

Appendix 4E

Preliminary final report

Year ended 30 June 2007

Name of entity

Imugene Limited

ABN

99 009 179 551

Financial year ended ("current year")

30 June 2007

Comparative year ended ("prior year")

30 June 2006

Statement

This report is based on information extracted from the Annual Financial Report of Imugene Limited (Company) and the entities it controlled at the end of, or during the year ended 30 June 2007 (Consolidated Entity or Group) which is currently in the process of being audited.

Results for announcement to the market

	UP/DOWN	CHANGE \$'000	% CHANGE
Revenues from ordinary activities	DOWN	(98)	(37%)
Revenue for the year has decreased due to a reduction in interest income.			
Loss from ordinary activities after tax attributable to members.	UP	117	5%
Loss for the year is higher primarily due to higher research and development spend.			
Net loss for the period attributable to members	UP	117	5%
No dividends have been paid during or are proposed in respect of the financial year ended 30 June 2007.			

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Appendix 4E – Contents and checklist of requirements

For the year ended 30 June 2007

1. Reporting period and the previous corresponding period.	Refer Page 1 of this Appendix 4E.
2. Results for announcement to the market.	Refer Page 1 of this Appendix 4E.
3. Statement of financial performance with notes to the statement.	Refer Page 3 of this Appendix 4E.
4. Statement of financial position with notes to the statement.	Refer Page 5 of this Appendix 4E.
5. Statement of cash flows with notes to the statement.	Refer Page 7 of this Appendix 4E.
6. Details of individual and total dividends or distributions and dividend or distribution payments.	No dividends or other distributions have been paid during or are proposed in respect of the financial year ended 30 June 2007.
7. Details of dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.	No dividends or other distributions plans are in operation in respect of the financial year ended 30 June 2007.
8. Statement of retained earnings.	Refer Page 8 of this Appendix 4E.
9. Net tangible assets per security.	Refer Page 8 of this Appendix 4E.
10. Details of entities over which control has been gained or lost during the period.	Not applicable.
11. Details of joint venture entities and associated entities.	The Company has no material associated or joint venture entities.
12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position	Not applicable.
13. Accounting standards used in compiling reports by foreign entities (e.g. International Accounting Standards).	Not applicable.
14. A commentary on the results for the period.	Refer Page 4 of this Appendix 4E
15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.	Refer Page 1 of this Appendix 4E. This report is based on accounts which are in the process of being audited.
16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.	Not applicable.
17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification	Not applicable.

Income Statement

For the year ended 30 June 2007

	Consolidated	
	2007	2006
	\$	\$
Revenue from continuing operations	165,534	263,251
Other income	310,723	103,083
Research and development	(1,077,187)	(845,017)
Business development	(303,209)	(246,515)
Commercialisation expenses	(936,819)	(1,145,962)
Corporate and administration costs	(720,351)	(568,119)
Loss from ordinary activities before income tax expense	(2,561,309)	(2,439,279)
Income tax benefit	257,046	252,060
Net loss attributable to members of Company	(2,304,263)	(2,187,219)
Earnings / (loss) per share		
Basic loss per share (cents per share)	(1.8)	(1.7)
Diluted loss per share (cents per share)	(1.8)	(1.7)

The above Income Statement is an extract from the full Financial Report which is in the process of being audited.

Notes to the Income Statement

For the year ended 30 June 2007

	Consolidated	
	2007	2006
	\$	\$
Revenue from continuing operations		
Sub-license fees	63,841	66,690
Interest	101,693	196,561
	165,534	263,251
Other income		
Government grants	309,151	100,662
Net foreign exchange gains	-	2,421
Other	1,572	-
	310,723	103,083
Expenses		
Depreciation	4,565	5,508
Commercialisation expenses		
Patent expenses	178,107	490,441
Employee expenses	417,572	314,381
Amortisation of intangibles	341,140	341,140

Commentary on results

For the year ended 30 June 2007

Trends in revenue from continuing operations

Current year revenues are \$97,717 lower than 2006, a decrease of 37%. The decrease is primarily due to a reduction in interest income due to a lower average cash balance throughout the current year.

Trends in other revenue

Other revenues are \$207,640 higher than 2006, an increase of 201%. This increase is primarily due to the award of a new Commercial Ready grant from AusIndustry during the current year.

Other Significant Features of Operating Performance

Research and development spend has increased by \$232,170 (27%) in comparison to last year as the Company continues to strengthen its research and development projects in the USA.

Included within expenses for the year to 30 June 2007 are non-cash share-based payment expenses of \$541,700 (2006: credit of \$3,060) recognised in accordance with Accounting Standards in respect of 4,350,000 incentive options granted to executives of the Company. The grant of these options was announced on 14 December 2006 and subsequently approved by shareholders at a general meeting held on 18 January 2007.

Balance Sheet

As at 30 June 2007

	<i>Note</i>	Consolidated	
		2007	2006
		\$	\$
Current assets			
Cash and cash equivalents		1,099,226	2,697,244
Trade and other receivables		1,226	41,442
Tax assets	(a)	<u>525,460</u>	<u>542,062</u>
Total current assets		<u>1,625,912</u>	<u>3,280,748</u>
Non-current assets			
Property, plant and equipment		10,151	22,228
Intangible assets	(b)	<u>3,624,305</u>	<u>3,965,445</u>
Total non-current assets		<u>3,634,456</u>	<u>3,987,673</u>
Total assets		<u>5,260,368</u>	<u>7,268,421</u>
Current liabilities			
Trade and other payables	(c)	472,618	732,603
Provisions		<u>87,932</u>	<u>73,437</u>
Total liabilities		<u>560,550</u>	<u>806,040</u>
Net assets		<u>4,699,818</u>	<u>6,462,381</u>
Equity			
Contributed equity		13,180,042	13,180,042
Reserves		806,245	264,545
Accumulated losses		<u>(9,286,469)</u>	<u>(6,982,206)</u>
Total equity		<u>4,699,818</u>	<u>6,462,381</u>

The above Balance Sheet is an extract from the full Financial Report which is in the process of being audited.

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Notes to the Balance Sheet

For the year ended 30 June 2007

	Consolidated	
	2007	2006
	\$	\$
(a) – Tax assets		
Research & development tax concession receivable	525,460	542,062
(b) – Intangible assets		
Patents, licences and other rights		
Opening cost	<u>5,117,095</u>	<u>5,117,095</u>
Closing cost	<u>5,117,095</u>	<u>5,117,095</u>
Accumulated amortisation at the start of the year	(1,151,650)	(810,510)
Amortisation charge	<u>(341,140)</u>	<u>(341,140)</u>
Accumulated amortisation at the end of the year	<u>(1,492,790)</u>	<u>(1,151,650)</u>
Opening net book amount	<u>3,965,445</u>	<u>4,306,585</u>
Closing net book amount	<u>3,624,305</u>	<u>3,965,445</u>
(c) – Trade & other payables		
Trade & other payables		
Trade payables	419,045	688,654
Deferred Income	30,343	-
Other payables	<u>23,230</u>	<u>43,949</u>
	<u>472,618</u>	<u>732,603</u>

Cash Flow Statement

For the year ended 30 June 2007

	Note	Consolidated	
		2007	2006
		\$	\$
Cash flows from operating activities			
Receipts from customers		65,413	66,690
Payments to suppliers and employees		(2,381,408)	(2,000,489)
Income tax repayments received		273,648	-
Other revenue		339,494	100,662
Net cash outflow from operating activities	(a)	(1,702,853)	(1,833,137)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(12,627)
Interest received		104,835	196,561
Net cash inflow (outflow) from investing activities		104,835	183,934
Cash flows from financing activities			
Net cash inflow from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		(1,598,018)	(1,649,203)
Cash and cash equivalents at the beginning of the half year		2,697,244	4,346,447
Cash and cash equivalents at the end of the year		1,099,226	2,697,244

The above Cash Flow Statement is an extract from the full Financial Report which is in the process of being audited.

Notes to the Cash Flow Statement

For the year ended 30 June 2007

	Consolidated	
	2007	2006
	\$	\$
(a) – Reconciliation of loss after income tax to net cash outflow from operating activities		
Loss for the year	(2,304,263)	(2,187,219)
Depreciation and amortization	341,140	346,648
Share based payment	541,700	(3,060)
Interest income	(101,693)	(196,561)
Provision for employee benefits	14,495	24,544
(increase) / decrease in working capital	(194,232)	182,511
Net cash outflow from operating activities	(1,702,853)	(1,833,137)

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Statement of Changes in Equity

For the year ended 30 June 2007

	Consolidated	
	2007	2006
	\$	\$
Share Capital		
At the beginning of the year	13,180,042	13,180,042
At the end of the year	13,180,042	13,180,042
Share Based Payment Reserve		
At the beginning of the year	264,545	267,605
Employee share options granted	541,700	(3,060)
At the end of the year	806,245	264,545
Accumulated losses		
At the beginning of the year	(6,982,206)	(4,794,987)
Loss for the year	(2,304,263)	(2,187,219)
At the end of the year	(9,286,469)	(6,982,206)
Total Equity		
At the beginning of the year	6,462,381	8,652,660
At the end of the year	4,699,818	6,462,381

The above Statement of Changes in Equity is an extract from the full Financial Report which is in the process of being audited.

Net Tangible Assets per Security

As at 30 June 2007

	Consolidated	
	2007	2006
	¢	¢
Net tangible assets per ordinary share	0.82	1.91

Analyses and Discussion

For the year ended 30 June 2007

Balance sheet / Cash flow statement

Net cash burn rate per month for the financial year ended 30 June 2007 equated to \$133,000 per month, a similar cash burn rate to the 2006 year.

The Company year end cash balance was on budget at \$1.1m. Subsequent to year-end (in July 2007) Imugene received \$417,000 from the ATO (2006 Income tax rebate) and Commercial Ready Grant contributions.

The Company's budgeted net cash outflow for the coming year is expected to be funded from one or more sources of additional cash, including the exercise of options, existing and potential new grants, licence fees from existing and potential new licences and possible income from collaboration with industry partners.