Imugene Limited
Appendix 4E

Name of entity	Imugene Limited
ABN or equivalent company reference	ABN 99009179551
Year ended	30 June 2016 (Previous Corresponding Year: 30 June 2015)

Results for announcement to the market

				$
Revenue for ordinary activities	Up	2.7%	to	(39,402)
Earnings before interest and taxation (EBIT)	Up	11.9%	to	(2,730,642)
Net profit after tax (from ordinary activities) for the period attributable to members	Up	11.9%	to	(2,730,642)

Dividends

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

Net tangible assets

	30 June 2016	**30 June 2015**
Net tangible assets	2,242,235	2,117,698
Shares (No.)	1,732,134,740	1,329,912,516
Net tangible assets (cents)	0.13	0.16
Net assets ($)	7,856,541	7,732,003
Basic loss per share (cents)	(0.19)	(0.21)
Diluted loss per share (cents)	(0.19)	(0.21)

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

N/A

Audit

These accounts are currently in the process of being audited. An annual report for the year ended 30 June 2016 containing the Audit Report shall be provided in due course.

Explanation of results

The company reported a loss for the full-year ended 30 June 2016 of $2,730,642 (30 June 2015: $2,440,789). The loss is after fully expensing all research and development costs.

For further details relating to the current period’s results, refer to the contained within this document.

Contents

Imugene Limited
Review of operations and activities

HER-Vaxx
During the last financial year management have been working towards starting a clinical trial for HER-Vaxx in 2016. This has meant focusing on a number of different elements to ensure the trial can happen on time and within budget. These include preclinical work, new formulation work and initiating high quality manufacturing processes to ensure the final product is of sufficient quality to be used in clinical trials and to manufacture for the market thereafter. Engaging a contract resource organization to conduct start up activities to initiate clinical trial in gastric cancer. Following is a report on each of these areas;

Manufacture
HER-Vaxx consists of three elements: a peptide (which mimics the native HER-2 receptor), a vaccine conjugate (which presents the peptide to a patient's immune system (the B cells) and an adjuvant which works to "turn on" a patient's immune system. With three elements to the drug, we have had to ensure each is manufacturable, compatible with the other, and of course not too expensive. Management are pleased to say their efforts throughout the year have been successful; they have not only improved upon an already strong formulation with the new use of CRM197 as a vaccine conjugate in place of the more complicated and costly virosomes, but have finalised the peptide element to be highly immunogenic, and the resulting HER-Vaxx is cheaper, easier to make and above all the most potent combination the Company has ever had. This work has also allowed for the filing of an additional patent, which if granted will refresh the patent life to 2036, which is significantly greater than average and would directly extend the period of time which HER-Vaxx can enjoy a monopoly position in the market. The Company is already manufacturing this final version for use as GMP-quality clinical material and expect it to be produced ready for the trial.

Clinical Trial
Having successfully conducted a Phase 1 clinical trial in patients with HER-2 positive breast cancer, our next trial is to conduct a very targeted trial in patients with HER-2 positive gastric cancer. The Company changed to HER-2 positive gastric cancer as this type is not nearly as well served as breast cancer, still has approximately the same amount of patients being HER-2 positive and is more severe than breast cancer offering a significant market opportunity for HER-Vaxx.

The planned trial has been designed to be rigorous enough to appeal to potential partners, and has also been designed to generate as much information as possible from as few patients as possible. Given HER-Vaxx targets the immune system and not the cancer directly, it should be possible to get early signs of efficacy from a small number of patients by monitoring their immune systems; it is possible to monitor the immune system and watch how it responds to HER-Vaxx administration. Through this process it may be possible to tell at an early stage (that is, before the tumour responds) that a patient's immune system is being "turned on" by HER-Vaxx and that the appropriate cancer-fighting antibodies are being produced by the patient to target the cancer. While not evidence itself directly of efficacy, this will be encouraging to see and expected to assist in conducting the trial both from a patient recruitment point of view as well as being able to provide partners with important safety data early on.

After a rigorous selection process, the Company appointed Novotech on the 01 December of 2015 as the contract research organization company of choice. Novotech is very experienced in managing oncology clinical trials, has an expertise in Asia Pacific, located in Australia and have been working hard under management direction in identifying Asian countries, selecting investigators and hospitals for the trial. Along with the Imugene's management team, Novotech has submitted to the country's regulatory agencies and hospital ethics review boards the protocol, investigator brochure and other study documents for review and approval in Hong Kong, Thailand and Taiwan.

Preclinical work
Preclinical work is being conducted not only to meet the toxicology requirements of various regulators, but also to understand how HER-Vaxx can be exploited further to ensure the best return on the asset.

New exploratory on HER-Vaxx including in combination with checkpoint inhibitors
The Company is also in the later stages of planning to conduct a new preclinical study of HER-Vaxx in an additional disease model of gastric cancer. The aim of this study is not only to show HER-Vaxx's expected superiority to existing antibodies in a recognized and valid model of the targeted disease, but also to provide insight on how HER-Vaxx may work in combination with new "T-cell" orientated therapies for cancer, such as check point inhibitors, which may work in synergy with HER-Vaxx as it targets the B-cell part of the immune system. This could also steer the development of follow up clinical candidates using the HER-Vaxx technology and prove to be attractive to potential partners such as a pharmaceutical and/or biotech companies.

Toxicology
In the 1st quarter of 2016, a large toxicology study on HER-Vaxx has begun to further prove its safety. This will be conducted by a US contract research organisation, WIL Research, and is expected to be completed in the 3rd quarter of 2016. This data and report will be included in the investigator brochure that will have to be submitted for regulatory and ethics review and approval by Q3 of 2016.

Final formulation work
Our Chief Scientific Officer (CSO), Prof. Dr. Ursula Wiedermann, continues work at the Medical University of Vienna on the final chosen formulation of HER-Vaxx. This work is looking to further establish additional evidence of the enhanced efficacy from the new (CRM197) formulation of HER-Vaxx and in various combinations to look at safety and potential efficacy.

Mimotopes
A mimotope is a small molecule, often a peptide, which mirrors the structure of an epitope, the specific target an antibody binds to. Because of this property it induces an antibody response similar to the one elicited by the epitope. A mimotope causes your B cells to produce an antibody copy of the antibody you want to "mimic". Mimotopes to be part of the next wave of the immuno-oncology revolution against cutting edge oncology targets. Potential tool for selecting novel vaccine candidates against a variety of tumors. Greatly extends IMU's oncology franchise and pipeline. Monoclonal antibody market currently at US$60bn pa.

Ursula Wiedermann (our CSO) at the University of Vienna along with her team is currently working on pre-clinical laboratory test to identify a mimotope candidate by late 2016.

Changes to Board and Management
On 27 August, the Company announced the appointment of Leslie Chong as Chief Operating Officer (COO). Ms Chong comes with strong experience in immuno-oncology clinical trials from Genentech, a recognized leader in the development of cutting edge new therapies, and the developer of checkpoint inhibitors and contribution to Herceptin franchise. Mr Charles Walker has continue to contribute to the Company as a non-executive position on the Board.

Imugene announced on 5 January that Dr Anton Uvarov had joined its board as a Non-Executive Director. Prior to moving to Perth, WA, where he currently resides, Anton worked in the US biotechnology research team at the investment bank Citigroup in New York. Anton completed his PhD in Biochemistry and Medical Genetics at the University of Manitoba in 2008. He gained an MBA from the University of Calgary in 2010. Mr. Anton Uvarov experience adds value to the development of Imugene with his experience and expertise.

Outlook
The Company has completed a lot of unglamorous work in the past year to get it in the position of beginning its clinical trial for HER-Vaxx. Having completed a good deal of this work the Company is looking towards a “data rich” clinical trial and some early pointers of efficacy even from the Phase 1b element of the Phase 1b/2 trial. Combined with news from Professor Weidermann’s formulation work in Vienna, the toxicology work [underway] and the new work on HER-Vaxx and HER-Vaxx combinations in a model for gastric cancer and checkpoint inhibitor, it is clear the future holds a good deal of news flow. The Company believes HER-Vaxx will be part of the immune-oncology revolution to dramatically improve survival of cancer patients.

Financial Review
The Group’s net assets increased to $7.9m compared with the previous year to $7.7M. As at 30 June 2016, the Group had cash reserves of $1.6M (FY2015: $2.0m). The overall increase in receivables for the year reflects the pending receipt of $1. 3M research and development tax rebate. The net carrying value of the Group’s intangible assets of $6.6M has remain unchanged since FY2015.

Material business risks
Pharmaceutical R&D involves scientific uncertainty and long lead times. Risks inherent in these activities include uncertainty of the outcome of the Company's research results; difficulties or delays in development of any of the Company's drug candidates; patient recruitment, patient outcomes and general uncertainty related to the scientific development of a new medical therapy.
The Company's drug compounds require significant pre-clinical and human clinical development prior to commercialisation, which is uncertain, expensive and time consuming. There may be adverse side effects or inadequate therapeutic efficacy of the Company's drug candidates which would prevent further commercialisation. There may be difficulties or delays in testing any of the Company's drug candidates. There may also be adverse outcomes with the broader clinical application of the technology platform which could have a negative impact on the Company's specific drug development and commercialisation plans.

No assurance can be given that the Company's product development efforts will be successful, that any potential product will be safe and efficacious, that required regulatory approvals will be obtained, that the Company's products will be capable of being produced in commercial quantities at an acceptable cost or at all, that the Company will have access to sufficient capital to successfully advance the products through development or to find suitable development or commercial partners for the development and or commercialisation of the products and that any products, if introduced, will achieve market acceptance.

Regulatory Approvals
Complex government health regulations, which are subject to change, add uncertainty to obtaining approval to undertake clinical development and obtain marketing approval for pharmaceutical products.
Delays may be experienced in obtaining such approvals, or the regulatory authorities may require repeat of different or expanded animal safety studies or human clinical trials, and these may add to the development cost and delay products from moving into the next phase of drug development and up to the point of entering the market place. This may adversely affect the competitive position of products and the financial value of the drug candidates to the Company.
There can be no assurance that regulatory clearance will be obtained for a product or that the data obtained from clinical trials will not be subject to varying interpretations. There can be no assurance that the regulatory authorities will agree with the Company's assessment of future clinical trial results.

Partnering and Licensing
Due to the significant costs in drug discovery and development it is common for biotechnology companies to partner with larger biotechnology or pharmaceutical companies to help progress drug development. While the Company has previously entered into such licensing agreements with pharmaceutical partners, there is no guarantee that the Company will be able to maintain such partnerships or license its products in the future. There is also no guarantee that the Company will receive back all the data generated by or related intellectual property from its licensing partners. In the event that the Company does license or partner the drugs in its pipeline, there is no assurance as to the attractiveness of the commercial terms or any guarantee that the agreements will generate a material commercial return for the Company.

Regulatory Approvals
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There can be no assurance that regulatory clearance will be obtained for a product or that the data obtained from clinical trials will not be subject to varying interpretations. There can be no assurance that the regulatory authorities will agree with the Company's assessment of future clinical trial results.

Competition
The Company will always remain subject to the material risk arising from the intense competition that exists in the pharmaceutical industry. A material risk therefore exists that one or more competitive products may be in human clinical development now or may enter into human clinical development in the future. Competitive products focusing on or directed at the same diseases or protein targets as those that the Company is working on may be developed by pharmaceutical companies or any of its other collaboration partners or licensees. Such products could prove more efficacious, safer, more cost effective or more acceptable to patients than the Company product. It is possible that a competitor may be in that market place sooner than the Company and establish itself as the preferred product.

Technology and Intellectual Property Rights
Securing rights to technology and patents is an integral part of securing potential product value in the outcomes of pharmaceutical R&D. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that any patents which the Company may own, access or control will afford the Company commercially significant protection of its technology or its products or have commercial application, or that access to these patents will mean that the Company will be free to commercialise its drug candidates. The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology or products to avoid the Company's patented technology or try to invalidate the Company’s patents, or that it will be commercially viable for the Company to defend against such potential actions of competitors.

Business Strategy and Future Prospects
The main focus of the Company’s operations in the short to medium term will be directed at commencing the gastric cancer clinical trial in Q3 of 2016.
An equal priority is to identify mimotope candidate to increase our B-Cell peptide vaccine franchise and pipeline.

The Company is excited about the potential for HER-Vaxx as a potential therapy in an area of major need and expanding on our dominance in the competitive oncology market with development with our mimotopes.

Significant Changes in the State of Affairs
There were no significant changes in the state of affairs of the Group during the current period.

Imugene Limited
Statement of profit or loss and other comprehensive income

	Notes	Consolidated entity 30 June 2016 $	30 June 2015 $
Revenue			
Revenue		**39,402**	38,355
Other income		**1,524,869**	600,321
Expenses			
Business development		**(363,232)**	(240,984)
Commercialisation expenses		**(116,025)**	(99,981)
Corporate administration expenses		**(1,090,667)**	(875,050)
Research and development expenses		**(2,697,735)**	(1,668,558)
Fair value adjustment to financial liability		**-**	141,754
Depreciation expense		**(1,156)**	-
Impairment expense		**-**	(274,093)
Foreign exchange gain/(loss)		**(26,098)**	(62,553)
Loss before income tax		**(2,730,642)**	(2,440,789)
Income tax expense	4	**-**	-
Loss for the period		**(2,730,642)**	(2,440,789)
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive income (loss) for the period		**(2,730,642)**	(2,440,789)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	13	**(0.19)**	(0.21)
Diluted earnings per share (cents per share)	13	**(0.19)**	(0.21)

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

Imugene Limited
Statement of financial position

	Notes	Consolidated entity 30 June 2016 $	30 June 2015 $
ASSETS			
Current assets			
Cash and cash equivalents		**1,582,583**	1,956,992
Trade and other receivables	5	**1,312,631**	541,387
Other assets		**17,878**	16,584
Total current assets		**2,913,092**	2,514,963
Non-current assets			
Other financial assets		**20,000**	-
Property, plant and equipment		**2,956**	-
Intangible assets	6	**6,599,755**	6,599,755
Total non-current assets		**6,622,711**	6,599,755
Total assets		**9,535,803**	9,114,718
LIABILITIES			
Current liabilities			
Trade and other payables	7	**657,321**	317,456
Provisions	8	**36,491**	13,159
Other financial liabilities	9	**-**	66,650
Total current liabilities		**693,812**	397,265
Non-current liabilities			
Other financial liabilities	9	**985,450**	985,450
Total non-current liabilities		**985,450**	985,450
Total liabilities		**1,679,262**	1,382,715
Net assets		**7,856,541**	7,732,003
EQUITY			
Share capital	10	**30,407,225**	27,682,224
Share-based payment reserve	11	**1,096,320**	966,141
Accumulated losses		**(23,647,004)**	(20,916,362)
Total equity		**7,856,541**	7,732,003

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

Imugene Limited
Consolidated statement of changes in equity

Consolidated entity	Attributable to owners of Imugene Limited Share capital $	 Share-based payment reserve $	 Accumulated losses $	 Total $
Balance at 1 July 2014	24,241,812	966,003	(18,475,573)	6,732,242
Profit for the period	-	-	(2,440,789)	(2,440,789)
Total comprehensive income for the period	**-**	**-**	**(2,440,789)**	**(2,440,789)**
Transactions with owners in their capacity as owners:				
Shares issued	3,757,250	-	-	3,757,250
Capital raising costs	(342,203)	-	-	(342,203)
Shares/ options issued	25,365	(25,365)	-	-
Share-based payment expense	-	25,503	-	25,503
	3,440,412	138	-	3,440,550
Balance at 30 June 2015	**27,682,224**	**966,141**	**(20,916,362)**	**7,732,003**
Balance at 1 July 2015	27,682,224	966,141	(20,916,362)	7,732,003
Profit for the period	-	-	(2,730,642)	(2,730,642)
Total comprehensive income for the period	**-**	**-**	**(2,730,642)**	**(2,730,642)**
Transactions with owners in their capacity as owners:				
Shares issued	3,020,000	-	-	3,020,000
Capital raising costs	(264,634)	-	-	(264,634)
Share-based payment expense	-	99,814	-	99,814
Options issued (1)	(30,365)	30,365	-	-
	2,725,001	130,179	-	2,855,180
Balance at 30 June 2016	**30,407,225**	**1,096,320**	**(23,647,004)**	**7,856,541**

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

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

Imugene Limited
Consolidated statement of cash flows

	Notes	Consolidated entity 30 June 2016 $	30 June 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		**(3,852,300)**	(2,655,411)
Interest received		**39,402**	38,355
Other income		**7,500**	-
Other (R&D refund)		**755,855**	573,472
Net cash (outflow) from operating activities	12(a)	**(3,049,543)**	(2,043,584)
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,112)**	-
Payments for term deposits		**(20,000)**	-
Payments for IP		**(66,650)**	(463,617)
Net cash (outflow) from investing activities		**(90,762)**	(463,617)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**3,000,000**	3,583,500
Capital raising costs		**(264,634)**	(342,203)
Net cash inflow from financing activities		**2,735,366**	3,241,297
Net (decrease) increase in cash and cash equivalents		**(404,939)**	734,096
Cash and cash equivalents at the beginning of the financial year		**1,956,992**	1,222,896
Effects of exchange rate changes on cash and cash equivalents		**30,530**	-
Cash and cash equivalents at end of period		**1,582,583**	1,956,992

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

Imugene Limited
Notes to the consolidated financial statements

1 Summary of significant accounting policies

(a) Corporate information

The financial report of Imugene Limited and its subsidiaries (the 'group') for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on the 25 August 2016 The financial report is for the group consisting of Imugene Limited and its subsidiaries.

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

The Company's Preliminary Financial Report does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

This Preliminary Financial Report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

Significant accounting policies adopted in preparation of the preliminary financial report are consistent with those adopted by the company in preparation of the 30 June 2015 financial report and the 31 December 2015 half year financial report.

The Preliminary Final Report has been prepared on an accruals basis and is based on historical costs, except for the revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets.

The preliminary financial report is presented in Australian dollars.

2 Revenue

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Revenue		
Interest received	**39,402**	38,355
	39,402	38,355
Other revenue		
Revenue from research, development and commercialisation (R&D tax refund)	**1,517,369**	600,321
Other	**7,500**	-
	1,524,869	600,321
Significant expenses included in net loss before tax		
Depreciation expense	**(1,156)**	-
Impairment expense	**-**	(274,093)
Fair value adjustment to financial liability	**-**	141,754
Superannuation	**(56,747)**	(34,120)
Share based payments	**(119,814)**	(199,253)
	(177,717)	(365,712)

3 Segment information

(a) Description of segments and principal activities

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

(b) Segment revenue

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

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Revenue from research, development and commercialisation (R&D tax refund)	**1,517,369**	600,321
Revenue from other corporate activities	**46,902**	38,355
Total segment revenue	**1,564,271**	638,676

3 Segment information (continued)

(c) Segment assets

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

	Consolidated entity	
	30 June 2016	30 June 2015
Reportable segment assets	**$**	$
Asset from research, development and commercialisation	**7,917,137**	7,135,623
Assets from other activities		
Cash and cash equivalents	**1,582,583**	1,956,992
Property, plant and equipment	**2,956**	-
Other assets	**33,127**	22,103
	9,535,803	9,114,718

(d) Segment liabilities

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

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Liabilities from research, development and commercialisation	**985,450**	1,052,100
Liabilities from other corporate activities:		
Trade and other payables	**657,321**	317,456
Other corporate liabilities	**36,491**	13,159
Total segment liabilities	**1,679,262**	1,382,715

(e) Reportable segment profit/ (loss)

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

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Profit/ (loss) are disclosed below based on the reportable segment:		
Profit/ (loss) from research, development and commercialisation	**(1,659,623)**	(1,541,541)
Profit/ (loss) from other activities	**(1,071,019)**	(899,248)
	(2,730,642)	(2,440,789)

4 Income tax expense

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

4 Income tax expense (continued)

(a) Income tax expense

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Current tax	**-**	-
Adjustments for current tax of prior periods	**-**	-
Deferred tax	**-**	-
Income tax expense	**-**	-

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

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Profit from continuing operations before income tax expense	**(2,730,642)**	(2,440,789)
Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	**(819,193)**	(732,237)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non assessable R&D grant income	**(455,211)**	(180,096)
Non allowable expenses	**864,922**	357,245
Tax losses and other timing differences for which no DTA is recognised	**409,482**	555,088
Income tax expense	**-**	-

(c) Unrecognised temporary differences

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Unused tax losses and temporary differences for which a deferred tax asset has not been recognised	**16,718,956**	15,354,015
Potential tax benefit at 30%	**5,015,687**	4,606,204

5 Trade and other receivables

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Trade receivables	**-**	1,920
GST refund	**15,249**	3,599
R&D tax refund	**1,297,382**	535,868
	1,312,631	541,387

The group did not have any receivables that were past due as at 30 June 2016 (30 June 2015: Nil). The group did not consider a credit risk on the aggregate balances as at 30 June 2016.

6 Intangible assets

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
In process, research and development (acquired)		
Biolife	**6,599,755**	6,599,755
Patents, licenses and other rights		
Linguet	**-**	-

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

'Linguet' is a proprietary drug delivery technology, the technology provides a buccal and sublingual tablet drug delivery technology for many drugs that are usually poorly absorbed or tolerated by oral administration, the Linguet technology allows these drugs to be delivered to the bloodstream more effectively.

In FY2015, the board had fully impaired the Linguet asset technology as they believed the asset could not provide any reasonable or foreseeable economic benefit.
In addition to this, the board decided to hold for sale the residual intellectual property the company held in 'Linguet'

6 Intangible assets (continued)

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

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

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

- the market capitalisation of Imugene Limited on the Australian Securities Exchange (ASX:IMU) on the impairment testing date of 30 June 2016 in excess of the net book value of assets;
- comparisons with companies in a similar field of development and similar stage;
- the scientific results and progress of the trials; and

Costs of disposal were considered to be immaterial.

(ii) Impairment of patents, licenses and other rights

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

On the 26th May 2016, the company had disposed of the residual intellectual property that was being held for sale in Linguet. The company now holds royalty rights if the technology was ever to make it to a commercialised market.

Consolidated entity Non-Current assets	**In-process research and development (acquired) $**	**Total $**
At 1 July 2014 and 30 June 2015		
Net book amount	6,599,755	6,599,755
At 1 July 2015 and 30 June 2016		
Net book amount	6,599,755	6,599,755

7 Trade and other payables

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Current liabilities		
Trade payables	**265,430**	97,650
Other payables	**391,891**	219,806
	657,321	317,456

8 Provisions

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Employee benefits - annual leave	**36,491**	13,159

9 Other financial liabilities

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Current		
Amount owing – HER-Vaxx	**-**	66,650
	-	66,650
Non-current		
Expected future royalties payable – HER-Vaxx	**985,450**	985,450
	985,450	1,052,100

Represents fair value estimate of royalties payable to BSFE on commercial income arising from HER-Vaxx. 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.

10 Issued capital

	Notes	30 June 2016 No.	30 June 2016 $	30 June 2015 No.	30 June 2015 $
Ordinary shares - fully paid	10(a)	**1,732,134,740**	**30,407,225**	1,329,912,516	27,651,859
Options		**371,177,356**	**-**	57,000,000	30,365
Total		**2,103,312,096**	**30,407,225**	**1,386,912,516**	**27,682,224**

(a) Ordinary shares

Details	Notes	**Number of shares (thousands)**	**$**
Opening balance 1 July 2015		1,329,912,516	27,651,859
Shares issued during the period	10(a)(i)	402,222,224	2,755,366
Balance 30 June 2016		1,732,134,740	30,407,225

Details	Notes	**Number of shares (thousands)**	**$**
Opening balance 1 July 2014		946,562,516	24,236,812
Shares issued during the period	10(a)(ii)	383,350,000	3,415,047
Balance 30 June 2015		1,329,912,516	27,651,859

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

(i) Details of shares issued during the current year

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

(ii) Details of shares issued during the prior year

FY2015	**Details**	**Numbers**	**Issue price $**	**AUD $**
05/11/2014	Private placement to sophisticated investors	210,000,000	0.010	2,100,000
15/12/2014	Private placement to sophisticated investors	15,000,000	0.010	150,000
15/12/2014	Share purchase plan	83,350,000	0.010	833,500
15/12/2014	Private placement to sophisticated investors	50,000,000	0.010	500,000
15/12/2014	Shares issued to CEO (2)	12,500,000	0.007	86,875
15/12/2014	Shares issued to CEO (2)	12,500,000	0.007	86,875
	Less capital raising costs			*(342,203)*
		383,350,000		**3,415,047**

10 Issued capital (continued)

(a) Ordinary shares (continued)

(1) Fee payable to COO Leslie Chong as approved by shareholders on 15 October 2015
(2) Shares, financed by an interest free loan, were issued at $0.012 to the CEO as part of an employment service agreement. The share issue was approved by shareholders at 2014 AGM. Given the structure of the incentive, the shares were valued under an option pricing model and the value at grant date was $0.007 per share.

11 Share-based payments

		Consolidated entity	
		30 June 2016	30 June 2015
	Notes	**$**	$
Share-based payment reserve			
Opening balance		**966,141**	966,003
Share-based payment expense	11(a)	**99,814**	199,253
Share issued		**-**	(199,115)
Reclassification of share based payment option from contributed equity		**30,365**	-
Expiration of options	11(b)	**-**	-
		1,096,320	966,141

	Note	**30 June 2016 No. of options**
Movement in share options:		
Opening balance		**-**
Reclassification of share based options from contributed equity		**57,000,000**
Additions	11(a)	**52,000,000**
Expired	11(b)	**(50,000,000)**
Total		**59,000,000**

(a) Options granted during the period

Date granted	Number	Details	Vesting
26 October 2015	9,000,000	Issued to key management personnel	Options exercisable at $0.0125 on or before 14 September 2020 vesting on 30 June 2016
26 October 2015	9,000,000	Issued to key management personnel	Options exercisable at $0.015 on or before 14 September 2020 vesting on 14 September 2017
26 October 2015	9,000,000	Issued to key management personnel	Options exercisable at $0.015 on or before 14 September 2020 vesting on 14 September 2018
26 October 2015	10,000,000	Issued to directors	Options exercisable at $0.015 on or before 26 October 2020 with a share price hurdle of $0.015
26 October 2015	10,000,000	Issued to directors	Options exercisable at $0.015 on or before 26 October 2020 with a transaction hurdle

11 Share-based payments (continued)

26 October 2015	2,500,000	Issued to directors	Options exercisable at $0.0125 on or before 31 March 2017 with a patient recruitment hurdle
26 October 2015	2,500,000	Issued to directors	Options exercisable at $0.0175 on or before 31 March 2017 with a patient recruitment hurdle
Total	**52,000,000**		

(b) Expiration of options

On 31 December 2015, 50,000,000 options exercisable at $0.02 expired.

12 Cash flow information

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

	Consolidated entity	
	30 June 2016	30 June 2015
	$	$
Profit for the period	**(2,730,642)**	(2,440,789)
Adjustment for		
Depreciation and amortisation	**1,156**	-
Impairment expense	**-**	274,093
Share based payments	**119,814**	199,253
Foreign exchange adjustments relating to IP payments	**(30,531)**	5,422
Fair value adjustment on financial liability	**-**	(141,754)
Change in operating assets and liabilities:		
Movement in accounts receivable	**(773,164)**	(21,203)
Movement in other current assets	**(21,294)**	(5,906)
Movement in accounts payable	**361,786**	92,107
Movement in provisions	**23,332**	(4,807)
Net cash inflow (outflow) from operating activities	**(3,049,543)**	(2,043,584)

(b) Non-cash investing and financing activities

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

13 Earnings per share

(a) Basic earnings per share

	Consolidated entity	
	30 June 2016	30 June 2015
	Cents	Cents
Basic loss per share (cents per share)	**(0.19)**	(0.21)

13 Earnings per share (continued)

(b) Diluted earnings per share

	Consolidated entity	
	30 June 2016 Cents	30 June 2015 Cents
Diluted loss per share (cents per share)	**(0.19)**	(0.21)

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

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Loss attributable to the ordinary equity holders of the company (cents per share)	**2,730,642**	2,440,789

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

	Consolidated entity	
	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,320,755,550**	1,176,480,137

Imugene Limited
Corporate directory

Directors	Mr Paul Hopper *Executive Chairman* Mr Charles Walker *Non-Executive Director* Dr Axel Hoos *Non-Executive Director* Dr Anton Uvarov *Non-Executive Director*
Secretary	Mr Phillip Hains Mr Justyn Stedwell
Principal registered office in Australia	Suite 1, 1233 High Street Armadale VIC 3143 Australia (61 03) 9824 5254
Share and debenture register	Automic Registry Services Suite 1a, Level 1 7 Ventor Avenue Perth Western Australia 6005 (61 08) 9324 2099
Auditor	Grant Thornton Audit Pty Ltd The Rialto, Level 30 525 Collins Street Melbourne Victroria 3000
Solicitors	McCullough Robertson Level 11, Central Plaza Two 66 Eagle Street Brisbane Queensland 4000
Bankers	National Australia Bank level 2, 330 Collins Street Melbourne Victoria 3000
Website	www.imugene.com