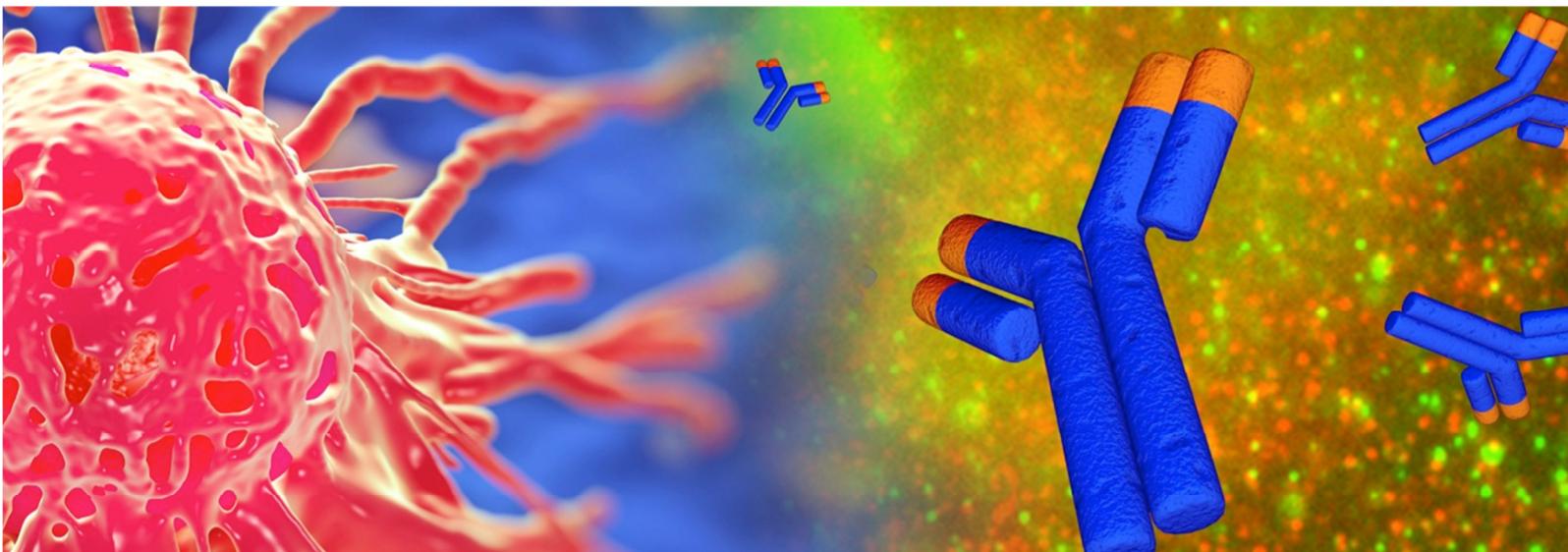


IMUGENE

LIMITED



ABN 99 009 179 551

Annual Report

For the Year Ended 30 June 2015

Contents

Chairman’s Letter	1
Intellectual Property.....	2
Directors’ Report	4
Auditors’ Independence Declaration.....	21
Corporate Governance Statement	22
Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	28
Consolidated Statement of Financial Position.....	29
Consolidated Statement of Changes in Equity	30
Consolidated Statement of Cash Flows	31
Notes to the Consolidated Financial Statements	32
Directors’ declaration	57
Independent Audit Report.....	58
Shareholder Information	61
Corporate Directory.....	62

Chairman's Letter

Dear Fellow Shareholders,

The year under review has been one of very good progress as we advance HER-Vaxx closer to commencing our Phase 1b/2 clinical trial in patients with HER-2 positive gastric cancer.

Management has been focused on the three core activities of drug manufacturing trial design and selection of the right partner to run our clinical trials.

As previously advised, manufacturing was enhanced by the reformulation of the vaccine which not only demonstrated the ability to generate a much higher immune response but also enabled us to submit a new patent to potentially refresh our patent life, as well as significantly reduce the cost of goods for HER-Vaxx. Dr Nicholas Ede has ably steered the manufacturing and CMC process with great skill and we expect to have drug supply on-hand for the commencement of the clinical trial.

Design of the clinical trial protocol has been the subject to intense input from our team including Chief Scientific Officer, Professor Ursula Wiedermann and Director, Dr Axel Hoos, and we believe the final design will give HER-Vaxx the optimum opportunity to demonstrate its efficacy in a clinical trial, as well as generate indicators of efficacy early on.

In June, after a lengthy and detailed screening process, we announced our selection of Simbec-Orion, a specialised CRO, to conduct the Phase 1b/2 clinical trial. Patient recruitment in Australia and Europe will commence in late 2015/early 2016.

After a period of over twelve months as CEO, Charles Walker advised that he would step down as CEO to take up the position of Non-Executive Director with the Company. Charles has provided outstanding leadership over the past 12 months and has been instrumental in laying the groundwork for our Phase 1b/2 trial in addition to securing the optimal manufacture of our vaccine material for that trial and beyond. On behalf of the Board I thank him for his efforts and look forward to his continued contribution at Board level.

In August, we were pleased to announce the appointment of Ms Leslie Chong to the position of Chief Operating Officer. Most recently, Leslie was a Senior Clinical Program Lead at Genentech, Inc., in San Francisco, widely regarded as one of the world's most successful biotech companies with a significant oncology franchise including the best-selling breast cancer drug, Herceptin. Leslie has extensive involvement in planning and implementing optimal clinical trial strategies for immuno-oncology drugs and she is in familiar territory with HER-Vaxx.

I am delighted that someone of Leslie's calibre, deep immuno-oncology experience, industry networks, and from one of the world's most successful and prestigious drug developers, has agreed to join our team. Imugene is at an important stage of its clinical development and with Leslie's deep, hands-on clinical trial experience across many studies, she will be invaluable to Imugene.

On behalf of the Board I wish to acknowledge and thank the significant contribution of our key team members of Mr Walker, Prof Weidermann, Dr Hoos, Mr Buttula, and Dr Ede.

The year ahead shows great promise and I thank all shareholders for their support and interest in Imugene.



Mr Paul Hopper
Executive Chairman

Intellectual Property

Imugene currently has rights to a family of patents/patent applications and trademarks that protect its core platform technologies (Biolife Science Qld Pty Ltd (HER-Vaxx) and Lingual Consegna Pty Ltd (Linguet™)), although the latter has been fully impaired on a valuation basis. The future competitive position of Imugene will depend on its ability to obtain and maintain patent protection of existing and future intellectual property, including its platform technologies, improvements, products, clinical uses and production processes.

Imugene acquired the intellectual property for the HER-Vaxx immunotherapy through the acquisition of Biolife Science Qld Pty Ltd in late 2013. This included the global rights to three patents:

- ‘Vaccine against HER-2/neu Oncogene-associated Cancers’, protects specific HER-2 B-cell epitopes and is granted in Australia, Europe, Canada, the USA and Israel;
- ‘HER-2/neu Multi-peptide Vaccine’, further protects specific HER2 B-cell epitopes and is granted in Australia, Europe, Israel and pending in Canada; and
- ‘Multi-epitope Vaccine for HER-2/neu-associated Cancers’, claims fusion peptides comprising three non-contiguous B cell epitopes from the extracellular domain of HER-2/neu linked to one another and coupled with a delivery system including a carrier protein such as CRM197. This patent, acquired in December 2013 from Pevion Biotech (Switzerland), protects “HER-Vaxx” in major markets until at least 2030. The patent is granted in the USA and is allowed in Europe (grant expected Sep 2015).

A patent granted in all the major jurisdictions protects the Linguet™ technology, as follows:

- ‘Buccal Delivery System’, is granted in Australia, Russia, New Zealand, Canada, the USA, Europe, China, Japan, Hong Kong and India

The Linguet trademark has been registered under Class 05 in Australia (renewal 2016) and New Zealand (renewal 2017), and internationally under the Madrid Protocol™ (renewal 2017).

Imugene will also seek patent protection for new intellectual property, including improvements to the platform technologies, and their applications. As a minimum, patent applications will be made in the US, the European Union, Canada, China, Japan, Australia and New Zealand and most other English-speaking countries.

In April 2015 Imugene announced the filing of a new provisional patent titled “A Vaccine Composition and Uses Thereof” (application number 2015901375), potentially extending HER-Vaxx patent life to 2036.

This new filing protects innovative new vaccine formulations designed to enhance the immune response obtained on administration of HER-Vaxx, a proprietary HER2 positive cancer immunotherapy that stimulates a polyclonal antibody response in patients with HER-2 positive cancers. The enhanced formulation of HER-Vaxx incorporates an existing, clinically and commercially validated vaccine carrier protein called CRM197 together with an adjuvant. Maintaining and strengthening our already strong international intellectual property position is a key area of focus in maintaining the competitive advantage of HER-Vaxx and any future improvements, vaccine formulations and clinical uses. This new patent filing potentially protects HER-Vaxx until 2036 which would be significantly longer than the vast majority of competing clinical stage products and technologies. The additional patent life adds an additional six years to the time HER-Vaxx could remain generating peak sales, adding to the total amount of potential sales achievable by HER-Vaxx and hence significantly increasing the value of HER-Vaxx.

Intellectual Property

Title: Vaccine against HER-2/neu oncogene-associated cancers

Country	Patent No.	Case Status
Australia	2002251032	Granted
Austria	1236740	Granted
France	1236740	Granted
Germany	1236740	Granted
Italy	1236740	Granted
Netherlands	1236740	Granted
Spain	1104943.4	Granted
Switzerland	1236740	Granted
United Kingdom	1236740	Granted
Canada	2412783	Granted
United States of America	7348010	Granted
Israel	153346	Granted

Title: HER-2/neu multi-peptide vaccine

Country	Patent No.	Case Status
Australia	2007237491	Granted
Austria	1844788	Granted
France	1844788	Granted
Germany	1844788	Granted
Italy	1844788	Granted
Netherlands	1844788	Granted
Spain	1844788	Granted
Switzerland	1844788	Granted
United Kingdom	1844788	Granted
Canada	2649013	Pending
Israel	194162	Granted

Title: Multi-epitope vaccine for HER2/NEU-associated cancers

Country	Patent No.	Case Status
European Patent Office	10744895.3	Allowed
United States of America	13/389419	Granted

Title: A Vaccine Composition and Uses Thereof

Country	Patent No.	Case Status
Australia	2015901375	Pending

Title: Buccal Delivery System

Country	Patent No.	Case Status
Australia	2006 230820	Granted
Canada	2603649	Granted
China (People's Republic)	200680010802.4	Granted
European Patent Convention	1865925	Granted
Hong Kong	08103009.5	Granted
India	258256	Granted
Japan	5256425	Granted
New Zealand	562311	Granted
Russian Federation	2007141365	Granted
United States of America	8828435	Granted

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Imugene Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2015.

Directors

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

Mr Paul Hopper

Dr Axel Hoos

Mr Otto Buttula (appointed 7 July 2014)

Mr Charles Walker (appointed 30 January 2015)

Dr Nicholas Ede (resigned 23 October 2014)

Principal Activities

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

Operating and Financial Review

Results

The Group reported a loss for the full-year ended 30 June 2015 of \$2,440,789 (2014: \$2,115,964). The loss is after fully expensing all research and development costs, in addition to the full impairment of the Linguet assets (comprising \$274,093).

Operations

HER-Vaxx

During the last financial year management have been working towards starting a clinical trial for HER-Vaxx in 2015. 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. 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 in late 2015/early 2016.

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 data early on.

After a rigorous selection process, the Company appointed Simbec-Orion on the 1 July 2015 as the clinical research company of choice. Simbec is very experienced in managing oncology clinical trials and through their office in Australia have been working hard under management direction in preparing investigators and hospitals for the trial. They have completed a feasibility study and together with management are in the midst of collating an investigator brochure to proceed to obtain ethics approval to begin the trial here in Australia.

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 work has the benefit of improving the Company's case to achieve orphan drug designation from the United States FDA, but could also steer the development of follow up clinical candidates using the HER-Vaxx technology.

Toxicology

In the near term, it is expected a brief toxicology study on HER-Vaxx will begin to further prove its safety. This will be conducted by a US contract research organisation, WIL Research, and is expected to start in the 3rd quarter of 2015.

Final formulation work

Newly-appointed Chief Scientific Officer (CSO), Prof. Dr. Ursula Wiedermann, is conducting additional 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.

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 Herceptin. Mr Charles Walker will continue to contribute to the Company in a non-executive position on the Board and Ms Chong will continue to develop the business. Mr Walker has been a valuable addition to the Company and together with management has made critical

progress during the financial year in maximising the chances of success of HER-Vaxx in clinical trials while at the same time minimising the risks involved in the manufacture of HER-Vaxx. The Company has improved on developing the manufacturing to be as efficient and as cost effective as possible, and laying the ground work for a cutting edge and "data rich" clinical trial.

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 Weidemann'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, 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 by \$1M (13%) compared with the previous year to \$7.7M. As at 30 June 2015, the Group had cash reserves of \$2.0M, an increase of \$0.8M on the previous financial year end. The overall increase in receivables for the year reflects the pending receipt of \$0.5M research and development tax rebate. The net carrying value of the Group's intangible assets of \$6.6M reduced by \$0.3M due to the full impairment of the Company's Linguet technology, in association the contingent liability of \$0.1M was also fully impaired. Other financial liabilities were further reduced from a contractual obligation associated with the Intellectual Property for Biolife of \$0.5M.

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; 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.

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

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.

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 completing drug manufacturing for HER-Vaxx at the earliest opportunity so that the gastric cancer clinical trial can commence next year.

The Company is in advanced negotiations with a number of international clinical trial organisations, which have the experience to manage, and recruit patients for our gastric cancer trial (see Events Occurring After Reporting Date below).

The Company is excited about the potential for HER-Vaxx as a potential therapy in an area of major need.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the current period.

Events Occurring After Reporting Date

On 1 July 2015, the Company announced the appointment of Contract Research Organisation (CRO) Simbec-Orion Group Limited to conduct the Company's Phase 1b/2 clinical study of HER-Vaxx in patients with advanced metastatic gastro-oesophageal adenocarcinoma.

As detailed above, on 27 August 2015, the Company announced the appointment of Leslie Chong as Chief Operating Officer.

There were no other events subsequent to the reporting date of 30 June 2015 that have not been disclosed elsewhere in this report.

Information on directors

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

Mr Paul Hopper	Executive Chairman
Experience and expertise	Mr Hopper has over 20 years experience in international public company markets primarily in the life sciences sectors, with a focus on start-up and rapid growth companies, and has served as either CEO, Chairman, or Non-Executive Director, of fourteen public companies in the US, Australia and Asia. He is currently the Chairman of Viralytics (ASX:VLA), Executive Chairman of Imugene and Executive Director of Prescient Therapeutics (ASX:PTX). He is also Head of Life Sciences at Los Angeles based investment bank, Cappello Group.
Date of appointment	31 October 2012
Other directorships in the past 3 years	Prescient Therapeutics Limited (formerly Virax Holdings Limited) (ASX: PTX) Viralytics Limited (ASX:VLA) pSivida Corp (ASX:PVA)
Committees	Audit and Risk Committee and Remuneration and Nomination Committee
Interest in shares	69,796,875
Interest in options	Nil
Mr Charles Walker	Chief Executive Officer and Managing Director
Experience and expertise	Mr Walker has broad and successful experience across many aspects of the biotechnology and life sciences industry. His experience includes significant operational and leadership experience, a strong capital markets track record from executing nearly 50 international fundraisings both as principal and advisor, as well as a detailed scientific understanding gained from his technical background in pharmacology. Mr Walker was previously CEO and former CFO of Alchemia (ASX:ACL)
Date of Appointment	30 January 2015
Other directorships in the past 3 years	-
Committees	Audit and Risk Committee and Remuneration and Nomination Committee
Interest in shares	25,000,000
Interest in options	Nil

Dr Axel Hoos		Non-Executive Director	
Experience and expertise	Dr Hoos is Vice President, Oncology R&D at GlaxoSmithKline where he directs clinical and translational research on molecular mechanisms of cancer and tumour-host interactions for rational combination of therapies to optimise patient outcomes. Prior to his current role, he was the medical lead in immunology/oncology at Bristol-Myers Squibb where he developed the Yervoy monoclonal antibody in melanoma and other indications. Yervoy is the first therapy to extend survival in metastatic melanoma. He has previously been Co-Director of the influential think-tank Cancer Immunotherapy Consortium. He adds substantial big pharma oncology experience to the Board.		
Date of appointment	20 December 2013		
Other directorships in the past 3 years	-		
Committees	Audit and Risk Committee and Remuneration and Nomination Committee		
Interest in shares	7,500,000		
Interest in options	Nil		
Mr Otto Buttula		Non-Executive Director	
Experience and expertise	Mr Buttula has extensive successful experience in research, technology and financial services positions over the past 25 years, having held directorships in a number of public companies. His experience includes co-founding and CEO and Managing Director of IWL Limited (ASX: IWL) prior to its takeover by Commonwealth Bank of Australia (ASX: CBA) in 2007. He has founded and was Managing Director for Investors Mutual, prior to which he was a co-founder and director of Lonsdale Securities Limited. More recently, he was Non-Executive Chairman of platform and stockbroking provider Investorfirst Limited, now HUB24 Limited (ASX: HUB).		
Date of appointment	7 July 2014		
Other directorships in the past 3 years	-		
Committees	Audit and Risk Committee and Remuneration and Nomination Committee		
Interest in shares	77,000,000		
Interest in options	Nil		
Dr Nicholas Ede		Executive Director	
Date of resignation	23 October 2014		

Company Secretaries

Mr Phillip Hains	Chief Financial Officer and Joint Company Secretary
Experience and expertise	<p>Mr. Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'.</p> <p>The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.</p>
Date of appointment	20 December 2012
Interest in shares	Nil
Interest in options	Nil
Mr Justyn Stedwell	Joint Company Secretary
Experience and expertise	<p>Mr Stedwell is a professional Company Secretary with over seven years experience as a Company Secretary in ASX listed companies within various industries including IT & Telecommunications, Biotechnology, and Mining.</p> <p>He has completed a Bachelor of Business & Commerce (Management & Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia and Graduate Certificate of Applied Finance with Kaplan Professional.</p>
Date of appointment	30 July 2012
Interest in shares	Nil
Interest in options	Nil

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Paul Hopper	10	10	6	6
Charles Walker (appointed 30 January 2015)	3	3	2	2
Axel Hoos	9	10	6	6
Otto Buttula (appointed 7 July 2014)	10	10	6	6
Nicholas Ede (resigned 23 October 2014)	4	4	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration Report (audited)

The Remuneration Report, which has been audited, outlines the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The Remuneration Report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Relationship between the remuneration policy and Group performance
- F. Key management personnel disclosures

A Principles used to determine the nature and amount of remuneration

Remuneration governance

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

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

Non-executive directors

The maximum amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting and is currently at a maximum of \$5,000 per director per month. The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company, however to align directors' interests with shareholders' interests, directors are encouraged to hold shares in the Company.

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

Retirement benefits and allowances

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

Other benefits

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

Executive pay

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

Base pay

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

Short-term and long term incentives

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

Securities Trading Policy

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

Voting and comments made at the Company's 2014 Annual General Meeting

The Company received 99% of 'yes' votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

B Details of remuneration

Amounts of remuneration

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

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

- Mr Paul Hopper – Executive Chairman
- Dr Axel Hoos – Non-Executive Director
- Mr Otto Buttula – Non-Executive Director (appointed 7 July 2014)
- Dr Nicholas Ede – Executive Director (resigned 23 October 2014)
- Mr Charles Walker – Managing Director (appointed 30 January 2015, resigned 27 August 2015)
– Non-Executive Director (appointed 27 August 2015)

And the following persons:

- Mr Charles Walker – Chief Executive Officer (appointed 26 August 2014, resigned 27 August 2015)
- Ms Leslie Chong – Chief Operating Officer (appointed 27 August 2015)
- Mr Phillip Hains – Chief Financial Officer and Joint Company Secretary

2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total \$ AUD	% of remuneration not related to performance
	Cash salary and fees \$ AUD	Bonus \$ AUD	Non-monetary \$ AUD	Superannuation \$ AUD	Long service leave \$ AUD	Equity-settled Shares \$ AUD	Equity-settled Options \$ AUD		
Non-Executive Directors:									
Paul Hopper	119,200	-	-	-	-	-	-	119,200	100%
Axel Hoos (i)	53,640	-	-	-	-	-	138	53,778	100%
Otto Buttula	40,674	-	-	3,864	-	-	-	44,538	100%
Executive Directors:									
Charles Walker (ii)	84,012	-	-	7,125	-	-	-	91,137	100%
Nicholas Ede (iii)	71,494	-	-	4,925	-	-	-	76,419	100%
Other Key Management Personnel:									
Charles Walker (ii)	78,462	-	-	7,454	-	173,750	-	259,666	33%
Phillip Hains (iv)	124,800	-	-	-	-	-	-	124,800	100%
Nicholas Ede (iii)	117,320	-	-	10,751	-	-	10,910	138,981	100%
Total	689,602	-	-	34,119	-	173,750	11,048	908,519	

- (i) Subject to shareholder approval, Dr Hoos has entitlement to options that have vesting conditions determined by patient recruitment, as at the 30 June 2015 these options have not been granted, an expense has been recognised for a relative portion for progress towards the conditions.
- (ii) Appointed as CEO 26 August 2014, appointed as Managing Director 30 January 2015
- (iii) Resigned as Executive Director 23 October 2014
- (iv) Remunerated through The CFO Solution (see Section C below and the Company Secretaries details above for further detail).

2014	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total	% of remuneration not related to performance
	Cash salary and fees \$ AUD	Bonus \$ AUD	Non- monetary \$ AUD	Superannuation \$ AUD	Long service leave \$ AUD	Equity- settled \$ AUD		
Non-Executive Directors:								
Paul Hopper	85,585	-	-	-	-	-	85,585	100.00%
Axel Hoos	24,698	-	-	-	-	-	24,698	100.00%
Steve Harris	46,250	-	-	-	-	-	46,250	100.00%
Executive Directors:								
Nicholas Ede	164,760	-	-	15,240	-	-	180,000	100.00%
Other Key Management Personnel:								
Phillip Hains (i)	124,800	-	-	-	-	-	124,800	100.00%
	446,093	-	-	15,240	-	-	461,333	

(i) Remunerated through The CFO Solution (see Section C below and the Company Secretaries details above for further detail).

C Service agreements

Executives

The employment conditions of the Chief Executive Officer and Managing Director, Mr Charles Walker is formalised in a contract of employment which commenced on the 26 August 2014. This contract currently stipulates a salary of \$180,000 pa, exclusive of superannuation and a termination period of six months. Mr Walker will participate in a share purchase package under which the company will loan Mr Walker funds to acquire four tranches of 12.5 million new shares in the company at \$0.012 subject to specified share price hurdles being achieved, as detailed below:

Tranche 1, 12.5 million new ordinary shares issued upon commencement date;

Tranche 2, 12.5 million new ordinary shares issued upon the Company's share price reaching a 5-day VWAP of \$0.015;

Tranche 3, 12.5 million new ordinary shares issued upon continued employment as at 26 February 2016 and the Company's share price reaching a 5-day VWAP of \$0.028; and

Tranche 4, 12.5 million new ordinary shares issued upon continued employment as at 26 August 2016 and the Company's share price reaching a 5-day VWAP of \$0.0425.

The share purchase package is subject to retention terms, including cancellation of 75% of the shares in the event Mr Walker is a 'bad leaver'.

Non-executive Directors

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

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

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

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

Key Management Personnel

The employment conditions for the Head of Manufacturing and Operations employee, Dr Nicholas Ede is formalised in a contract of employment which commenced on the 27 October 2015. This contract stipulates a salary of \$165,000 pa, exclusive of superannuation and an incentive package of 4.5 million options subject to vesting conditions based on a period of time. The incentive package is determined upon continued employment as a key member of the Company in progressing development of Company trials.

Imugene Limited has a contract with The CFO Solution, a specialist public practice, focusing on providing back office support, financial reporting and compliance systems for listed public companies. Through this contact the services of Mr Phillip Hains and Mr Justyn Stedwell (from 20 December 2012) were provided. The contract commenced on 20 December 2012 and can be terminated with three months' notice of either party.

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

D Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	Date	No. of shares	Issue price	\$ AUD
Charles Walker	26 August 2014	25,000,000	\$0.012	173,750

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 for tranche 1 and 2 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. Tranches 3 and 4 have not vested nor have shareholders approved the issue, therefore are not granted.

Options

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	No. of options granted during the year 2015	No. of options granted during the year 2014	No. of options vested during the year 2015	No. of options vested during the year 2014
Nicholas Ede	4,500,000	-	-	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	Value of options granted during the year \$ AUD	Value of options exercised during the year \$ AUD	Value of options lapsed during the year \$ AUD
Nicholas Ede ¹	10,910	-	-

¹ The value recognised is for 6 months of the vesting period

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Dr Nicholas Ede in this financial year or future reporting years are as follows:

No. of options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Total fair value at grant date
2,250,000	16 February 2015	10 November 2015	10 November 2017	\$0.01	\$0.005	12,448
2,250,000	16 February 2015	10 May 2016	10 November 2017	\$0.01	\$0.005	12,448

Subject to shareholder approval, Dr Hoos has entitlement to options that have vesting conditions determined by patient recruitment, as at the 30 June 2015 these options have not been granted.

Options granted carry no dividend or voting rights.

E Relationship between the remuneration policy and group performance

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

The tables below set out summary information about the Group's earnings and movement in shareholder wealth for the five years to 30 June 2015:

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
	\$ AUD				
Revenue	38,355	27,101	23,208	244,591	2,237,275
Net (loss)/profit before tax	2,440,789	(2,115,964)	(1,559,566)	(3,133,433)	179,539
Net (loss)/profit after tax	2,440,789	(2,115,964)	(1,559,566)	(3,133,433)	415,539

No dividends have been paid for the five years to 30 June 2015.

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
	\$ AUD				
Share price at start of year	\$0.013	\$0.004	\$0.01	\$0.03	\$0.03
Share price at end of year	\$0.011	\$0.013	\$0.004	\$0.01	\$0.03
Basic earnings / (loss) per share (cents)	(0.21)	(0.31)	(0.48)	(2.18)	0.29
Diluted earnings / (loss) per share (cents)	(0.21)	(0.31)	(0.48)	(2.18)	0.29

F Key management personnel disclosures

Shareholding

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

2015	Balance at the start of the year	Balance at date of appointment	Received as part of remuneration	Additions	Disposals/other	Balance at date of resignation	Balance at the end of the year
<i>Ordinary Shares</i>							
Paul Hopper	68,296,875	-	-	1,500,000	-	-	69,796,875
Axel Hoos	7,500,000	-	-	-	-	-	7,500,000
Otto Buttula (appointed 7 July 2014)	-	62,000,000	-	15,000,000	-	-	77,000,000
Charles Walker (appointed 24 August 2014)	-	-	25,000,000	-	-	-	25,000,000
Nicholas Ede	10,655,556	-	-	-	(2,555,556)	-	8,100,000
	86,452,431	62,000,000	25,000,000	16,500,000	(2,555,556)	-	187,396,875

Option holding

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

2015	Balance at the start of the year	Granted as remuneration	Exercised	Expired/forfeited/other	Balance at the end of the year
<i>Options</i>					
Nicholas Ede	-	4,500,000	-	-	4,500,000
	-	4,500,000	-	-	4,500,000

Subject to shareholder approval, Dr Hoos has entitlement to options that have vesting conditions determined by patient recruitment, as at the 30 June 2015 these options have not been granted.

Related party transactions

There were no related party transactions during the period.

END OF REMUNERATION REPORT

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
9 August 2012	31/12/2015	\$0.02	50,000,000
15 December 2014	14/07/2019	\$0.025	2,500,000
16 February 2015	10/11/2017	\$0.01	4,500,000
			57,000,000

Subject to shareholder approval, Dr Hoos has entitlement to options that have vesting conditions determined by patient recruitment, as at the 30 June 2015 these options have not been granted. Therefore these options have not been included in the table above.

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

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the group

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

Non-audit services

During the year ended 30 June 2015 the Group did not engage the external auditor to provide non-audit services.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

Auditor

Grant Thornton Audit Pty Ltd, appointed 20 November 2013, continue in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors



Mr Paul Hopper
Executive Chairman

31 August 2015
Melbourne

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

**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 2015, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M.A. Cunningham
Partner - Audit & Assurance

Melbourne, 31 August 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Corporate Governance Statement

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

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

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

Principle 1: Lay solid foundations for management and oversight

Role of the Board & Executive Management

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

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

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

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

Board Appointments

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

The Company Secretary

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

Diversity

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

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

The Board believes that multicultural diversity and other diversity factors are equally important as gender diversity within the organisation. The Board has not set any measurable objectives in regards to gender diversity as the Board

Corporate Governance Statement

is currently satisfied with the level of diversity within the Company.

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

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

	Number of males	Number of females
Directors	4	-
Key Management Personnel	2	-
Other Company Employees/Consultants	-	1

Board Performance Review

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

The Board has adopted an informal self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every year by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company. Performance reviews involve analysis based on key performance indicators aligned with the financial and non-financial objectives of the Company. An informal performance review in accordance with the processes disclosed occurred during the 2015 financial year.

Performance Review of KMP

On at least an annual basis, the Board conducts a formal performance review of the Chief Executive Officer and any other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. A performance review of KMP occurred during the 2015 financial year in accordance with this process.

Independent Advice

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

Principle 2: Structure the Board to add value

Skills, Experience, Expertise of each Director

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

Director independence

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

The Board does not consist of a majority of Independent Directors. The Board considers that the presence of one independent director on the Board is sufficient given the size of the Company and the Board, and the nature and scope of the Company's current operations. One current director, Dr Axel Hoos, is considered to be independent.

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

Corporate Governance Statement

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

Nomination of Directors

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

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

Induction of New Directors and Ongoing Development

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

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

Principle 3: Act ethically and responsibly

Code of Conduct

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

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

Policy for Trading in Company Securities

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

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

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Committee

The Board has established an Audit and Risk Committee (Audit Committee), which consists of all Board members and is Chaired by Non-Executive Director, Otto Buttula, who is not considered to be an independent director as he holds an interest in more than 5% of the Company's shares. However, the Board believes Mr. Buttula is the most appropriate Non-Executive Director to chair the Audit Committee given his skill set, financial knowledge and experience.

The Board considers that the presence of two Non-Executive Directors, one of whom is an Independent Director, on Board Committees is sufficient given the size of the Company and the Board, and the nature and scope of the Company's current operations.

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

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

CEO and CFO Declarations

The CEO and CFO have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards

Corporate Governance Statement

and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External Auditor

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

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

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

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

Principle 5: Making timely and balanced disclosure.

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

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

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

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

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

Principle 6: Respect the rights of shareholders.

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

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

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

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

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

Corporate Governance Statement

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

Principle 7: Recognise and managing risk

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

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

The Company's Risk Management Policy is periodically reviewed and updated. A review of the Company's risk management framework was conducted by the Board during the 2015 financial year.

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

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

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

- the Board has established financial control procedures to manage expenditure commitments and approval of payments for both capital and operational expenditure;
- preparation and approval of an annual budget;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

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

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

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

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

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

Corporate Governance Statement

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

Principle 8: Remunerate fairly and responsibly

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

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

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

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

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

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	30 June 2015 \$ AUD	30 June 2014 \$ AUD
Revenue			
Revenue	2	38,355	27,101
Other income	2	600,321	511,211
Expenses			
Business development		(240,984)	(61,816)
Commercialisation expenses		(99,981)	(42,014)
Corporate administration expenses		(875,050)	(762,511)
Research and development expenses		(1,668,558)	(469,464)
Fair value adjustment to financial liability	2	141,754	389,713
Impairment expenses	2	(274,093)	(1,691,251)
Foreign exchange (gain)/ loss		(62,553)	(16,933)
Loss before tax		(2,440,789)	(2,115,964)
Income tax expense		-	-
Net loss after income tax		(2,440,789)	(2,115,964)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,440,789)	(2,115,964)
Loss per share for the year attributable to members of Imugene Limited:			
Basic loss per share (cents per share)		(0.21)	(0.31)
Diluted loss per share (cents per share)		(0.21)	(0.31)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	30 June 2015 \$ AUD	30 June 2014 \$ AUD
ASSETS			
Current Assets			
Cash and cash equivalents		1,956,992	1,222,896
Trade and other receivables	5	541,387	524,053
Other		16,584	10,678
Total Current Assets		2,514,963	1,757,627
Non-Current Assets			
Intangible assets	6	6,599,755	6,873,848
Total Non-Current Assets		6,599,755	6,873,848
TOTAL ASSETS		9,114,718	8,631,475
LIABILITIES			
Current Liabilities			
Trade and other payables	7	317,456	229,218
Provisions	8	13,159	17,966
Other financial liabilities	9	66,650	449,845
Total Current Liabilities		397,265	697,029
Non-Current Liabilities			
Other financial liabilities	9	985,450	1,202,204
Total Non-Current Liabilities		985,450	1,202,204
TOTAL LIABILITIES		1,382,715	1,899,233
NET ASSETS		7,732,003	6,732,242
EQUITY			
Issued capital	10	27,682,224	24,241,812
Share-based payment reserve	11	966,141	966,003
Accumulated loss		(20,916,362)	(18,475,573)
TOTAL EQUITY		7,732,003	6,732,242

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Contributed Equity \$ AUD	Share Based Payment Reserve \$ AUD	Accumulated Losses \$ AUD	Total \$ AUD
Balance as at 1 July 2013		17,280,072	966,003	(16,359,609)	1,886,466
Loss for the year		-	-	(2,115,964)	(2,115,964)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year:			-	-	(2,115,964)
Transactions with Equity holders in their capacity as equity holders:					
Shares issued		7,165,985	-	-	7,165,985
Capital raising costs		(204,245)	-	-	(204,245)
		6,961,740	-	-	6,961,740
Balance at 30 June 2014		24,241,812	966,003	(18,475,573)	6,732,242
Loss for the year		-	-	(2,440,789)	(2,440,789)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year:			-	(2,440,789)	(2,440,789)
Transactions with Equity holders in their capacity as equity holders:					
Shares issued		3,757,250	-	-	3,757,250
Capital raising costs	10	(342,203)	-	-	(342,203)
Shares/options issued		25,365	(25,365)	-	-
Share-based payment expense	11	-	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

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	30 June 2015 \$ AUD	30 June 2014 \$ AUD
<i>Cash flows from operating activities</i>			
Payments to suppliers and employees		(2,655,411)	(1,215,879)
Interest received		38,355	25,693
Other income		-	3,474
Other (R&D refund)		573,472	42,614
Net cash outflows from operating activities	20	(2,043,584)	(1,144,098)
<i>Cash flows related to investing activities</i>			
Payment for the purchase of IP		(463,617)	(600,187)
Acquisition of subsidiary, net of cash acquired		-	5,797
Net cash inflows from investing activities		(463,617)	(594,390)
<i>Cash flows related to financing activities</i>			
Proceeds from issues of equity securities		3,583,500	2,600,000
Capital raising costs		(342,203)	(204,245)
Net cash inflows from financing activities		3,241,297	2,395,755
Net decrease in cash and cash equivalents		734,096	657,267
Cash and cash equivalents at the beginning of the period		1,222,896	565,629
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		1,956,992	1,222,896

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Significant accounting policies

Corporate Information

The financial report of Imugene Limited and its subsidiaries (the ‘Group’) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on the 31 day of August 2015. 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 Stock Exchange. The principal activity of the Group is the research and development of HER2 +ve gastric and breast cancer vaccines.

Basis of Preparation and Statement of Compliance

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

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

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

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

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

Going Concern

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

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

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

New, revised or amending Accounting Standards and Interpretations adopted

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. All other accounting standards adopted by the Group are consistent with the most recent Annual Report for the year ended 30 June 2014.

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Group for the annual reporting period ended 30 June 2015:

<i>Reference</i>	<i>Title</i>	<i>Summary</i>	<i>Application date of standard</i>	<i>Impact on financial report</i>	<i>Application date</i>
AASB 9	<i>Financial Instruments (2014)</i>	<i>AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.</i>	<i>1 January 2018</i>	<i>minimal</i>	<i>1 July 2018</i>
AASB 15	<i>Revenue from Contracts with Customers</i>	<i>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional</i>	<i>1 January 2018</i>	<i>minimal</i>	<i>1 July 2018</i>

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
		<i>adjustments in retained earnings on the date of initial application (eg 1 July 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application</i>			

Accounting Policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Imugene Limited as at 30 June 2015 and the results of all subsidiaries for the year ended.

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

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

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

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

Revenue recognition

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

Interest - control of the right to receive the interest payment.

Licensing revenue - right to receive the licensing revenue has been confirmed.

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

Government grants

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

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

Leases

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

Business Combination

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the profit or loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

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

Trade and other receivables

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

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

Segment reporting

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

Foreign currency translation

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

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

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

All exchange differences are taken to profit or loss.

Income tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting loss nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

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

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

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

Cash flows arising from operating activities are included in the Statement of Cash Flow on a gross basis (i.e. including GST) and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. The net amount of GST recoverable from or payable to, the taxation authority is included as part of the receivables or payables in the Statement of Financial Position.

Intangible assets

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

In-process research and development

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

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

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

Patents, licenses and other rights costs

Patent costs are expenses as incurred.

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

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

Research and Development Costs

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

Impairment of non-financial assets

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

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

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

Trade and other payables

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

Provisions

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

Financial Liabilities

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

Employee benefits

Short Term Employee Benefits

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

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

Long Service Leave

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

Termination benefits

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

Contributed equity

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

Earnings per share

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

Diluted earnings per share is calculated as net loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Parent Information

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

Significant Accounting Estimates and Assumptions

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

Impairment of Intangible Assets

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

For patents, licences and other rights, these estimates are not valid as the Company has impaired the intangible asset to zero due to an inability to find a buyer. Refer to note 6 for more details.

Fair Value of Financial Liability

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. There has been no change to the valuation assumptions used to determine the contingent liability as new reliable data has not come to light.

Acquisition Accounting

In accounting for the acquisitions made during the prior year, the Group had to make a number of judgements and estimates in determining the fair value of the amounts acquired and the purchase consideration paid/payable.

Provision for Employee Benefits

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

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

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

Note 2. Revenue/Expenses

	Note	Consolidated	
		30 June 2015 \$ AUD	30 June 2014 \$ AUD
Revenue			
Interest received		38,355	27,101
		38,355	27,101
Other income			
R&D Tax Refund		600,321	507,737
Other		-	3,474
		600,321	511,211
Significant expenses included in net loss before tax			
Impairment expenses	6	(274,093)	(1,691,251)
Fair value adjustment to financial liability		141,754	389,713
Superannuation		(34,120)	(15,240)
Share based payments	11	(199,253)	(65,985)

Note 3. Segment Information

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.

	Consolidated	
	30 June 2015 \$ AUD	30 June 2014 \$ AUD
Reportable segment revenue		
<i>Revenue, including interest income, is disclosed below based on the reportable segment:</i>		
Revenue from research, development and commercialisation	600,321	507,737
Revenue from other corporate activities	38,355	30,575
	638,676	538,312

	Consolidated	
	30 June 2015 \$ AUD	30 June 2014 \$ AUD
Reportable segment assets		
<i>Assets are disclosed based on the reportable segment:</i>		
Asset from research, development and commercialisation	7,132,623	7,382,774
Assets from other corporate activities:		
Cash and cash equivalents	1,956,992	1,222,896
Other corporate assets	22,103	25,712
	9,114,718	8,631,475

Note 3. Segment Information continued

	Consolidated	
	30 June 2015	30 June 2014
	\$ AUD	\$ AUD
Reportable segment liabilities		
<i>Liabilities are disclosed based on the reportable segment:</i>		
Liabilities from research, development and commercialisation	1,052,100	1,652,049
Liabilities from other corporate activities:		
Trade and other payables	317,456	229,218
Other corporate liabilities	13,159	17,966
	1,382,715	1,899,233

	Consolidated	
	30 June 2015	30 June 2014
	\$ AUD	\$ AUD
Reportable segment profit/ (loss)		
<i>Profit/ (loss) are disclosed below based on the reportable segment:</i>		
Profit/ (loss) from research, development and commercialisation	(1,541,541)	(1,874,832)
Profit/ (loss) from other corporate activities	(899,249)	(241,132)
	(2,440,789)	(2,115,964)

Note 4. Income Tax

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.

	Consolidated	
	30 June 2015	30 June 2014
	\$ AUD	\$ AUD
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
<i>Loss from continuing operations before income tax expense</i>	(2,440,789)	(2,115,964)
<i>Tax at the Australian statutory income tax rate of 30% (2014:30%)</i>	(732,237)	(634,789)
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income</i>		
Non assessable R&D grant income	(180,096)	(152,321)
Non allowable expenses	357,245	398,983
Tax losses and other timing differences for which no DTA is recognised	555,088	388,128
Income tax expense	-	-
(c) Unrecognised Deferred Tax Assets		
Unused tax losses and temporary differences for which a deferred tax asset has not been recognised	15,354,015	13,503,722
Potential tax benefit at 30%	4,606,204	4,051,117

Note 5. Trade and Other Receivables

	Consolidated	
	30 June 2015	30 June 2014
	\$ AUD	\$ AUD
Trade receivables	1,920	8,324
GST refund	3,599	6,710
R&D tax refund	535,868	509,019
	541,387	524,053

Past due but not impaired

The Group did not have any receivables that were past due as at 30 June 2015 (30 June 2014: Nil). The Group did not consider a credit risk on the aggregate balances as at 30 June 2015. For more information, please refer to note 12 Financial Instruments, Risk Management Objectives and Policies.

Note 6. Intangible Assets

	Note	Consolidated	
		30 June 2015 \$ AUD	30 June 2014 \$ AUD
<i>In-process research and development (acquired)</i>			
Biolife	(i)	6,599,755	6,599,755
<i>Patents, licenses and other rights</i>			
Linguet	(ii)	-	274,093
Closing cost		6,599,755	6,873,848

(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 2015 in excess of the net book value of assets;
- comparisons with companies in a similar field of development and similar stage;
- comparisons with recent licensing deals of similar companies;
- the scientific results and progress of the trails

Costs of disposal were considered to be immaterial.

(ii) *Impairment of patents, licenses and other rights*

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

In November 2014 the Company announced its intention to sell the residual intellectual property in Linguet, the asset was subsequently classified as a non-current asset held for sale at carrying value. Due to the inability to identify a buyer the Company has fully impaired the intellectual property. In line with this the expected future royalties have also been de-recognised in note 9.

	Intangible Asset	Impairment	Carrying Value
<i>Linguet</i>			
Balance at 1 July 2013	4,032,737	(3,027,920)	1,004,817
Impairment of Linguet	-	(730,724)	(730,724)
Balance at 30 June 2014	4,032,737	(3,758,644)	274,093
Impairment of Linguet	-	(274,093)	(274,093)
Balance at 30 June 2015	4,032,737	(4,032,737)	-
<i>Biolife</i>			
Balance at 1 July 2013	-	-	-
Addition by business combination (Biolife)	6,599,755	-	6,599,755
Balance at 30 June 2014	6,599,755	-	6,599,755
Impairment of Biolife	-	-	-
Balance at 30 June 2015	6,599,755	-	6,599,755

Note 7. Trade and Other Payables

	Consolidated	
	30 June 2015	30 June 2014
	\$ AUD	\$ AUD
Trade payables	97,650	154,921
Other payables	219,806	74,297
	317,456	229,218

Please refer to note 12 for further details on financial instruments

Note 8. Provisions

	Consolidated	
	30 June 2015	30 June 2014
	\$ AUD	\$ AUD
Current		
Employee benefits - annual leave	13,159	17,966
	13,159	17,966

Note 9. Other Financial Liabilities

	Note	Consolidated	
		30 June 2015	30 June 2014
		\$ AUD	\$ AUD
Current			
Amount owing – HER-Vaxx	(i)	66,650	449,845
		66,650	449,845
Non-Current			
Expected future royalties payable – Linguet		-	141,754
Expected future royalties payable – HER-Vaxx	(ii)	985,450	985,450
Amount owing – HER-Vaxx		-	75,000
		985,450	1,202,204
		1,052,100	1,652,049

- (i) Represents the amount owing to Biolife Science Forschungs-und Entwicklungsges m.b.HH (BSFE) and Pevion Biotech AG for the 'HER-Vaxx' intellectual property. These amounts consist of the cash components of the respective intellectual property agreements.
- (ii) 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.

Note 10. Issued Capital

	Note	30 June 2015		30 June 2014	
		No.	\$ AUD	No.	\$ AUD
Ordinary shares	10(a)	1,329,912,516	27,651,859	946,562,516	24,236,812
Options	10(b)	57,000,000	30,365	50,000,000	5,000
Total at reporting date			27,682,224		24,241,812

Movements in equity during the year ended 30 June 2015 and prior year are set out below:

(a) Ordinary Shares

	Note	30 June 2015		30 June 2014	
		No.	\$ AUD	No.	\$ AUD
At the beginning of the period		946,562,516	24,236,812	376,162,516	17,275,072
Share issued during the period	(i)	383,350,000	3,415,047	570,400,000	6,961,740
Total at reporting date		1,329,912,516	27,651,859	946,562,516	24,236,812

Rights of each type of share

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held.

(i) Details of shares issued during the period

2015	Details	Number	Issue price	
			\$	\$ AUD
5/11/2014	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 ¹	12,500,000	0.007	86,875
15/12/2014	Shares issued to CEO ¹	12,500,000	0.007	86,875
	<i>Less capital raising costs</i>			<i>(342,203)</i>
		383,350,000		3,415,047

¹ 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.

(b) Options

	Note	30 June 2015		30 June 2014	
		No.	\$ AUD	No.	\$ AUD
At the beginning of the period ¹		50,000,000	5,000	50,000,000	5,000
Options issued during the period	(ii)	7,000,000	25,365	-	-
Total at reporting date		57,000,000	30,365	50,000,000	5,000

¹ Unlisted advisor options (IMUAK) exercisable at \$0.02, expire on 31 December 2015

Subject to shareholder approval, Dr Hoos has entitlement to options that have vesting conditions determined by patient recruitment, as at the 30 June 2015 these options have not been granted.

(ii) Details of options issued during the period

2015	Details	Number	Value at Grant Date	
			\$	\$ AUD
15/12/2014	Unlisted supplier options (IMUAL) exercisable at \$0.025, expire 14 July 2019 ¹	2,500,000	0.006	14,455
27/02/2015	Unlisted employee options exercisable at \$0.01, expire 10 November 2017 ²	4,500,000		10,910
		7,000,000		25,365

¹ The general terms and conditions of the options were:

- Life of 5 years from date of contract
- No dividends or voting rights attached
- Exercise price set at a premium to share price at date of entitlement
- Vested at issue
- All shares allotted upon exercise of Options will upon allotment rank pari passu in all respect with other shares

² The general terms and conditions of the options were:

- Life of 2 years from date of contract
- No dividends or voting rights attached
- Exercise price set at a premium to share price at date of entitlement
- Subject to vesting periods
- All shares allotted upon exercise of Options will upon allotment rank pari passu in all respect with other shares

Note 11. Share-based payment reserve

	Note	Consolidated	
		30 June 2015 \$ AUD	30 June 2014 \$ AUD
Share-based payment reserve			
Opening balance		966,003	966,003
Share based payment expense	(i)	199,253	-
Share and options issued	(ii)	(199,115)	-
Closing Balance		<u>966,141</u>	<u>966,003</u>

- (i) Included in the expense, subject to shareholder approval, Dr Hoos has entitlement to options that have vesting conditions determined by patient recruitment, as at the 30 June 2015 these options have not been granted, an expense has been recognised for a relative portion for progress towards the conditions.
- (ii) Includes the issue of 2.5 million unlisted options to Mymetics SA as per the services agreement, 4.5 million options and 25 million shares issued to the Managing Director and key management personnel under employment service agreements.

Note 12. Financial Instruments, Risk Management Objectives and Policies

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

A written policy has been adopted for overall risk management.

(a) Market Risk

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

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

	Consolidated	
	30 June 2015	30 June 2014
	\$ AUD	\$ AUD
Cash and cash equivalents (\$ USD)	509,999	-
Trade and other payables (€ EUR)	74,736	-

The Group has conducted a sensitivity analysis of the Group's exposure to foreign currency risk. The Group is currently exposed to the US Dollar (USD) and Euro (EUR). The sensitivity analysis is conducted on a currency by currency basis using the sensitivity analysis variable, which has been based on the average annual movement in AUD/USD and AUD/EUR exchange rates over the past 5 years based on the year-end spot rates. The variables for USD and EUR being 3% and 0.5% respectively.

The Group has a material exposure to USD, based on the financial instruments held at 30 June 2015, had the Australian dollar weakened/strengthened by 3% against the US dollar, the Group's post-tax loss for the year would have been \$14,850 lower/ \$15,300 higher.

(ii) Interest Rate Risk

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

2015	Weighted Average Effective Interest Rate %	Floating Interest Rate \$ AUD	Non Interest Bearing \$ AUD	Fixed Interest Bearing \$ AUD	Total \$ AUD
Financial Assets:					
Cash and cash equivalents	1.45	1,956,992	-	-	1,956,992
Trade and other receivables		-	541,387	-	541,387
Total Financial Assets		1,956,992	541,387	-	2,498,379
Financial Liabilities:					
Trade and other payables		-	317,456	-	317,456
Other financial liabilities		-	1,052,100	-	1,052,100
Total Financial Liabilities		-	1,369,556	-	1,369,556
Net Financial Assets/(Liabilities)		1,956,992	(828,169)	-	1,128,823

2014	Weighted Average Effective Interest Rate %	Floating Interest Rate \$ AUD	Non Interest Bearing \$ AUD	Fixed Interest Bearing \$ AUD	Total \$ AUD
Financial Assets:					
Cash and cash equivalents	2.27	1,222,896	-	-	1,222,896
Trade and other receivables		-	524,053	-	524,053
Total Financial Assets		1,222,896	524,053	-	1,746,949
Financial Liabilities:					
Trade and other payables		-	229,218	-	229,218
Other financial liabilities		-	1,652,049	-	1,652,049
Total Financial Liabilities		-	1,881,267	-	1,881,267
Net Financial Assets/(Liabilities)		1,222,896	(1,357,214)	-	(134,318)

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

An increase or decrease of 1% in interest rates at the reporting date would have the following increase/ (decrease) effect on after tax loss and equity. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

2015		Interest Rate Risk				
		-1% Net Result	-1% Equity	1% Net Result	1% Equity	
	Cash and cash equivalents	1,956,992	(19,570)	(19,570)	19,570	19,570
	Total increase/ (decrease)		(19,570)	(19,570)	19,570	19,570

2014		Interest Rate Risk				
		-1% Net Result	-1% Equity	1% Net Result	1% Equity	
	Cash and cash equivalents	1,222,896	(12,229)	(12,229)	12,229	12,229
	Total increase/ (decrease)		(12,229)	(12,229)	12,229	12,229

(b) Credit Risk

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

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

(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 as follows:

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

Notes to the Consolidated Financial Statements

Continued

Note 12. Financial Instruments, Risk Management Objectives and Policies continued

Maturity profile:

	Carrying Amount		Contractual Cash Flow		Within 1 Year		1 - 5 Years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ AUD
Financial assets:										
Cash & cash equivalents	1,956,992	1,222,896	1,956,992	1,222,896	1,956,992	1,222,896	-	-	1,956,992	1,222,896
Trade & other receivables	541,387	524,053	541,387	524,053	541,387	524,053	-	-	541,387	524,053
Total financial assets	2,498,379	1,746,949	2,498,379	1,746,949	2,498,379	1,746,949	-	-	2,498,379	1,746,949
Financial liabilities:										
Trade & other payables	317,456	229,218	317,456	229,218	317,456	229,218	-	-	317,456	229,218
Other financial liabilities	1,052,100	1,652,049	1,052,100	1,652,049	66,650	449,845	985,450	1,202,204	1,052,100	1,652,049
Total financial liabilities	1,369,556	1,881,267	1,369,556	1,881,267	384,106	679,063	985,450	1,202,204	1,369,556	1,881,267

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the 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.

(e) Fair Value Estimation

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values determined in accordance with the accounting policies disclosed in note 1.

(f) Financial Instruments measured at Fair Value

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

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

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

- Recurring fair value measurements

Financial assets	Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ AUD	\$ AUD
Financial assets at fair value through profit or loss	-	-	-	-	6,599,755	6,873,848

The assumptions behind the above table is included in note 1.

Note 13. Key Management Personnel Disclosures

Compensation

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

	Consolidated	
	30 June 2015	30 June 2014
	\$ AUD	\$ AUD
Short-term employee benefits	689,602	446,093
Post-employment benefits	34,119	15,240
Long-term benefits	-	-
Share-based payments	184,798	-
	908,519	461,333

Related party transactions

Related party transactions are set out in note 16.

Note 14. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	30 June 2015 \$ AUD	30 June 2014 \$ AUD
Audit services		
Audit or review of the financial statements	48,000	44,110
	48,000	44,110

Note 15. Commitments and Contingencies

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

Note 16. Related Party Transactions

Parent entity

Imugene Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 18.

Key management personnel

Disclosures relating to key management personnel are set out in note 13 and the Remuneration Report in the Directors' Report.

Receivable from and payable to related parties

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

Loans to/from related parties

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

Note 17. Parent Entity Information

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

Statement of Profit or Loss and Other Comprehensive Income

	Parent	
	30 June 2015 \$ AUD	30 June 2014 \$ AUD
Income / (Loss) after income tax	(2,092,171)	(458,829)
Total comprehensive income / (loss)	(2,092,171)	(458,829)

Statement of Financial Position

	Parent	
	30 June 2015 \$ AUD	30 June 2014 \$ AUD
Current assets	2,494,916	1,731,556
Non-current assets	4,606,114	4,606,114
Total assets	7,101,030	6,337,670
Current liabilities	207,180	241,902
Non-current liabilities	(2,843,901)	(2,293,607)
Total liabilities	(2,636,721)	(2,051,705)
Net Assets	9,737,751	8,389,375
Equity		
Issued Capital	27,682,224	24,241,812
Reserves	966,141	966,003
Accumulated losses	(18,910,614)	(16,818,440)
Total equity	9,737,751	8,389,375

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

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

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group as disclosed in note 1.

Note 18. Subsidiaries

Country of incorporation	Principal Activities	Equity holding	
		2015 %	2014 %
Name of entity			
Brightsun Investments Pty Ltd ¹	Australia	-	100
Vectogen Pty Ltd ¹	Australia	-	100
BioMimic Technologies Pty Ltd ¹	Australia	-	100
Paragen Pty Ltd ¹	Australia	-	100
Lingual Consegna Pty Ltd	Biopharmaceutical development	Australia	100
Biolife Science QLD Pty Ltd	Biopharmaceutical development	Australia	100

¹ The Group applied for voluntary de-registration for the dormant subsidiaries and received confirmation of de-registration prior to the end of the reporting period.

Note 19. Events after the reporting period

On 1st July 2015, the Company announced the appointment of Contract Research Organisation (CRO) Simbec-Orion Group Limited to conduct the Company's Phase 1b/2 clinical study of HER-Vaxx in patients with advanced metastatic gastro-oesophageal adenocarcinoma.

On 27th August 2015, the Company announced the appointment of Leslie Chong as Chief Operating Officer of the Group.

There were no other events subsequent to the reporting date of 30 June 2015 that have not been disclosed elsewhere in this report.

Note 20. Reconciliation of net loss after income tax to net cash from operating activities

	Consolidated	
	30 June 2015 \$ AUD	30 June 2014 \$ AUD
a) Reconciliation of cash flow from operations with loss after income tax:		
Loss for the period attributable to owners of parent entity	(2,440,789)	(2,115,964)
Impairment expense	274,093	1,691,251
Share based payments	199,253	65,985
Foreign exchange adjustments relating to IP payments	5,422	-
Fair value adjustment on financial liability	(141,754)	(389,713)
<i>Changes in working capital net of acquisition:</i>		
Increase in accounts receivable	(21,203)	(426,258)
Increase in other current assets	(5,906)	(10,678)
Increase in accounts payable	92,107	28,884
Decrease in provisions	(4,807)	12,395
Cash flow from operations	(2,043,584)	(1,144,098)

b) Non-cash financing and investing activities

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

Note 21. Earnings per share

	Consolidated	
	30 June 2015	30 June 2014
Basic loss per share		
Loss attributable to the ordinary equity holders of the Company (cents per share)	(0.21)	(0.31)
Diluted loss per share		
Loss attributable to the ordinary equity holders of the Company (cents per share)	(0.21)	(0.31)
Loss used in calculation of basic/diluted earnings/(loss) per share		
Loss	2,440,789	2,115,964
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		
	1,176,480,187	689,187,721

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Mr Paul Hopper
Executive Chairman

31 August 2015
Melbourne

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report To the Members of Imugene Limited

Report on the financial report

We have audited the accompanying financial report of Imugene Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Imugene Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Company incurred a net loss of \$2,440,789 during the year ended 30 June 2015 and, the cash outflows from operating and investing activities equates to \$2,507,201. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 11 to 18 of the directors' report for the year ended 30 June 2015. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Imugene Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M.A. Cunningham
Partner - Audit & Assurance

Melbourne, 31 August 2015

Shareholder Information (as at 27 August 2015)

Ordinary Shares

1,329,912,516 fully paid ordinary shares are held by 2,607 individual holders.

All ordinary shares carry one vote per share.

Distribution of Ordinary Fully Paid Shareholders Holding Ranges	Ordinary Shares	
	No. of Holders	Total Units
1 - 1,000	554	172,032
1,001 - 5,000	239	788,647
5,001 - 10,000	228	1,751,828
10,001 - 100,000	726	33,365,565
100,001 +	860	1,293,834,444
Totals	2,607	1,329,912,516
Unmarketable parcels	1,564	19,544,749

Twenty Largest Ordinary Fully Paid Shareholders		
Holder Name	Number	%
1. WebInvest Pty Ltd <OLSB Unit A/C>	77,000,000	5.79
2. Tisia Nominees Pty Ltd - Grouped Holder	63,000,000	4.74
3. JK Nominees Pty Ltd <The J K Fund A/C>	40,000,000	3.01
4. Oaktone Nominees Pty Ltd	29,625,000	2.23
5. Cabletime Pty Ltd <INGODWE A/C>	29,527,778	2.22
6. Intersuisse Nominees Pty Ltd <Custodian A/C>	29,200,000	2.20
7. Moreglade Pty Ltd	28,062,500	2.11
8. Mr Roger Aston	27,562,500	2.07
9. Kilinwata Investments Pty Ltd	27,453,125	2.06
10. Rhinomed Ltd	25,000,000	1.88
11. Mr Charles Edwyn Walker	25,000,000	1.88
12. Mr Jason Dennis Roberts <JD Roberts Family A/C>	22,540,301	1.69
13. Kensington Capital Management Pty Ltd – Grouped Holder	22,000,000	1.65
14. Celtic Capital Pty Ltd <Investment 1 A/C>	21,200,000	1.59
15. Mr & Mrs Peterson – Grouped Holder	20,362,500	1.53
16. Bannaby Investments Pty Ltd <Super Fund A/C>	20,000,000	1.50
17. Denlin Nominees Pty Ltd	17,500,000	1.32
18. Magaurite Pty Ltd – Grouped Holder	15,000,000	1.13
19. Aviemore Capital Pty Ltd	15,000,000	1.13
20. Ms Deborah Anne Coleman	14,281,250	1.07
Total Top 20 Shareholders	569,314,954	42.81
Total Balance of Remaining Shareholders	760,597,562	57.19
Total Issued Capital	1,329,912,516	100.00

Substantial Shareholders

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are:

Substantial Shareholders	Number of Shares
Paul Hopper	69,796,875
WebInvest Pty Ltd <OLSB Unit Trust>	77,000,000
Total Number of Shares Held by Substantial Shareholders	146,796,875

Corporate Directory

Directors

Mr Paul Hopper - Executive Chairman
Mr Charles Walker - Chief Executive Officer & Managing Director
Dr Axel Hoos - Non-Executive Director
Mr Otto Buttula - Non-Executive Director

Company Secretary

Mr Justyn Stedwell
Mr Phillip Hains

Registered and Principal Office

Suite 1, 1233 High Street
Armadale, VIC 3143
Australia

Telephone: (61 03) 9824 5254
Facsimile: (61 03) 9822 7735

Share Register

Automic Registry Services
Suite 1a, Level 1
7 Ventnor Avenue
Perth, WA 6005
Australia

Telephone: (61 08) 9324 2099
Facsimile: (61 08) 9321 2337

Securities Quoted

Australian Securities Exchange

- Ordinary Fully Paid Shares (Code: IMU)

Patent Attorney

Davies Collison Cave
1 Nicholson Street
Melbourne, VIC 3002
Australia

Auditor

Grant Thornton Audit Pty Ltd
The Rialto, Level 30
525 Collins Street
Melbourne VIC 3000
Australia

Bankers

National Australia Bank
Level 2, 330 Collins Street
Melbourne, VIC 3000
Australia

Securities Exchange Listing

Imugene Limited shares are listed on the Australian Securities Exchange (Symbol: IMU)

Website and Email

www.imugene.com
Info@imugene.com