcelona, Spain.

The group announced on 15 July 2019 that it would acquire Vaxinia Pty

Ltd and separately acquire a worldwide exclusive licence to a promising oncolytic virus technology, known as CF33, developed at City of Hope, a world-renowned independent research and treatment centre for cancer based in Los Angeles, California. CF33 is a chimeric vaccinia poxvirus from the lab of Professor Yuman Fong, Chair of Surgery at City of Hope, and a noted expert in the oncolytic virus field. Completion of the acquisition is subject to a number of customary conditions precedent, and shareholder approval at an Extraordinary General Meeting to be convened shortly.







Prof. Yuman Fong (left), Ms Leslie Chong (centre) and Dr Jens Eckstein (right)

Business strategy and future prospects

The focus of the group's operations in the short to medium term will be directed at development of CF33 in a first in human study and continued enrolment of the HER-Vaxx Phase 2 study.

An equal priority is to establish the FDA IND package for PD1-Vaxx for submission and approval to commence the Phase 1 study in the first in human study with the first anti PD-1 peptide cancer vaccine (PD1-Vaxx).

For and on behalf of the company

Ms Leslie Chong

Chief Executive Officer and Managing Director



Directors' report

Imugene Limited: Annual report

Your directors present their report on the consolidated entity consisting of Imugene Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019. Throughout the report, the consolidated entity is referred to as the group.

Directors and company secretary

The following persons held office as directors of Imugene Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Paul Hopper, Executive Chairman
Ms Leslie Chong, Chief Executive Officer and Managing Director
Mr Charles Walker, Non-Executive Director
Dr Axel Hoos, Non-Executive Director
Dr Lesley Russell, Non-Executive Director (appointed 23 April 2019)
Dr Jens Eckstein, Non-Executive Director (appointed 20 May 2019)

The following persons held office as company secretary of Imugene Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Phillip Hains Mr Justyn Stedwell

Principal activities

The group is an Australian immuno-oncology company developing a range of new and novel immunotherapies that seek to activate the immune system of cancer patients to treat and eradicate tumours.

Lead products under development by the group are HER-Vaxx, PD1-Vaxx (formerly KEY-Vaxx) and B-Vaxx. HER-Vaxx is a proprietary HER2-positive cancer vaccine that stimulates a polyclonal antibody response against the HER2/neu receptors which are prevalent in breast cancer and gastric cancer. PD1-Vaxx a cancer vaccine which aims to induce the body to produce polyclonal antibodies that block PD-1 signalling, and thus produce an anticancer effect similar to Keytruda, Opdivo and the other immune checkpoint inhibiting monoclonal antibodies that are transforming treatment for a range of cancer indications. B-Vaxx is a further cancer vaccine designed to treat tumours that over-express the HER2/neu receptor.

The group is maintaining and strengthening its already strong international intellectual property position as a key area of focus in maintaining the competitive advantage of HER-Vaxx, PD1-Vaxx, B-Vaxx and any future improvements, vaccine formulations and clinical uses.

Dividends - Imugene Limited

No dividends were declared or paid to members for the year ended 30 June 2019. The directors do not recommend that a dividend be paid in respect of the financial year.

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on pages 5 to 11 of this annual report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year were as follows.

Share capital increased by \$18,836,562 (from \$44,285,931 to \$63,122,493) as the result of a rights issue and placement in July 2018 and the issue of shares on the exercise of options. Details of the changes in contributed equity are disclosed in note 6(a) to the financial statements.

Events since the end of the financial year

On 15 July 2019, the group announced that it would acquire Vaxinia Pty Ltd and separately acquire a worldwide exclusive licence to an oncolytic virus technology. Known as CF33, this technology was developed by Professor Yuman Fong at City of Hope, an independent research and treatment centre for cancer, diabetes and other life-threatening diseases based in Los Angeles, California.

Under the terms of the licence agreement, the group acquires the exclusive worldwide rights to develop and commercialise the CF33 oncolytic virus. The group has agreed to pay City of Hope licence fees comprising upfront and annual maintenance fees which are creditable against future royalty payments, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees.

As part of the overall transaction, the group has entered into a binding agreement to acquire 100% of the share capital in Vaxinia Pty Ltd, whose major shareholder is Paul Hopper, Executive Chairman of the group. Completion of the acquisition is subject to a number of customary conditions precedent and shareholder approval. The transaction, includes an up-front cash payment and the issue of ordinary fully paid Imugene Limited ordinary shares valued at \$1.619 million based on the seven-day VWAP prior to 15 July 2019.

The shareholders of Vaxinia Pty Ltd will also be eligible for further payments in equity on the achievement of performance-related milestones as disclosed in the 15 July 2019 announcement.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

The group aims to create value for shareholders through researching, developing and commercialising oncolytic immunotherapies that seek to activate the immune system of cancer patients to treat and eradicate tumours. These development programs are not expected to generate revenues in the short-term; long-term, and pending a successful development outcome, these development programs could increase shareholder value by many multiples.

More information on these developments is included in the review of operations and activities on pages 5 to 11 of this annual report.

Environmental regulation

The group is not affected by any significant environmental regulation in respect of its operations.

Information on directors

The following information is current as at the date of this report.

Mr Paul Hopper Executive Chairman				
Experience and expertise	Mr Hopper has over 20 years' experience in the management and funding of biotechnology and healthcare public companies both as chief executive officer and director in Australia and the United States. Mr Hopper's sector experience has covered a number of therapeutic areas with a particular emphasis on immunotherapy and cancer vaccines. He also has extensive capital markets experience in equity and debt raisings in Australia, Asia, Europe, and the United States.			
Date of appointment	31 October 2012			
Other current directorships (listed)	Prescient Therapeutics Limited (ASX: PTX), since 30 May 2014 SUDA Pharmaceuticals Ltd (ASX: SUD), since 15 May 2019			
Former directorships in last 3 years (listed)	Viralytics Limited (ASX: VLA), until 21 June 2018			
Special responsibilities	None			

Ms Leslie Chong Chief Executive Officer and Managing Director				
Experience and expertise	Ms Chong joined the group in September 2015 from the leading oncology clinical development company, Genentech (a member of the Roche family), where she was a Senior Clinical Program Lead at the head office in San Francisco. She has over 21 years' experience in leading clinical and department development in oncology. In November 2016, Ms Chong was promoted as Imugene's CEO and joined the board as Managing Director in March 2018.			
Date of appointment	28 March 2018			
Other current directorships (listed)	None			
Former directorships in last 3 years (listed)	None			
Special responsibilities	Chief Executive Officer			

Information on directors (continued)

Mr Charles Walker Non-Executive Director					
Experience and expertise	Mr Walker has broad and successful experience across the biotechnology and life sciences industry. His experience includes significant operational and leadership positions in biotechnology firms, a strong capital markets track record from executing nearly 60 international and domestic corporate transactions, both as principal and advisor, and a detailed scientific understanding gained from a technical background in pharmacology. Mr Walker was previously Chief Executive Officer and Chief Financial Officer of Alchemia Limited (ASX: ACL) and Managing Director of Imugene. His qualifications include a Bachelor of Science (Honours) Pharmacology and a Masters in Business Administration (MBA).				
Date of appointment	13 September 2015				
Other current directorships (listed)	None				
Former directorships in last 3 years (listed)	None				
Special responsibilities	Chair of the audit and risk committee Member of the remuneration and nomination committee				

Dr Axel Hoos Non-Execu	Dr Axel Hoos Non-Executive Director				
Experience and expertise	Dr Axel Hoos is Senior Vice President and Therapeutic Area (TA) Head, Oncology R&D at GlaxoSmithKline Pharmaceuticals (GSK). As leader of the Oncology TA, he oversees strategy and execution for its discovery, development and business functions and builds the oncology portfolio across several modalities including antibodies, small molecules, bispecific molecules and cell and gene therapies. The TA's scientific focus is on immuno-oncology, epigenetics and cell therapy. Dr Hoos also serves on the Scientific Advisory Board of the HIV Cure Center, a co-venture of GSK and the University of North Carolina at Chapel Hill, and as the Executive Chairman of the Sabin Vaccine Institute Previously, Dr Hoos was the global medical lead in immunology/oncology at Bristol-Myers Squibb (BMS) where he developed Yervoy (Ipilimumab), the first life-extending therapy in immuno-oncology. Before BMS, Dr Hoos was Senior Director of Clinical Development at Agenus Bio (previously Antigenics).				
Date of appointment	20 December 2013				
Other current directorships (listed)	None				
Former directorships in last 3 years (listed)	None				
Special responsibilities	Member of the audit and risk committee Chair of the remuneration and nomination committee				

Information on directors (continued)

Dr Lesley Russell Non-Executive Director				
Experience and expertise	Dr Lesley Russell is a haematologist/oncologist and has over 25 years' experience and leadership in the international pharmaceutical field as a chief medical officer. She has undertaken clinical development in a number of therapeutic areas including haematology/oncology has had multiple new drug approvals with both Food and Drug Administration (FDA) and European Medicines Agency (EMA). Dr Russell has extensive experience as a director of NASDAQ listed pharmaceutical companies. She is a member of the Royal College of Physicians UK.			
Date of appointment	23 April 2019			
Other current directorships (listed)	Enanta Pharmaceuticals (NASDAQ: ENTA), since 22 November 2016			
Former directorships in last 3 years (listed)	AMAG Pharma (NASDAQ: AMAG), until May 2019 Endocyte Pharmaceuticals (NASDAQ: ECYT), until December 2018			
Special responsibilities	Member of the remuneration and nomination committee			

Dr Jens Eckstein Non-Executive Director				
Experience and expertise	Dr Eckstein has more than 15 years' venture capital experience in the biopharmaceutical industry and 10 years' operational experience in drug discovery and development. He is a Kauffman Fellow and a mentor for lifescience entrepreneurs and start-up teams in the area of innovative lifescience and healthcare information technology companies. Before joining Apollo Ventures, Dr Eckstein served as president of SR One for eight years. He is also co-founder and managing director of Action Potential Venture Capital (APVC). Previously, he was a general partner at TVM Capital.			
Date of appointment	20 May 2019			
Other current directorships (listed)	None			
Former directorships in last 3 years (listed)	None			
Special responsibilities	Member of the audit and risk committee			

Company secretary

The joint company secretaries are Mr Phillip Hains and Mr Justyn Stedwell.

Mr Phillip Hains was appointed to the position on 20 December 2012. 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 30 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Mr Justyn Stedwell was appointed to the position on 30 July 2012. He is a professional company secretary with over 10 years' experience as a company secretary in ASX listed companies. Mr Stedwell has completed a Bachelor of Business and Commerce (Management and 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.

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 2019, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	Α	В	A B		Α	В
Mr Paul Hopper	6	7	5	6	1	1
Ms Leslie Chong	6	7	-	-	-	-
Mr Charles Walker	7	7	6	6	1	1
Dr Axel Hoos	7	7	6	6	1	1
Dr Lesley Russell	1	1	-	-	_	-
Dr Jens Eckstein	1	1	-	-	-	-

- A = Number of meetings attended
- B = Number of meetings held during the time the director held office or was a member of the committee during the year

Given recent board appointments and Mr Paul Hopper's existing duties as Executive Chairman, Mr Hopper voluntarily stepped down as member of the audit and risk committee and remuneration and nomination committee in June 2019. He was superseded by Dr Jens Eckstein and Dr Lesley Russell, respectively (both Non-Executive Directors).

Remuneration report (audited)

The directors present the Imugene Limited 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses
- (f) Contractual arrangements with executive KMPs
- (g) Non-executive director arrangements
- (h) Additional statutory information
- (a) Key management personnel covered in this report

Non-executive and executive directors (see pages 15 to 17 for details about each director)

Mr Paul Hopper, Executive Chairman

Ms Leslie Chong, Chief Executive Officer and Managing Director

Mr Charles Walker, Non-Executive Director

Dr Axel Hoos, Non-Executive Director

Dr Lesley Russell, Non-Executive Director (appointed 23 April 2019)

Dr Jens Eckstein, Non-Executive Director (appointed 20 May 2019)

Other key management personnel

Dr Nicholas Ede, Chief Technology Officer

Dr Mark Marino, Chief Medical Officer (appointed 23 August 2018)

(b) Remuneration policy and link to performance

Our remuneration and nomination committee is made up of independent non-executive directors. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent
- · aligned to the company's strategic and business objectives and the creation of shareholder value
- · transparent and easily understood, and
- · acceptable to shareholders.

(b) Remuneration policy and link to performance (continued)

Purpose	Performance metrics	Potential value
Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at the market rate
Reward for in-year performance and retention	Company and individual performance goals	CEO: 33.3% of FR CTO: 30% of FR CMO: US\$60,000
Alignment to long-term shareholder value	Share price, capital raised, company and individual performance goals	CEO & CTO: 50,000,000 and 15,000,000, respectively, unlisted 3-year options at \$0.04, \$0.042 and \$0.045 exercise price CMO: 10,000,000 unlisted 2-year options at \$0.04 and \$0.042 exercise price
s F F	alary including superannuation and son-monetary benefits Reward for in-year serformance and retention	alary including superannuation and son-monetary benefits Reward for in-year cerformance and retention Alignment to long-term chareholder value Company and individual performance goals

Assessing performance

The remuneration and nomination committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives data from independently run surveys.

Performance is monitored on an informal basis throughout the year and a formal evaluation is performed annually.

Securities trading policy

Imugene Limited's securities trading policy applies to all directors and executives, see www.imugene.com/share-trading-policies/. It only permits the purchase or sale of company securities during certain periods.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

(ii) Short-term incentives

All executives are entitled to participate in a short-term incentive scheme which provides for executive employees to receive a combination of short-term incentive (STI) as part of their total remuneration if they achieve certain performance indicators as set by the board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the company, at the determination of the remuneration and nomination committee and board.

The company's CEO and CTO are entitled to short-term incentives in the form of cash bonus up to 33.3% and 30% of FR, respectively, against agreed key performance indicators (KPIs). On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include financial (for CEO) and non-financial company (for CEO and CTO) and individual performance goals.

(c) Elements of remuneration (continued)

(ii) Short-term incentives (continued)

The company's CMO is entitled to short-term incentives in the form of cash bonus up to US\$60,000 against agreed key performance indicators (KPIs). On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include non-financial company and individual performance goals.

(iii) Long-term incentives

Executives may also be provided with longer-term incentives through the company's 'employee share option plan' (ESOP), that was approved by shareholders at the annual general meeting held on 2 November 2016. The aim of the ESOP is to allow executives to participate in, and benefit from, the growth of the company as a result of their efforts and to assist in motivating and retaining those key employees over the long-term. Continued service is the condition attached to the vesting of the options. The board at its discretion determines the total number of options granted to each executive.

(d) Link between remuneration and performance

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2019	2018	2017	2016	2015
Loss for the year attributable to owners (\$)	7,775,360	3,933,641	2,506,571	2,730,642	2,440,789
Basic loss per share (cents)	0.22	0.15	0.12	0.19	0.21
Share price at year end (\$)	0.016	0.030	0.014	0.008	0.011

The company's earnings have remained negative since inception due to the nature of the business. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by Imugene Limited. The company continues to focus on the research and development of its intellectual property portfolio with the objective of achieving key development and commercial milestones in order to add further shareholder value.

(e) Remuneration expenses

The following tables show details of the remuneration expense recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

(e) Remuneration expenses (continued)

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2019.

2019	Short-term benefits		Post- employment benefits	Long- term	Share- based		
	Cash salary and fees \$	Cash bonus \$	Annual leave \$	Super- annuation	benefits Long service leave \$	Options	Total \$
Non-executive directors							
Mr Charles Walker	66,232	-	-	6,292	-	54,251	126,775
Dr Axel Hoos	69,626	-	-	_	-	54,251	123,877
Dr Lesley Russell	13,530	-	-	_	-	54,251	67,781
Dr Jens Eckstein	8,633	-	-	-	-	46,363	54,996
Executive directors							
Mr Paul Hopper	137,400	110,000	-	-	-	174,793	422,193
Ms Leslie Chong	350,000	201,655	65	20,531	6,688	198,285	777,224
Other KMP							
Dr Nicholas Ede	210,000	95,280	5,602	23,883	7,230	100,063	442,058
Dr Mark Marino	236,120	42,715	-	-	-	43,685	322,520
Total KMP compensation	1,091,541	449,650	5,667	50,706	13,918	725,942	2,337,424

Notes

- Cash bonus includes the amount paid or accrued in the year ended 30 June 2019 in relation to FY 2018 and FY 2019 performance (i.e. 2 years' bonus recognised) as follows:
 - Mr Paul Hopper received discretionary bonuses of \$25,000 for FY 2018 (paid, approved by the board in FY 2019) and \$85,000 for FY 2019 (accrued, approved by the board in FY 2020), both recognising past performance.
 - Ms Leslie Chong was eligible for 85% of her 33.3% performance bonus for FY 2018 (\$85,000 paid, approved by
 the board in FY 2019) and 65% for FY 2019 (\$75,757 accrued, approved by the board in FY 2020). The bonuses
 were for meeting performance milestones (increase in share price, raising capital, management and staff
 resourcing, complete and/or manage all activities for site activation, HER-Vaxx and PD1-Vaxx clinical trials). In
 addition, it was determined by the board that Ms Chong would receive a further discretionary FY 2019 bonus of
 \$40,898.
 - Dr Nicholas Ede was eligible for 50% of his 30% performance bonus for FY 2018 (\$27,750 paid, plus superannuation up to the statutory limit, approved by the board in FY 2019) and 56% for FY 2019 (\$35,280 accrued, plus superannuation up to the statutory limit, approved by the board in FY 2020). The bonuses were for meeting performance milestones (KPI in relation to pre-clinical and clinical trials, file technology patents and/or IP, source and convert new immuno-oncology opportunities). In addition, it was determined by the board that Dr Ede would receive a further discretionary FY 2018 bonus of \$32,250 (plus superannuation up to the statutory limit, approved by the board in FY 2019).
 - Dr Mark Marino was eligible for 50% of his US\$60,000 performance bonus for FY 2019 (US\$30,000 or A\$42,715 accrued, approved by the board in FY 2020). The bonus was for meeting performance milestones (KPI in relation to clinical trials, pre-IND (investigational new drug) FDA meeting, medical monitoring and clinical development).

(e) Remuneration expenses (continued)

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the year ended 30 June 2018.

2018	Short-term benefits			Post- employment benefits	Long- term benefits	Share- based payments	
	Cash salary and fees \$	Cash bonus \$	Annual leave \$	Super- annuation \$	Long service leave \$	Options \$	Total \$
Non-executive directors							
Mr Charles Walker	41,096	-	-	3,904	-	-	45,000
Dr Axel Hoos	58,121	-	-	-	-	5,424	63,545
Executive directors							
Mr Paul Hopper	137,400	-	-	-	-	-	137,400
Ms Leslie Chong	300,000	50,000	14,608	20,049	4,060	14,423	403,140
Other KMP							
Dr Nicholas Ede	185,000	17,000	19,908	17,575	11,021	-	250,504
Total KMP compensation	721,617	67,000	34,516	41,528	15,081	19,847	899,589

Notes

- Cash bonus includes the amount paid in the year ended 30 June 2018 in relation to FY 2017 performance as follows:
 - Ms Leslie Chong was eligible for 50% of her 33.3% performance bonus. This amounted to \$50,000 (plus superannuation up to the statutory limit) and comprised the FY 2017 bonus for meeting performance milestones (increase in share price, raising capital, complete and/or manage all activities for site activation, KPI in relation to clinical trials), approved by the board in FY 2018.
 - Dr Nicholas Ede was eligible for 28% of his 33% performance bonus. This amounted to \$17,000 (plus superannuation up to the statutory limit) and comprised the FY 2017 bonus for meeting performance milestones (KPI in relation to pre-clinical and clinical trials, file technology patents and/or IP, source and convert new immuno-oncology opportunities), approved by the board in FY 2018.
- Movement in annual leave obligations was not included in the annual report for the year ended 30 June 2018. This has been
 retrospectively included for consistency with the 30 June 2019 remuneration expenses.

(f) Contractual arrangements with executive KMPs

Name: Mr Paul Hopper Position: Executive Chairman

Contract duration: Unspecified

Notice period: 4 months by either party Fixed remuneration: \$137,400 per annum

Name: Ms Leslie Chong

Position: Chief Executive Officer and Managing Director

Contract duration: Unspecified

Notice period: 12 months by either party

Fixed remuneration: \$350,000 per annum, plus statutory superannuation

(f) Contractual arrangements with executive KMPs (continued)

Name: Dr Nicholas Ede

Position: Chief Technology Officer

Contract duration: Unspecified

Notice period: 3 months by either party

Fixed remuneration: \$210,000 per annum, plus statutory superannuation

Name: Dr Mark Marino
Position: Chief Medical Officer

Contract duration: Unspecified

Notice period: 30 days by either party Fixed remuneration: US\$200,000 per annum

(g) Non-executive director arrangements

Non-executive directors receive a board fee of US\$50,000 per annum, inclusive of chairing or participating on board committees. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board's independent remuneration adviser. The current base fees were reviewed with effect from 1 July 2018.

The maximum annual aggregate directors' fee pool limit is \$400,000 and was approved by shareholders at the annual general meeting on 15 October 2015.

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 21 above:

Name	Fixed remune	At risk - S	TI	At risk - LTI		
	2019	2018	2019	2018	2019	2018
	%	%	%	%	%	%
Non-executive director						
Mr Charles Walker	57	100	-	-	43	-
Dr Axel Hoos	56	91	-	-	44	9
Dr Lesley Russell	20	-	-	-	80	-
Dr Jens Eckstein	16	-	-	-	84	-
Executive directors						
Mr Paul Hopper	33	100	26	-	41	-
Ms Leslie Chong	49	83	26	13	25	4
Other KMP						
Dr Nicholas Ede	56	93	22	7	22	_
Dr Mark Marino	73	-	13	-	14	-

- (h) Additional statutory information (continued)
- (ii) Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price (\$)	Value per option at grant date (\$)	Vested (%)
2018-07-19	2018-07-19	2021-06-30	0.04	0.0117	100%
2018-07-19	Milestone	2021-06-30	0.042	0.0115	0%
2018-07-19	Milestone	2021-06-30	0.045	0.0112	0%
2018-09-01	Milestone	2021-08-31	0.04	0.0131	0%
2018-09-01	Milestone	2021-08-31	0.042	0.0128	0%
2018-11-19	2018-07-01	2021-06-30	0.04	0.0096	100%
2018-11-19	Milestone	2021-06-30	0.042	0.0093	0%
2018-11-19	Milestone	2021-06-30	0.045	0.0090	0%
2019-04-23	2021-04-23	2022-04-23	0.04	0.0079	0%
2019-04-23	2021-04-23	2022-04-23	0.042	0.0077	0%
2019-04-23	2021-04-23	2022-04-23	0.045	0.0075	0%
2019-05-20	2021-05-20	2022-05-20	0.04	0.0075	0%
2019-05-20	2021-05-20	2022-05-20	0.042	0.0074	0%
2019-05-20	2021-05-20	2022-05-20	0.045	0.0071	0%

For detailed disclosures please refer to note 16 on page 59.

(iii) Reconciliation of options and ordinary shares held by KMP

Option holdings

2019	Balance at start of the period ¹	Granted as remuneration	Exercised	Other changes ²	Balance at end of the period ³	Vested and exercisable
Options						
Mr Paul Hopper	_	25,000,000	-	827,281	25,827,281	25,827,281
Ms Leslie Chong	27,000,000	50,000,000	-	98,765	77,098,765	37,098,765
Mr Charles Walker	325,000	-	-	123,456	448,456	448,456
Dr Axel Hoos	25,000,000	-	(10,000,000)	-	15,000,000	15,000,000
Dr Lesley Russell	-	-	-	-	_	_
Dr Jens Eckstein	_	-	-	-	_	_
Dr Nicholas Ede	-	15,000,000	-	192,982	15,192,982	5,192,982
Dr Mark Marino	_	10,000,000	-	-	10,000,000	-
	52,325,000	100,000,000	(10,000,000)	1,242,484	143,567,484	83,567,484

- (h) Additional statutory information (continued)
- (iii) Reconciliation of options and ordinary shares held by KMP (continued)

Option holdings (continued)

Notes

Share holdings

2019	Balance at the start of the period ¹	Granted as remuneration	Received on exercise of options	Other changes ²	Balance at the end of the period ³
Ordinary shares					
Mr Paul Hopper	72,196,875	-	-	3,981,847	76,178,722
Ms Leslie Chong	2,850,588	-	-	661,296	3,511,884
Mr Charles Walker	27,462,500	-	-	370,370	27,832,870
Dr Axel Hoos	7,500,000	10,000,000	-	(7,500,000)	10,000,000
Dr Lesley Russell	-	-	-	_	-
Dr Jens Eckstein	-	_	-	-	_
Dr Nicholas Ede	5,500,000	_	-	578,948	6,078,948
Dr Mark Marino	-	-	-	-	-
	115,509,963	10,000,000	-	(1,907,539)	123,602,424

Notes

(iv) Voting of shareholders at last year's annual general meeting

Imugene Limited received more than 75 percent of favourable votes on its remuneration report for the 2018 financial year. The company did not receive any specific feedback at the 2018 annual general meeting or throughout the year on its remuneration practices.

[This concludes the remuneration report, which has been audited]

^{1.} Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.

² Other changes incorporates changes resulting from the acquisition, disposal and lapse/forfeiture of options.

³ For former KMP, the balance is as at the date they cease being KMP.

^{1.} Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.

². Other changes incorporates changes resulting from the acquisition and disposal of shares.

³ For former KMP, the balance is as at the date they cease being KMP.

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	•	Number under option
2014-11-25 (IMUOP1)	2019-07-14	0.025	2,500,000
2015-10-15 (IMUOP5)	2019-10-26	0.0125	2,500,000
2015-10-15 (IMUOP6)	2019-10-26	0.0175	2,500,000
2015-10-26 (IMUOP7)	2020-09-14	0.0125	9,000,000
2015-10-26 (IMUOP8)	2020-09-14	0.0150	9,000,000
2015-10-26 (IMUOP9)	2020-09-14	0.0175	9,000,000
2017-03-30 (IMUOP11)	2020-12-04	0.020	10,000,000
2017-12-06 (IMUOA)	2020-11-22	0.026	242,456,487
2018-07-13 (IMUOB)	2021-11-30	0.040	248,317,753
2018-07-19, 2018-11-19 (IMUOP14)	2021-06-30	0.040	20,000,000
2018-07-19, 2018-11-19 (IMUOP15)	2021-06-30	0.042	35,000,000
2018-07-19, 2018-11-19 (IMUOP16)	2021-06-30	0.045	35,000,000
2018-09-01 (IMUOP17)	2021-08-31	0.040	5,000,000
2018-09-01 (IMUOP18)	2021-08-31	0.042	5,000,000
2019-06-13 (IMUOP19)	2022-06-13	0.040	25,000,000
2019-04-23 (IMUOP20)	2022-04-23	0.040	15,000,000
2019-04-23 (IMUOP21)	2022-04-23	0.042	30,000,000
2019-04-23 (IMUOP22)	2022-04-23	0.045	30,000,000
2019-05-20 (IMUOP23)	2022-05-20	0.040	5,000,000
2019-05-20 (IMUOP24)	2022-05-20	0.042	10,000,000
2019-05-20 (IMUOP25)	2022-05-20	0.045	10,000,000
Total		_	760,274,240

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares under option (continued)

(b) Shares issued on the exercise of options

The following ordinary shares of Imugene Limited were issued during the year ended 30 June 2019 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares (\$)	Number of shares issued
2015-10-26 (IMUOP4)	0.015	10,000,000
2017-12-06 (IMUOA)	0.026	2,675
2018-07-13 (IMUOB)	0.040	2,070
	_	10.004.745

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Imugene Limited paid a premium of \$87,881 to insure the directors and secretaries of the company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

Imugene Limited has agreed to indemnify their auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from Imugene Limited's breach of their agreement. The indemnity stipulates that Imugene Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

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*.

Non-audit services

During the year ended 30 June 2019, the group did not engage the external auditor to provide non-audit services.

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 30.

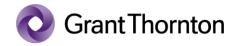
Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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

Mr Paul Hopper Executive Chairman

Sydney 30 August 2019



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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 2019, I declare to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor Independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd Chartered Accountants

Crant Thankon

T S Jackman

Partner - Audit & Assurance

Melbourne, 30 August 2019



Corporate governance statement

Imugene Limited
Corporate governance statement
30 June 2019
(continued)

Imugene Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Imugene Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 corporate governance statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. The 2019 corporate governance statement was approved by the board on 30 August 2019. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at www.imugene.com/corporate-governance.



Financial statements

Imugene Limited

ABN 99 009 179 551

Annual financial report - 30 June 2019

Financial statements Consolidated statement of profit or loss and other comprehensive income Consolidated balance sheet Consolidated statement of changes in equity Consolidated statement of cash flows (direct method) Notes to the financial statements Directors' declaration 35 36 37 38 39 39 39

These financial statements are consolidated financial statements for the group consisting of Imugene Limited and its subsidiaries. A list of major subsidiaries is included in note 11.

The financial statements are presented in the Australian currency.

Imugene Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Level 3, 62 Lygon Street Carlton VIC 3053

Its principal place of business is:

Imugene Limited Suite 1006, Level 10 37 Bligh Street Sydney NSW 2000

The financial statements were authorised for issue by the directors on 30 August 2019. The directors have the power to amend and reissue the financial statements.

Imugene Limited Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Other income Other gains/(losses) – net	2(a) 2(b)	4,127,281 77,607	1,840,786 (90,827)
General and administrative expenses Research and development expenses Operating loss	2(c) 2(c) _ -	(4,777,350) (7,611,683) (8,184,145)	(2,553,806) (3,224,121) (4,027,968)
Finance income Finance expenses Finance costs - net	2(d) 2(d) _ -	414,893 (6,108) 408,785	94,327 - 94,327
Loss before income tax		(7,775,360)	(3,933,641)
Income tax expense Loss for the period	3 _	(7,775,360)	(3,933,641)
Other comprehensive income Items that may be reclassified to profit or loss: Other comprehensive income for the period, net of tax	_	-	<u>-</u>
Total comprehensive loss for the period	_	(7,775,360)	(3,933,641)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:	10	(0.22)	(0.15)
Basic and diluted loss per share	18	(0.22)	(0.15)

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

Imugene Limited Consolidated balance sheet As at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets Cash and cash equivalents	4(0)	40 047 044	7 900 057
Trade and other receivables	4(a) 4(b)	19,047,914 4,215,170	7,822,057 1,914,707
Other current assets	. (2)	160,485	96,207
Total current assets	_	23,423,569	9,832,971
Non-current assets Other financial assets at amortised cost		50,000	20,306
Property, plant and equipment	5(a)	233,095	3,898
Intangible assets	5(b)	7,057,100	7,057,100
Other assets	_	15,593	7 004 004
Total non-current assets	-	7,355,788	7,081,304
Total assets	-	30,779,357	16,914,275
LIABILITIES Current liabilities			
Trade and other payables	4(c)	2,233,212	342,534
Employee benefit obligations Other current liabilities	5(c) 5(d)	131,804 58,590	95,706
Total current liabilities	3(d) _	2,423,606	438,240
	_	, ,	
Non-current liabilities			
Other financial liabilities	4(d)	985,450	985,450
Employee benefit obligations Other non-current liabilities	5(c) 5(d)	11,272 64,306	15,106
Total non-current liabilities	3(d) _	1,061,028	1,000,556
	_	, ,	
Total liabilities	-	3,484,634	1,438,796
Net assets	-	27,294,723	15,475,479
EQUITY			
Share capital	6(a)	63,122,493	44,285,931
Other reserves	6(b)	988,945	299,945
Accumulated losses	-	(36,816,715)	(29,110,397)
Total equity	_	27,294,723	15,475,479

Imugene Limited Consolidated statement of changes in equity For the year ended 30 June 2019

Attributable to owners of

		Imugene Limited			
	Notes		Other reserves	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	-	36,335,357	1,202,024	(26,142,759)	11,394,622
Loss for the period Total comprehensive loss for the period	-	-	-	(3,933,641) (3,933,641)	(3,933,641) (3,933,641)
Transactions with owners in their capacity as owners: Contributions of equity, net of transaction costs and					
tax	6(a)	7,950,574	-	-	7,950,574
Options issued/expensed	6(b)	-	84,415	-	84,415
Options exercised	6(b)	-	(20,491)	-	(20,491)
Options forteited/lapsed	6(b) _	7.050.574	(966,003)	966,003	9.014.409
	-	7,950,574	(902,079)	966,003	8,014,498
Balance at 30 June 2018	-	44,285,931	299,945	(29,110,397)	15,475,479
			butable to owners	s of	
	Notes	Share capital	Other reserves	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	_	44,285,931	299,945	(29,110,397)	15,475,479
Loss for the period	_	-	-	(7,775,360)	(7,775,360)
Total comprehensive loss for the period		_	_	(7,775,360)	(7,775,360)
	_		-		(1,110,000)
Transactions with owners in their capacity as owners:	_		<u> </u>		(1,113,300)
owners: Contributions of equity, net of transaction costs and	- 6(a)	18.670.040		_	
owners: Contributions of equity, net of transaction costs and tax	6(a) 6(b)	18,670,040 -	- 774,470	-	18,670,040 774,470
owners: Contributions of equity, net of transaction costs and	6(a) 6(b) 6(b)	18,670,040 - 166,522	-	- - -	18,670,040
owners: Contributions of equity, net of transaction costs and tax Options issued/expensed	6(b)	166,522 -	- 774,470 (16,428) (69,042)	- - - 69,042	18,670,040 774,470 150,094
owners: Contributions of equity, net of transaction costs and tax Options issued/expensed Options exercised	6(b) 6(b)	-	- 774,470 (16,428)	- - 69,042 69,042	18,670,040 774,470

Imugene Limited Consolidated statement of cash flows For the year ended 30 June 2019

(9,777,806) 1,868,316	(5,644,802)
(7,909,490)	1,136,765 (4,508,037)
(50,000) (128,387) - (15,593) 20,306 421,066 247,392	(3,331) (457,345) - - 47,777 (412,899)
20,264,094 (41,143) (1,443,960) (6,108) 18,772,883	8,778,191 - (848,108) (1,290) 7,928,793
11,110,785 7,822,057 115,072 19,047,914	3,007,857 4,814,200 - 7,822,057
	(128,387) - (15,593) 20,306 421,066 247,392 20,264,094 (41,143) (1,443,960) (6,108) 18,772,883 11,110,785 7,822,057 115,072

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1 Segment information

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 Chief Executive Officer of Imugene Limited. The group has identified one reportable segment; that is, the research, development and commercialisation of oncolytic immunotherapies. The segment details are therefore fully reflected in the body of the financial statements.

2 Other income and expense items

(a) Other income

	2019 \$	2018 \$	
Research and development tax incentive	4,127,281	1,840,786	

(i) Fair value of R&D tax incentive

The group's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. For the year ended 30 June 2019, the group has included an item in other income of \$4,127,281 (2018: \$1,840,786) to recognise income over the period necessary to match the grant on a systematic basis with the costs that they are intended to compensate.

(b) Other gains/(losses)

	2019 \$	2018
Insurance recovery Net foreign exchange gains/(losses) Net gain/(loss) on disposal of property, plant and equipment	1,726 76,201 (320) 77,607	(90,827) - (90,827)

2 Other income and expense items (continued)

(c) Breakdown of expenses by nature

(c) Breakdown of expenses by flature			
		2019	2018
	Notes	\$	\$
General and administrative expenses		247 427	207 102
Accounting and audit Consulting		217,137 91,043	207,103 102,849
Depreciation		63,259	2,680
Employee benefits		1,825,389	1,083,171
Insurance		89,680	41,858
Investor relations		426,252	140,767
Legal		84,192	31,675
Listing and share registry		203,169	100,210
Patent costs		207,337	196,600
Recruitment and staff training		59,422	26,273
Share-based payments	16(b)	774,471	84,415
Superannuation		69,312	44,732
Travel and entertainment		582,414	455,924
Other	_	84,273	35,549
	_	4,777,350	2,553,806
Research and development expenses			
HER-Vaxx		4,842,832	3,191,724
PD1-Vaxx (KEY-Vaxx)		2,661,050	-
Other	_	107,801	32,397
		7,611,683	3,224,121
(d) Finance income and costs			
		2019	2018
		\$	\$
Finance income			
Interest income from financial assets held for cash management purposes	_	414,893	94,327
Finance income		414,893	94,327
Finance costs			
Provisions: unwinding of discount		(6,108)	
Finance costs		(6,108)	_
Net finance costs		408,785	94,327

3 Income tax expense

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

(a) realistical recommendation of income tax expenses to prima racio tax payable		
	2019 \$	2018 Restated \$
Loss from continuing operations before income tax expense Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(7,775,360) (2,138,224)	(3,933,641) (1,081,751)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income: R&D tax incentive Accounting expenditure subject to R&D tax incentive Accrued expenses Accrued interest income Amortisation of patents Blackhole expenditure (Section 40-880, ITAA 1997) Employee leave obligations Entertainment Patent costs Share-based payments Superannuation liability Unrealised currency (gains)/losses	(1,135,002) 2,609,201 185,087 1,698 (141,296) (167,786) 8,873 5,610 57,018 212,980	(506,216) 1,180,739 (9,213) (12,801) (142,770) (100,330) 12,474 4,391 54,065 23,214 (424) 314
Subtotal	(533,486)	(578,308)
Tax losses and other timing differences for which no deferred tax asset is recognised Income tax expense	533,486	578,308
(b) Tax losses		
	2019 \$	2018 Restated \$
Unused tax losses for which no deferred tax asset has been recognised Potential tax benefit @ 27.5%	18,784,791 5,165,818	16,844,835 4,632,330

The numerical reconciliation of income tax expense to prima facie tax payable and unused tax losses for the year ended 30 June 2018 have been restated to reflect the income tax return lodged for the same period.

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2019 \$	2018 \$
Current assets		
Cash at bank and in hand	1,852,560	1,798,530
Deposits at call	17,195,354	6,023,527
	19,047,914	7,822,057

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2019	2018
	\$	\$
Balances as above	19,047,914	7,822,057
Balances per statement of cash flows	19,047,914	7,822,057

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 20(i) for the group's other accounting policies on cash and cash equivalents.

(iii) Risk exposure

The group's exposure to interest rate risk is discussed in note 9. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Trade and other receivables

		2019 Non-				2018 Non-		
		Current	current	Total	Current	current	Total	
	Notes	\$	\$	\$	\$	\$	\$	
Accrued receivables	4(b)(i)	4,167,056	-	4,167,056	1,914,264	-	1,914,264	
Other receivables		48,114	-	48,114	443	-	443	
		4,215,170		4,215,170	1,914,707	-	1,914,707	

(i) Accrued receivables

Accrued receivables comprise \$4,126,679 from the Australian Taxation Office in relation to the R&D tax incentive (2018: \$1,867,714) and \$40,377 interest income from deposits at call (2018: \$46,550).

4 Financial assets and financial liabilities (continued)

(b) Trade and other receivables (continued)

(ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Trade and other payables

	Current	2019 Non- Current current Total			2018 Non- current	Total
	\$	\$	\$	\$	\$	\$
Trade payables	1,479,429	-	1,479,429	288,507	-	288,507
Accrued expenses	727,029	-	727,029	53,985	-	53,985
Other payables	26,754	-	26,754	42	-	42
• •	2,233,212	-	2,233,212	342,534	-	342,534

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(d) Other financial liabilities

	2019 \$	2018 \$
Non-current Expected future royalties payable (HER-Vaxx)	985,450	985,450

(i) Fair value of expected future royalties payable

The expected future royalties payable represents the fair value estimate of royalties payable to Biolife Science Forschungs-und Entwicklungsges mbH (BSFE) on commercial income arising from HER-Vaxx. This is based on 18 percent of fair value of the intellectual property 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.

4 Financial assets and financial liabilities (continued)

(e) Recognised fair value measurements

(i) Fair value hierarchy

The following table provides the fair values of the group's financial instruments measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Notes	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
4(d)		_	985,450	985,450
_	-	-	985,450	985,450
Notes	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
4(d)	<u>-</u>	<u>-</u>	985,450 985,450	985,450 985,450
	4(d) Notes	Notes \$ 4(d) Level 1 Notes \$	Notes \$ \$ 4(d)	Notes \$ \$ \$ \$ 4(d)

There were no transfers between levels of the hierarchy for recurring fair value measurements during the year ended 30 June 2019.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

5 Non-financial assets and liabilities

(a) Property, plant and equipment

	Plant and equipment	Furniture, fittings and equipment i \$	Leasehold mprovements \$	Right-of-use assets \$	Total \$
At 1 July 2017					
Cost or fair value	-	6,146	-	-	6,146
Accumulated depreciation		(2,899)		-	(2,899)
Net book amount	-	3,247		-	3,247
Year ended 30 June 2018					
Opening net book amount	_	3,247	_	_	3,247
Additions	_	3,331	_	_	3,331
Depreciation charge	_	(2,680)	_	_	(2,680)
Closing net book amount	-	3,898	-	-	3,898
At 30 June 2018 Cost or fair value Accumulated depreciation Net book amount		9,477 (5,579) 3,898	- - -	- - -	9,477 (5,579) 3,898
Year ended 30 June 2019 Opening net book amount		3,898			3,898
Additions	74,437	7,536	- 46,414	164,389	292,776
Disposals	74,407	(320)		104,505	(320)
Depreciation charge	(3,412)	(3,126)	(11,274)	(45,447)	(63,259)
Closing net book amount	71,025	7,988	35,140	118,942	233,095
At 30 June 2019 Cost	74,437 (3,412)	13,996 (6,008)	46,414 (11,274)	164,389 (45,447)	299,236 (66,141)
Accumulated depreciation Net book amount	71,025	7,988	35,140	118,942	233,095
Met book amount	11,025	1,900	JJ, 140	110,942	233,095

(i) Depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

•	Plant and equipment	5 - 10 years
•	Furniture, fittings and equipment	2 - 15 years
•	Leasehold improvements	3 years
•	Right-of-use assets	3 years

5 Non-financial assets and liabilities (continued)

(a) Property, plant and equipment (continued)

See note 20(k) for the other accounting policies relevant to property, plant and equipment.

(b) Intangible assets

	2019 \$	2018 \$
Patents, licences and other rights HER-Vaxx (i) PD-1 (ii) Non PD-1 (ii)	6,599,755 130,670 326,675 7,057,100	6,599,755 130,670 326,675 7,057,100

The group's patents, licences and other rights are measured at initial cost, less any accumulated amortisation and impairment losses.

(i) HER-Vaxx

HER-Vaxx intellectual property was acquired through the group's 100 percent acquisition of Biolife Science Qld Pty Ltd on 20 December 2013. In addition, the group holds various worldwide patents granted over the technology.

It is the board's expectation that the acquired HER-Vaxx intellectual property will generate future economic benefits for the group.

(ii) PD-1 and Non PD-1

On 7 June 2018, the group signed an exclusive, worldwide licence to the entire body of cancer vaccine work and intellectual property developed by Professor Pravin Kaumaya of the Ohio State University Wexner Medical Center, the Comprehensive Cancer Center - Arthur G. James Cancer Hospital, the Richard J. Solove Research Institute and Mayo Clinic.

The substantial intellectual property estate licensed comprises a broad patent portfolio including six patent families comprising 16 issued patents or pending applications for compositions of matter and/or methods of use of a large range of B-cell peptide and cancer vaccines comprising PD-1, HER-1, HER-2, HER-3, VEGF, IGF-1R, CD28 peptides and combinations thereof.

It is the board's expectation that the acquired portfolio of intellectual property will generate future economic benefits for the group. The amounts recognised as intangible assets relate to the upfront license fees paid in respect of the licence agreements. The net present value of future maintenance fees, annual licence fees, milestone fees, royalties, and sublicence fees have not been capitalised in accordance with the recognition criteria of AASB 138 *Intangible Assets*. The term of the agreements, including the schedule of future payments is until the last to expire of the patent rights; 2038 for PD-1 patents and 2035 for Non PD-1. Fair values for the future payments (which are contingent on the occurrence of future events and timings over the term of the agreements) cannot be reliably measured in accordance with the standard. Consequently, these future payments are instead accounted for as either contingent liabilities, outlined in note 12, or as commitments, outlined in note 13.

5 Non-financial assets and liabilities (continued)

(b) Intangible assets (continued)

(iii) Impairment tests for patents, licences and other rights

Patents, licences and other rights held by the group are acquired in-process research and development and are considered not yet available for use on the basis that they are incomplete and cannot be used in their current forms. Intangible 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 impairment. An impairment analysis is performed annually at the end of the financial year based on fair value less costs of disposal. In-process research and development will continue to be tested for impairment until the related research and development efforts are either completed or abandoned. In the case of abandonment, the related research and development efforts are considered impaired and the asset is fully expensed in the consolidated statement of profit or loss and other comprehensive income.

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

- The market capitalisation of Imugene Limited on the Australian Securities Exchange on the impairment testing date of 30 June 2019 in excess of the net book value of assets;
- · The scientific results and progress of the trials;
- · Comparisons with companies in a similar field of development and similar stage; and
- Overall growth in the oncology sector and \$502 million acquisition of Viralytics Limited by Merck in 2018. Similar to Imagene Limited, Viralytics focuses on the development and commercialisation of oncolytic immunotherapies.

See note 20(I) for the other accounting policies relevant to intangible assets, and note 20(h) for the group's policy regarding impairments.

(iv) Amortisation methods and useful lives

The group has assessed that the HER-Vaxx, PD-1 and Non PD-1 intellectual property is not ready for use as it is not commercialised. Capitalised patents, licences and other rights are amortised from the point at which the asset is ready for use.

On 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 group with reference to the product life cycle, competitive landscape, obsolescence, market demand, any remaining patent useful life and various other relevant factors.

(c) Employee benefit obligations

	2019 Non-			2018 Non-		
	Current \$	current \$	Total \$	Current \$	current \$	Total \$
Leave obligations (i)	131,804	11,272	143,076	95,706	15,106	110,812

(i) Leave obligations

The leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 20(n).

5 Non-financial assets and liabilities (continued)

(c) Employee benefit obligations (continued)

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$131,804 (2018: \$95,706) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

(d) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2019	2018
	\$	\$
Right-of-use assets ¹		
Properties	118,942	-
·	118,942	
Lease liabilities ²		
Current	58,590	-
Non-current	64,306	-
	122,896	-

^{1.} Included in the line item 'property, plant and equipment' in the consolidated balance sheet.

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

		2019 \$	2018
		Ψ	Ψ
Depreciation charge of right-of-use assets		45 447	
Properties		45,447	-
Interest expense (included in finance cost)	2(d)	6,108	-
Expense relating to short-term leases (included in other expenses) Expense relating to leases of low-value assets that are not short-term leases	2(c)	-	-
(included in other expenses)	2(c)	-	-
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	2(c)	_	_
(moduce in other expenses)	2 (0)	-	_

The total cash outflow for leases in 2019 was \$47,251.

² Included in the line items 'other current liabilities' and 'other non-current liabilities' in the consolidated balance sheet.

5 Non-financial assets and liabilities (continued)

(d) Leases (continued)

(iii) The group's leasing activities and how these are accounted for

The group early adopted AASB 16 *Leases* in the year ended 30 June 2018. At this time, the group did not lease any assets. In September 2018, the group entered into a three-year commercial lease on an office in Sydney's central business district. The lease agreement does not impose any covenants, but the leased asset may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- · payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- · any lease payments made at or before the commencement date, less any lease incentives received
- · any initial direct costs, and
- · restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3,609,847,749

6 Equity

(a) Share capital

(a) Share capital					
		2019	2018	2019	2018
	Notes	Shares	Shares	\$	\$
Ordinary shares	6(a)(ii)				
Fully paid			2,854,882,382		44,285,931
	6(a)(i) <u>3,6</u>	09,847,749	2,854,882,382	63,122,493	44,285,931
(i) Movements in ordinary shares:					
Details				Number of shares	Total \$
Balance at 1 July 2017				2,365,238,659	36,335,357
,				,,	, ,
Issue at \$0.01 on exercise of ESOP unlisted	d options (2017	7-08-25)		4,500,000	45,000
Transfer from reserves on exercise of ESOI		ns (2017-08	3-25)	-	20,491
Issue at \$0.018 pursuant to placement (201				372,222,223	6,700,000
Issue at \$0.018 pursuant to rights issue (20		_,		112,846,288	2,031,235
Issue at \$0.026 on exercise of IMUOA option	`	3)		75,212	1,956
Less: Transaction costs arising on share iss	sues			-	(848,108)
Balance at 30 June 2018				2,854,882,382	44,285,931
Issue at \$0.027 pursuant to rights issue (20	18-07-11)			300,516,177	8,113,942
Issue at \$0.027 pursuant to rights issue (201				444,444,445	12,000,000
Issue at \$0.015 on exercise of ESOP unliste		18-10-19)		10,000,000	150,000
Transfer from reserves on exercise of ESOI			0-19)	-	16,428
Issue at \$0.026 on exercise of IMUOA option				2,675	69
Issue at \$0.04 on exercise of IMUOB option				2,070	83
Less: Transaction costs arising on share iss			•	-	(1,443,960)

(ii) Ordinary shares

Balance at 30 June 2019

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(iii) Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in notes 6(b) and 16.

63,122,493

6 Equity (continued)

(b) Other reserves

The consolidated balance sheet line item 'other reserves' comprises the 'share-based payments reserve'.

(i) Nature and purpose of other reserves

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, other employees and and eligible contractors.

(ii) Movements in options:

Details	Number of options	Total \$
Balance at 1 July 2017	59,000,000	1,202,024
Exercise of ESOP unlisted options at \$0.01 (2017-08-25) Issue of ESOP unlisted options \$0.02 each (2017-09-21) Issue of ESOP unlisted options \$0.025 each (2017-09-21) Issue of IMUOA listed options at \$0.026 pursuant to seasoned issue (2017-12-22) Exercise of IMUOA listed options at \$0.026 (2018-06-13) Reclassify expired options from reserves to accumulated losses Amortisation of share-based payments for options issued in prior periods	(4,500,000) 5,000,000 5,000,000 242,534,374 (75,212)	(20,491) 33,342 12,293 - (966,003) 38,780
Balance at 30 June 2018	306,959,162	299,945
Forfeiture of ESOP unlisted options at \$0.02 Forfeiture of ESOP unlisted options at \$0.025 Issue of IMUOB listed options at \$0.04 pursuant to rights issue (2018-07-11) Issue of IMUOB listed options at \$0.04 pursuant to placement (2018-07-13) Exercise of ESOP unlisted options at \$0.015 (2018-10-19) Issue of ESOP unlisted options at \$0.04 each (2018-07-19, -09-01, -11-19) Issue of ESOP unlisted options at \$0.042 each (2018-07-19, -09-01, -11-19) Issue of ESOP unlisted options at \$0.045 each (2018-07-19, -09-01, -11-19) Exercise of IMUOA listed options at \$0.026 (2018-07-11, 2018-11-19) Exercise of IMUOB listed options at \$0.04 (2018-11-19, 2019-06-26) Issue of ESOP unlisted options at \$0.04 each (2019-04-23, 2019-05-20) Issue of ESOP unlisted options at \$0.042 each (2019-04-23, 2019-05-20) Issue of ESOP unlisted options at \$0.045 each (2019-04-23, 2019-05-20) Issue of unlisted options at \$0.04 in lieu of payment for services (2019-06-13) Amortisation of share-based payments for options issued in prior periods	(5,000,000) (5,000,000) 100,171,696 148,148,127 (10,000,000) 25,000,000 40,000,000 (2,675) (2,070) 20,000,000 40,000,000 40,000,000 25,000,000	(44,456) (24,586) - (16,428) 225,227 189,353 100,051 - 156,000 33,441 19,675 46,800 3,923
Balance at 30 June 2019	760,274,240	988,945

7 Cash flow information

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

		2019	2018
	Notes	\$	\$
Loss for the period		(7,775,360)	(3,933,641)
Adjustments for		(1,110,000)	(0,000,011)
Depreciation		63,259	2,680
Disposal of property, plant and equipment		320	· -
Finance costs	2(d)	6,108	-
Finance income	2(d)	(414,893)	(94,327)
Lease preparation fee		(350)	· -
Leave provision expense		32,264	45,360
Share-based payments	16(b)	774,471	84,415
Unrealised net foreign currency (gains)/losses		(115,072)	-
Change in operating assets and liabilities:			
Movement in trade and other receivables		(2,306,636)	(649,464)
Movement in other operating assets		(64,278)	(73,553)
Movement in trade and other payables		1,890,677	110,493
Net cash inflow (outflow) from operating activities	_	(7,909,490)	(4,508,037)

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

options issued for no cash consideration - note 16.

8 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of R&D tax incentive income accrual note 2(a)(i)
- Estimation of expected future royalties payable note 4(d)(i)
- Impairment of patents, licences and other rights note 5(b)(iii)
- Estimation of employee benefit obligations note 5(c)(i)
- Estimation of share-based payments note 16(a)(i)

8 Critical estimates, judgements and errors (continued)

(a) Significant estimates and judgements (continued)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

9 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The group 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 financial assets and financial liabilities denominated in a currency that is not the group's functional currency. Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument fluctuating due to the movement in foreign exchange rates of currencies in which the group holds financial instruments which are other than the Australian dollar (AUD) functional currency of the group. This risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2019			2018	3	
	USD	EUR	USD	CHF	EUR	GBP
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	105,499	_	318	_	-	-
Trade payables	1,052,534	8,094	594,907	26,063	25,256	1,605
Total exposure	1,158,033	8,094	595,225	26,063	25,256	1,605

Sensitivity

As shown in the table above, the group is primarily exposed to changes in USD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments.

The group has conducted a sensitivity analysis of its exposure to foreign currency risk. The group is currently materially exposed to the United States dollar (USD). The sensitivity analysis is conducted on a currency-by-currency basis using the sensitivity analysis variable, which is based on the average annual movement in exchange rates over the past five years at year-end spot rates. The variable for each currency the group is materially exposed to is listed below:

USD: 6.9% (2018: 6.2%)

9 Financial risk management (continued)

(a) Market risk (continued)

	Impact on los		Impact on components	
	2019 \$	2018 \$	2019 \$	2018 \$
USD/AUD exchange rate - change by 6.9% (2018: 6.2%)	79,904	36,904	-	-

^{*} Holding all other variables constant

Profit is more sensitive to movements in the AUD/USD exchange rates in 2019 than 2018 because of the increased amount of USD denominated cash and cash equivalents. The group's exposure to other foreign exchange movements is not material.

(ii) Cash flow and fair value interest rate risk

The group's main interest rate risk arises from cash and cash equivalents held, which expose the group to cash flow interest rate risk. During 2019 and 2018, the group's cash and cash equivalents at variable rates were denominated in Australian dollars.

The group's exposure to interest rate risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2019 \$	2018 \$
Financial instruments with cash flow risk Cash and cash equivalents Financial assets at amortised cost	19,047,914 50,000 19,097,914	7,822,057 20,306 7,842,363

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	Impact on los		Impact on other components of equity		
	2019 \$	2018 \$	2019 \$	2018 \$	
Interest rates - change by 20 basis points (2018: 21 basis points)*	38,196	16,469	-	-	

^{*} Holding all other variables constant

The use of 0.20 percent (2018: 0.21 percent) was determined based on analysis of the Reserve Bank of Australia cash rate change, on an absolute value basis, at 30 June 2019 and the previous four balance dates. The average cash rate at these balance dates was 1.60 percent (2018: 1.85 percent). The average change to the cash rate between balance dates was 12.69 percent (2018: 11.18 percent). By multiplying these two values, the interest rate risk was derived.

Profit is more sensitive to movements in interest rates in 2019 than 2018 due to increased cash and cash equivalents. The group's exposure to other classes of financial instruments with cash flow risk is not material.

9 Financial risk management (continued)

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

There has been an increase in the group's exposure to credit risk in 2019 due to increased cash and cash equivalents. The group's exposure to other classes of financial assets with credit risk is not material.

(i) Risk management

Risk is minimised through investing surplus funds in financial institutions that maintain a high credit rating.

(ii) Impairment of financial assets

While cash and cash equivalents and deposits at call are subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- · obtaining funding from a variety of sources;
- · maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- · investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Total Carrying contractual amount Over 5 cash (assets)/ years flows liabilities
At 30 June 2019	\$	\$	\$	\$	\$ \$ \$
Trade and other payables	2,233,212	_	_	_	- 2,233,212 2,233,212
Lease liabilities	29,106	29,484	60,934	10,221	- 129,745 129,745
Other financial liabilities	-	_	_	985,450	- 985,450 985,450
Total	2,262,318	29,484	60,934	995,671	- 3,348,407 3,348,407
At 30 June 2018					
Trade and other payables	342,534	-	-	-	- 342,534 342,534
Other financial liabilities		-	_	985,450	- 985,450 985,450
Total	342,534	-	-	985,450	- 1,327,984 1,327,984

10 Capital management

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2019 (2018: nil). The group's franking account balance was nil at 30 June 2019 (2018: nil).

11 Interests in other entities

(a) Material subsidiaries

The group's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

	Place of business/ country of	Ownership interest	held
Name of entity	incorporation	by the group 2019 %	2018 %
Biolife Science Qld Pty Ltd	Australia	100	100

12 Contingent liabilities

(a) PD-1 and Non PD-1 intellectual property

The group signed an exclusive licence with the Ohio State University and Mayo Clinic on 6 June 2018 to 16 issued patents or pending applications comprising PD-1 and Non PD-1 intellectual property. As a result, the group has incurred liabilities contingent on future events in respect of each agreement (i.e. the separate PD-1 and Non PD-1 agreements):

- Royalties on sales: 3 percent of sales where annual turnover is less than US\$1 billion; 4 percent where annual turnover is greater than US\$1 billion
- Milestone fees: Up to US\$250,000 payable upon dosing of the first patient in each phase of a clinical trial;
 US\$1,000,000 payable upon first commercial sale
- Annual licence fees: US\$250,000 per annum payable contingent on first commercial sale
- Sublicence fees:
 - 25 percent of sublicensing consideration prior to first patient dosing in Phase I clinical trial
 - 15 percent of sublicensing consideration prior to first patient dosing in Phase II clinical trial

12 Contingent liabilities (continued)

(a) PD-1 and Non PD-1 intellectual property (continued)

- 10 percent of sublicensing consideration prior to first patient dosing in Phase III clinical trial
- 8 percent of sublicensing consideration after first patient dosing in Phase III clinical trial

13 Commitments

(a) Research and development commitments

The group had research and development commitments at 30 June 2019 in respect of:

(i) Arginine modulator intellectual property

On 13 December 2016, the group 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 arginine modulator intellectual property. As at 30 June 2019, no liability was recognised on the basis that commercialised income cannot be reliably measured.

(ii) PD-1 and Non PD-1 intellectual property

The group signed an exclusive licence with the Ohio State University and Mayo Clinic on 6 June 2018 to 16 issued patents or pending applications comprising PD-1 and Non PD-1 intellectual property. As a result, the group has incurred the following commitments in respect of each agreement (i.e. the separate PD-1 and Non PD-1 agreements):

• Maintenance fees: Up to US\$100,000 payable annually each anniversary of the agreement, until the date of first commercial sale.

In a third agreement, separate to the PD-1 and Non PD-1 licensing agreements, the group has a commitment to pay US\$546,000 per annum to cover ongoing research costs by the Ohio State University for the financial years ending 30 June 2020 and 2021. These payments are for work yet to be performed as at 30 June 2019.

14 Events occurring after the reporting period

On 15 July 2019, the group announced that it would acquire Vaxinia Pty Ltd and separately acquire a worldwide exclusive licence to an oncolytic virus technology. Known as CF33, this technology was developed by Professor Yuman Fong at City of Hope, an independent research and treatment centre for cancer, diabetes and other life-threatening diseases based in Los Angeles, California.

Under the terms of the licence agreement, the group acquires the exclusive worldwide rights to develop and commercialise the CF33 oncolytic virus. The group has agreed to pay City of Hope licence fees comprising upfront and annual maintenance fees which are creditable against future royalty payments, performance-based consideration linked to the achievement of certain value-inflection development milestones and commercial outcomes, as well as net sales-based royalty payments and sublicensing fees.

As part of the overall transaction, the group has entered into a binding agreement to acquire 100% of the share capital in Vaxinia Pty Ltd, whose major shareholder is Paul Hopper, Executive Chairman of the group. Completion of the acquisition is subject to a number of customary conditions precedent and shareholder approval. The transaction, includes an up-front cash payment and the issue of ordinary fully paid Imugene Limited ordinary shares valued at \$1.619 million based on the seven-day VWAP prior to 15 July 2019.

The shareholders of Vaxinia Pty Ltd will also be eligible for further payments in equity on the achievement of performance-related milestones as disclosed in the 15 July 2019 announcement.

The accounting for this transaction is still in the process of being finalised at the time of issuing this report.

14 Events occurring after the reporting period (continued)

No other 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 years.

15 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 11.

(b) Key management personnel compensation

	2019 \$	2018 \$
Short-term employee benefits	1,546,858	823,133
Post-employment benefits	50,706	41,528
Long-term benefits	13,918	15,081
Share-based payments	725,942	19,847
	2,337,424	899,589

Notes

 Movement in annual leave obligations (included within short-term employee benefits) was not included in the annual report for the year ended 30 June 2018. This has been retrospectively included for consistency with the 30 June 2019 key management personnel compensation.

Detailed remuneration disclosures are provided in the remuneration report on pages 19 to 26.

(c) Transactions with other related parties

As disclosed in note 14, the group has announced the proposed acquisition of Vaxinia Pty Ltd, subject to both regulatory and shareholder approval. The group has entered into a binding agreement to acquire 100% of the share capital held in Vaxinia Pty Ltd, whose major shareholder is Mr Paul Hopper, Executive Chairman of the group.

16 Share-based payments

(a) Employee share and option plan

The establishment of the 'employee share option plan' (ESOP) was approved by shareholders at the 2016 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

16 Share-based payments (continued)

(a) Employee share and option plan (continued)

Set out below are summaries of all listed and unlisted options, including those issued under ESOP:

	201	9	2018		
	Average		Average		
	exercise price		exercise price		
	per share	Number of	per share	Number of	
	option	options	option	options	
As at 1 July	\$0.02	306,959,162	\$0.02	59,000,000	
Granted during the year	\$0.04	473,319,823	\$0.03	252,534,374	
Exercised during the year	\$0.02	(10,004,745)	-	- · · · -	
Forfeited/lapsed during the year	\$0.02	(10,000,000)	\$0.01	(4,575,212)	
As at 30 June	\$0.03	760,274,240	\$0.02	306,959,162	
Vested and exercisable at 30 June	\$0.03	561,524,240	\$0.02	282,959,162	

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price (\$)	Share options 30 June 2019	Share options 30 June 2018
2014-11-25 (IMUOP1)	2019-07-14	0.025	2,500,000	2,500,000
2015-10-15 (IMUOP4)	2018-10-26	0.015	-	10,000,000
2015-10-15 (IMUOP5)	2019-10-26	0.0125	2,500,000	2,500,000
2015-10-15 (IMUOP6)	2019-10-26	0.0175	2,500,000	2,500,000
2015-10-26 (IMUOP7)	2020-09-14	0.0125	9,000,000	9,000,000
2015-10-26 (IMUOP8)	2020-09-14	0.0150	9,000,000	9,000,000
2015-10-26 (IMUOP9)	2020-09-14	0.0175	9,000,000	9,000,000
2017-03-30 (IMUOP11)	2020-12-04	0.020	10,000,000	10,000,000
2017-12-06 (IMUOA)	2020-11-22	0.026	242,456,487	242,459,162
2017-09-13, 2017-09-17 (IMUOP12)	2020-06-30	0.020	-	5,000,000
2017-09-13, 2017-09-17 (IMUOP13)	2020-06-30	0.025	-	5,000,000
2018-07-13 (IMUOB)	2021-11-30	0.040	248,317,753	-
2018-07-19, 2018-11-19 (IMUOP14)	2021-06-30	0.040	20,000,000	-
2018-07-19, 2018-11-19 (IMUOP15)	2021-06-30	0.042	35,000,000	-
2018-07-19, 2018-11-19 (IMUOP16)	2021-06-30	0.045	35,000,000	-
2018-09-01 (IMUOP17)	2021-08-31	0.040	5,000,000	-
2018-09-01 (IMUOP18)	2021-08-31	0.042	5,000,000	-
2019-06-13 (IMUOP19)	2022-06-13	0.040	25,000,000	-
2019-04-23 (IMUOP20)	2022-04-23	0.040	15,000,000	-
2019-04-23 (IMUOP21)	2022-04-23	0.042	30,000,000	-
2019-04-23 (IMUOP22)	2022-04-23	0.045	30,000,000	-
2019-05-20 (IMUOP23)	2022-05-20	0.040	5,000,000	-
2019-05-20 (IMUOP24)	2022-05-20	0.042	10,000,000	-
2019-05-20 (IMUOP25)	2022-05-20	0.045	10,000,000	-
Total		_	760,274,240	306,959,162

Weighted average remaining contractual life of options outstanding at end of

period

2.28

2.04

16 Share-based payments (continued)

(a) Employee share and option plan (continued)

(i) Fair value of options granted

The assessed fair value of options at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

The model inputs for options granted under ESOP during the year ended 30 June 2019 included:

				Share price at			Risk- free	Fair value at grant
Grant date	Expiry date	Exercise price (\$)	No. of options	•	Expected volatility	Dividend yield		date per option (\$)
2018-07-19 (IMUOP14)	2021-06-30	0.04	5,000,000	0.022	105.00%	0.00%	2.14%	0.0117
2018-11-19 (IMUOP14)	2021-06-30	0.04	15,000,000	0.022	95.00%	0.00%	2.12%	0.0096
2018-07-19 (IMUOP15)	2021-06-30	0.042	5,000,000	0.022	105.00%	0.00%	2.14%	0.0115
2018-11-19 (IMUOP14)	2021-06-30	0.042	30,000,000	0.022	95.00%	0.00%	2.12%	0.0093
2018-07-19 (IMUOP15)	2021-06-30	0.045	5,000,000	0.022	105.00%	0.00%	2.14%	0.0112
2018-11-19 (IMUOP14)	2021-06-30	0.045	30,000,000	0.022	95.00%	0.00%	2.12%	0.0090
2018-09-01 (IMUOP17)	2021-08-31	0.04	5,000,000	0.022	104.00%	0.00%	2.00%	0.0131
2018-09-01 (IMUOP18)	2021-08-31	0.042	5,000,000	0.022	104.00%	0.00%	2.00%	0.0128
2019-06-13 (IMUOP19)	2022-06-13	0.04	25,000,000	0.016	99.31%	0.00%	0.99%	0.0069
2019-04-23 (IMUOP20)	2022-04-23	0.04	15,000,000	0.018	96.60%	0.00%	1.43%	0.0079
2019-04-23 (IMUOP21)	2022-04-23	0.042	30,000,000	0.018	96.60%	0.00%	1.43%	0.0077
2019-04-23 (IMUOP22)	2022-04-23	0.045	30,000,000	0.018	96.60%	0.00%	1.43%	0.0075
2019-05-20 (IMUOP23)	2022-05-20	0.04	5,000,000	0.017	99.21%	0.00%	1.23%	0.0075
2019-05-20 (IMUOP24)	2022-05-20	0.042	10,000,000	0.017	99.21%	0.00%	1.23%	0.0074
2019-05-20 (IMUOP25)	2022-05-20	0.045	10,000,000	0.017	99.21%	0.00%	1.23%	0.0071
		3	225,000,000					

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2019 \$	2018 \$
Options issued under ESOP	774,471	84,415

17 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:

(a) Grant Thornton Audit Pty Ltd

(i) Audit and other assurance services		
	2019 \$	2018 \$
Audit and review of financial statements	52,000	55,000
Total remuneration for audit and other assurance services	52,000	55,000
Total auditor's remuneration	52,000	55,000
18 Loss per share		
(a) Reconciliation of loss used in calculating loss per share		
	2019 \$	2018 \$
Basic and diluted loss per share Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	7,775,360	3,933,641
(b) Weighted average number of shares used as the denominator		
	2019 Number	2018 Number

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

3,581,918,719 2,637,869,758

On the basis of the group's losses, the outstanding options as at 30 June 2019 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

19 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019 \$	2018 \$
Balance sheet Current assets Non-current assets Total assets Current liabilities Non-current liabilities Total liabilities	23,423,568 5,256,033 28,679,601 2,423,608 75,578 2,499,186	9,817,915 5,087,663 14,905,578 438,242 15,106 453,348
Shareholders' equity Share capital Reserves Share-based payments Accumulated losses	63,122,493 988,945 (37,931,023)	44,285,931 299,945 (30,133,646)
	26,180,415	14,452,230
Loss for the period	7,760,311	2,312,909
Total comprehensive loss	7,760,311	2,312,909

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2019 (2018: nil).

(c) Contingent liabilities of the parent entity

The parent entity had contingent liabilities at 30 June 2019 identical to those of the group, as outlined in note 12.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2019 (2018: nil).

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Imugene Limited.

19 Parent entity financial information (continued)

(e) Determining the parent entity financial information (continued)

(ii) Tax consolidation legislation

Imugene Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Imugene Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Imugene Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Imugene Limited for any current tax payable assumed and are compensated by Imugene Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Imugene Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

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20 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Imugene Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Imagene Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Imugene Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) Going concern

Some of the risks inherent in the development of oncolytic immunotherapies 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. Furthermore, 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 annual report has been prepared on a going concern basis. Accordingly, the annual 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.

(iv) New and amended standards adopted by the group

There are no new accounting standards or interpretations that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

AASB 9 Financial Instruments, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases were early adopted by the group in the year ended 30 June 2018.

(v) New standards and interpretations not yet adopted

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

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(vi) Changes to presentation - classification of expenses

Imugene Limited decided in the current financial year to change the classification of its expenses in the consolidated statement of profit or loss. We believe that this will provide more relevant information to our stakeholders as it is more in line with common practice in the industries Imugene Limited is operating in. The comparative information has been reclassified accordingly.

(vii) Changes to presentation – classification of cash flows

Imugene Limited decided in the current financial year to change the classification of interest received and interest paid in the consolidated statement of cash flows from operating to investing and financing activities, respectively. The comparative information has been reclassified accordingly.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has 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 group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Imugene Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

20 Summary of significant accounting policies (continued)

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 2 provides further information on how the group accounts for government grants.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

The accounting policies for the group's leases are explained in note 5(d)(iii).

(h) Impairment of assets

Intangible 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. The recoverable amount is the higher of an asset's fair value less costs of disposal 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 which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

20 Summary of significant accounting policies (continued)

(i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(j) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent
solely payments of principal and interest are measured at amortised cost. Interest income from these financial
assets is included in finance income using the effective interest rate method. Any gain or loss arising on
derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign
exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement
of profit or loss.

20 Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on
 a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within
 other gains/(losses) in the period in which it arises.

(iv) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(v) Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 5(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 20(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

20 Summary of significant accounting policies (continued)

(I) Intangible assets

Intangible assets are initially measured at cost. Following initial recognition, intangible assets are carried at historical cost, less any accumulated amortisation and 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 of impairment. Amortisation methods and periods 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 method and/or period, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income.

(i) Patents, licences and other rights

The accounting policies for the group's patents, licences and other rights are explained in note 5(b).

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if it is probable that the product or service is technically and commercially feasible, will generate probable economic benefits, adequate resources are available to complete development and cost can be measured reliably. Other development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

(iii) Amortisation methods and periods

Refer to note 5(b)(iv) for details about amortisation methods and periods used by the group for intangible assets.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

20 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. 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 end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in note 16.

Employee options

The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

20 Summary of significant accounting policies (continued)

(p) Loss per share (continued)

(ii) Diluted loss per share

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

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares,
 and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 33 to 73 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 2019 and of its performance for the financial 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 20(a) 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.

Mr Paul Hopper Executive Chairman

Sydney 30 August 2019



Independent auditor's report to the members



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Independent Auditor's Report

To the Members of Imagene 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 2019, 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 2019 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 auditor 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.

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.

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Key audit matter

How our audit addressed the key audit matter

Valuation of Intangible Assets - Note 5 (b) and 20 (i)

The Group holds at 30 June 2019 intangible assets with a value of \$7.1m. These assets are in relation to the development of Her-Vaxx, PD-1 and Non PD-1 products. All three products are not yet at a position for commercialisation to the market as they are currently in the trial and pre-clinical trial phase, and accordingly have not yet begun its useful life. As these assets are currently not being amortised, management are required to demonstrate that the carrying value of the intangible assets are supportable by reference to their value in use or fair value less costs to sell.

In order to satisfy the impairment considerations under AASB 136 *Impairment of Assets* management are required to develop assumptions for the recoverable amount of the assets to support the carrying value of the intangible assets, this involves significant judgement.

As the intangible 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 assets was determined based on fair value less costs to sell basis.

This are is a key audit matter due to the judgements and estimates associated with the analysis.

Our procedures included, amongst others:

- obtaining management's impairment analysis memorandum;
- validating appropriateness of management's analysis of the recoverable amount;
- obtaining managements reports for comparable company sales and valuations. Verifying that management is qualified to perform the analysis by:
 - reviewing comparable company sales included in management's analysis and verifying accuracy through corroborating to external sources;
 - reviewing comparable company's included in management's analysis and validating mathematical accuracy of valuation through recalculation of the market capitalisation on respective stock exchanges;
 - applying professional scepticism through assessing if there were any negative or conflicting data of comparable companies not included in management's report.
- considering if any indicators of impairment such as results
 of recent trials or change in factors that underpinned the
 initial valuation any of the of Her-Vaxx, PD-1 and Non PD-1
 products;
- considering other qualitative factors including market valuation of the company compared to its net assets, results of recent trial results, other public information available or press releases; and
- reviewing the adequacy of the disclosures in the financial statements.

R&D Tax Rebate - Note 2 (a), 4 (b) and 20 (e)

The Group receives a 43.5% refundable tax offset of eligible expenditure under the Research and Development (R&D) Tax Incentive scheme if its turnover is less than \$20m 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. For the year ending 30 June 2019 the R&D amount being claimed is \$4.1m.

Our procedures included, amongst others:

- obtaining the FY19 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 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;



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.

- 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;
- inspecting supporting documentation for a sample of expenses claimed to assess validity of the claimed amount and eligibility against the R&D tax incentive scheme criteria
- inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims;
- engaging with our internal R&D expert 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 2019, but does not include the financial report and our auditor's report thereon.

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.

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 19 to 26 of the Directors' report for the year ended 30 June 2019

In our opinion, the Remuneration Report of Imugene Limited, for the year ended 30 June 2019 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

Crant Thanton

T S Jackman

Partner - Audit & Assurance

Melbourne, 30 August 2019



Shareholder information

The shareholder information set out below was applicable as at 28 August 2019.

A. Distribution of equity securities

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

		Class of equity security Ordinary shares		
Holding	No. of holders (shares)	Shares	No. of holders (options)	Options
1 - 1000	560	170,003	207	90,387
1,001 - 5,000 5,001 - 10,000	212 201	679,699 1,542,853	341 166	872,686 1,174,966
10,001 - 100,000 100,001 and over	1,943 2,433 5,349	96,074,979 3,511,380,215 3,609,847,749	430 237 1,381	14,540,966 474,095,235 490,774,240

There were 1,355 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

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

lame Ordinary sh		nares ercentage of	
	Number held iss	ued shares	
NATIONAL NOMINEES LIMITED DR NICHOLAS SMITH HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED SARAH CAMERON NETWEALTH INVESTMENTS LIMITED <wrap a="" c="" services=""> CITICORP NOMINEES PTY LIMITED</wrap>	205,232,943 118,000,000 61,204,706 60,000,000 53,103,185 45,805,969	5.69 3.27 1.70 1.66 1.47 1.27	
JEM INVESTMENT FUND HOLDINGS PTY LTD < JEM INVEST FUND FAMILY A/C> MR MARK PHILLIP JUAN JOHN DAHLSEN SUPERANNUATION FUND PTY LTD MR DAVID RUSSELL STEWART & MRS ADRIENNE RUTH STEWART TISIA NOMINEES J P MORGAN NOMINEES AUSTRALIA LIMITED KILINWATA INVESTMENTS PTY LTD	39,191,228 39,023,000 33,356,142 30,600,000 29,263,159 28,580,991 28,379,050	1.09 1.08 0.92 0.85 0.81 0.79	
MOREGLADE PTY LTD DR ROGER ASTON MR CHARLES EDWYN WALKER MR ANDREW JOHN KEMPSON SUNSET CAPITAL MANAGEMENT PTY LTD <sunset a="" c="" superfund=""> HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA STRATEGIC VISION EQUITIES PTY LTD <strategic ac="" eq="" unit="" vision=""></strategic></sunset>	28,062,500 27,562,500 26,020,370 25,921,053 25,000,000 23,991,603 23,000,000 951,298,399	0.78 0.76 0.72 0.72 0.69 0.66 0.64	

Imugene Limited Shareholder information 30 June 2019 (continued)

B. Equity security holders (continued)

Unquoted equity securities

Number Number on issue of holders

Options issued under the Imugene Limited employee share option plan to take up ordinary shares

169,500,000

7

The following holders have unquoted options each representing more than 20% of these securities:

Ms Leslie Chong: 77,000,000

C. Substantial holders

Substantial holders in the company are set out below:

Number held	Percentage
NATIONAL NOMINEES LIMITED 205,232,943	5.69%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options: No voting rights.

