

# QUARTERLY SHAREHOLDER UPDATE

## January 2010

*Imugene Limited (ASX Code: IMU) specialises in the development and commercialisation of novel animal health products for pigs and poultry. Our range of products under development includes vaccines to prevent important livestock diseases and productivity enhancers to improve the economics of raising commercial livestock.*

Imugene finished the quarter with \$1.5 million in cash reserves, as detailed in the Appendix 4C released today. This shareholder update provides an overview of our progress and focus in the final quarter of 2009.

### **Merial Strategic Alliance**

Much of the last quarter of 2009 was spent working with Merial to analyse data collected from activities carried out in their facilities in France and the US as part of their review of Imugene's vector technology. This information has assisted Merial in designing a proposed research plan utilising our technology, which is currently being reviewed by Imugene.

Subsequent to the end of the quarter, Merial advised that while they wished to continue evaluating and developing Imugene's technology, they wanted to do so under a new agreement that would be more flexible and better suited to their immediate development requirements for the technology.

Accordingly, the Strategic Alliance Agreement (SAA) entered into in December 2008 was terminated.

Thus far the proposed terms of a new Agreement with Merial have not met Imugene's financial and timing expectations.

### **Commercial Strategy**

Our commercial strategy remains consistent. Our goal is to maximise income from the receipt of research fees, license and royalty income from an alliance partner with sufficient expertise and infrastructure to develop, market and exploit the Imugene range of vector vaccines.

Merial, pursuant to the Strategic Alliance Agreement (SAA), has been Imugene's alliance partner throughout 2009. Since termination of the SAA, Imugene has been pleased that several international animal health companies have expressed interest in the Imugene technology. We are currently in discussions with several of these companies who have expressed interest as an alternative commercial partner for Imugene.

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### **La Trobe Laboratory Update**

The Imugene laboratory at La Trobe University continues to focus on the expansion and protection of its intellectual property portfolio. This work includes developing techniques to assist with production efficiencies and overall vaccine effectiveness.

Accordingly, a number of patents have been filed which both extend the length and breadth of protection of the Company's pig vaccines.

### **Website**

The content and structure of the Company's website, [www.imugene.com](http://www.imugene.com), was recently updated in line with the recommendations of Buchan Consulting. Buchan have advised Imugene in relation to several aspects of its communication strategy following the completing of a perception study on Imugene with various Australian based investor groups. The findings of this study will be used to guide the development of a communication program for the year ahead.

### **About Imugene**

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. Since establishing a laboratory at La-Trobe University, Victoria, additional vaccine technology has been developed for the pig and poultry industries.

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

For more information please visit the Imugene Website [www.imugene.com](http://www.imugene.com) or contact:

**Dr Warwick Lamb**  
**Managing Director**  
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**Mr Graham Dowland**  
**Executive Chairman**  
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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

IMUGENE LIMITED

ABN

99 009 179 551

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(136)	(295)
(b) advertising and marketing	-	-
(c) research and development	(83)	(191)
(d) leased assets	-	-
(e) other working capital	(137)	(487)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other:		
Government grants	-	31
Research cost reimbursement and Sub-licence fees	-	-
Other	-	-
<b>Net operating cash flows</b>	<b>(334)</b>	<b>(916)</b>

+ 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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(334)	(916)
<b>Cash flows related to investing activities</b>		
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)	-	-
<b>Net investing cash flows</b>	-	-
<b>1.14 Total operating and investing cash flows</b>	(334)	(916)
<b>Cash flows related to financing activities</b>		
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)	-	-
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	(334)	(916)
1.21 Cash at beginning of quarter/year to date	1,859	2,487
1.22 Exchange rate adjustments to item 1.20	(14)	(60)
1.23 <b>Cash at end of quarter</b>	1,511	1,511

+ 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	(138)
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
(iii)	Rent
(iv)	Legal invoices

**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
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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
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**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

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**Reconciliation of cash**

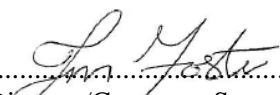
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,511	1,859
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other	-	-
<b>Total: cash at end of quarter</b> (item 1.23)		1,511	1,859

**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: 29 January 2010  
 (Director/Company Secretary)

Print name: Julie Foster

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