

SHAREHOLDER UPDATE OCTOBER 2008

Imugene Limited (ASX Code: IMU) specialises in the development and commercialisation of novel animal health products for pigs and poultry. Founded in 2002, Imugene has a stable specialist management and scientific team supplemented with use of specialist consultants and trial facilities in the US and Australia.

Our range of products under development includes vaccines to prevent important livestock diseases and productivity enhancers to improve the economics of raising commercial livestock. These biologically-based products improve the health and welfare of pigs and poultry and reduce or eliminate the use of antibiotics, chemicals and drugs.

Imugene has extensive and comprehensive worldwide patent rights covering a range of technologies utilized to create our innovative product range. All our products undergo rigorous laboratory testing in our own laboratories in Australia before proceeding to animal trials in specialist facilities in the United States and Australia.

July – September 2008 - Quarter Highlights:

Pig vaccines

- **Disease target – Porcine Reproductive & Respiratory Syndrome (PRRS):**

Trials to evaluate Imugene' optimised PRRS vaccine were completed during the quarter. The results showed that the new modified PRRS vaccine provided a very high degree of protection against the PRRS disease when two doses were administered either orally or by injection. A summary of the full trial report and statistical analysis was included in Imugene's announcement to the market on 10 October 2008.

- **Disease Target – Porcine Circovirus**

Vaccine candidate construction and full laboratory testing successfully completed during the quarter. Animal challenge trials are planned to be undertaken in the US to test efficacy.

Poultry Vaccines

- **Disease target - Coccidiosis:**

Following the successful trials using broiler birds completed earlier in 2008, Imugene's collaboration partner Abic Biological Laboratories Teva Ltd has undertaken a second

ABN 99 009 179 551

Registered Office
Level 20, Allendale Square, 77 St Georges Terrace, Perth WA 6000
Tel +61 8 94402660 Fax +61 8 9 4402699

www.imugene.com

challenge trial using the vaccine constructed by Imugene. Results have not yet been received from Abic.

- **Disease target - Avian Influenza (H5, H7 & H9 strains):**

Laboratory construction and testing of all vaccine candidates have been completed successfully. Efficacy trials for the H7 & H9 vaccines have been designed and planned. The timing of undertaking these trials will depend on access to trial facilities.

Imugene has received confirmation from the US Department of Agriculture (USDA) that the preliminary regulatory submission for the Imugene Avian Influenza (H5) vaccine has been allocated to a USDA appointed reviewer. Imugene is awaiting the initial response from the USDA.

- **Disease target – Chicken Anaemia Virus**

This vaccine was recently added to Imugene's portfolio. In a very short time, the vaccine has passed construction and laboratory testing. Animal challenge trials are due to begin this quarter with results expected in early 2009.

- **Disease target – Infectious Bursal Disease**

This disease has two forms, *Virulent* and *Classical*. Separate vaccine candidates have been constructed for each disease target. Full laboratory testing has been completed and an initial efficacy trial for the Classical variety has begun. Results are expected in early 2009.

ANNUAL REPORT

Imugene's 2008 Annual Report was recently released and can be sourced from the Company's website.

FAV – Fowl Adenovirus Vector – Imugene's gene delivery system for poultry

PAV – Porcine Adenoviral Vector – Imugene's gene delivery system for pigs

- ENDS -

About Imugene (ASX: IMU)

Imugene specialises in commercialising animal health products for production animals including pigs and poultry.

Imugene owns the worldwide rights to the *Fowl Adenoviral Vector Delivery System* for poultry and the *Porcine Adenoviral Vector Delivery System* for pigs.

Imugene's poultry and pig portfolio is targeting a worldwide US\$3 billion annual market with four lead vaccine products under development and a strong product pipeline. Consumer demands for disease free and residue free food will bolster Imugene's prospects.

Our commercial strategy is to develop and add value to our products as we progress them towards commercialization and sales. At an appropriate point in the development pathway, our model is to license/collaborate/partner our products to animal health companies to use their global regulatory, manufacturing, marketing and distribution experience and resources to complete the path to market.

Our financial goal is to maximize income through license and royalty income, recouping research costs and contract laboratory work on our products for our commercial partners.

For more information please visit the Imugene Website www.imugene.com

For more information:

Dr Warwick Lamb
Managing Director
+61 2 9870 7330

Mr Graham Dowland
Executive Chairman
+61 8 9440 2660

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

IMUGENE LIMITED

ABN

99 009 179 551

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(106)	(106)
(b) advertising and marketing	-	-
(c) research and development	(164)	(164)
(d) leased assets	-	-
(e) other working capital	(180)	(180)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	25
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Other:		
Government grants	130	130
Other	41	41
Net operating cash flows	(255)	(255)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Curent quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(255)	(255)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.14 Total operating and investing cash flows	(255)	(255)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. (Rights Issue applications received)	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(255)	(255)
1.21 Cash at beginning of quarter/year to date	1,620	1,620
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,365	1,365

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(105)
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

(i)	Executive salaries, consulting fees and superannuation entitlements;
(ii)	Non-executive directors fees; and

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	N/A
3.2	Credit standby arrangements	Nil	N/A

+ See chapter 19 for defined terms.

Appendix 4C
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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,365	1,620
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.22)	1,365	1,620

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~does not~~ give a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2008
 (Director/Company Secretary)

Print name: Julie Foster

+ See chapter 19 for defined terms.