

MARKET UPDATE

28 April 2006

Quarterly report for January – March 2006

Imugene today reports its quarterly cashflow for the period 1 January to 31 March 2006. The Appendix 4C is attached.

The Company's net operating cash flow for the quarter was a net outflow of \$294,000. At the end of the quarter, cash reserves totalled \$3.1 million after net operating cash outflows for the past 9 months of \$1.2 million, representing an historical 'burn rate' of approximately \$137,000 per month.

Activities update

Further to the detailed *Shareholder Update* released last month, Imugene advises:

- **Poultry Productivity Enhancer** – The Poultry Productivity Enhancer safety trial (approved by the Office of Gene Technology Regulator in Australia (OGTR) and the Australian Pesticides and Veterinary Medicines Authority (APVMA)) was completed by CSIRO earlier this week. All samples have been taken and the necessary assays and diagnostic testing have begun. The results from the CSIRO are expected within the next few weeks.
- **Avian Influenza Vaccines (Bird Flu H5N1)** – As recently reported, the new expansion of this research programme is being undertaken by Imugene's Chief Scientific Officer, Dr Mike Sheppard at Imugene's recently commissioned laboratory at LaTrobe University. This research has been expanded to include the development of vaccines targeting the egg layer and breeder poultry markets.

Dr Sheppard is now also developing a vaccine for the broiler poultry market using a different technique than that being undertaken at CSIRO. This technique utilises genes that were selected and synthesized in Europe. These genes have now arrived in Australia and construction of the vaccine candidates for testing is progressing well.

- **Poultry Coccidiosis Vaccine** – Development of the initial trial vaccine for the poultry coccidiosis market continued throughout the quarter. This research is being conducted with Abic Biological Laboratories Teva Ltd and was expanded this quarter to include a second patented coccidia gene supplied by Abic. Accordingly, two vaccine constructs using the two different genes are being prepared. The initial candidate is on track for delivery to Abic in the third quarter of 2006 for trialing at the University of Technology, Sydney.

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- **Bio 2006** – In April Imugene attended and exhibited at 'BIO 2006 – an annual exhibition organised by the Biotechnology Industry Organisation USA. This conference is considered the world's premier biotechnology conference and exhibition attracting international participation from industry, government and academia.

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. Imugene has successfully licensed the first product based on the *Fowl Adenoviral Vector Delivery System* – the *Poultry Productivity Enhancer*.

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.

Imugene's products safely prevent disease and reduce or eliminate antibiotics and harmful chemicals in animals. Animal antibiotics and chemicals in the human food chain have been linked to the emergence of dangerous resistant bacteria in people and food residues.

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

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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")

31 March 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(129)	(449)
(b) advertising and marketing	-	-
(c) research and development	(170)	(560)
(d) leased assets	-	-
(e) other working capital	(142)	(536)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	43	149
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	104	163
Net operating cash flows	(294)	(1,233)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(294)	(1,233)
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	(294)	(1,233)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
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	(294)	(1,233)
1.21 Cash at beginning of quarter/year to date	3,407	4,346
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,113	3,113

+ 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	(133)								
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil								
1.26	<p>Explanation necessary for an understanding of the transactions</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 5%;">(i)</td> <td>Executive salaries, bonuses, consulting fees and superannuation entitlements;</td> </tr> <tr> <td>(ii)</td> <td>Reimbursement of expenses;</td> </tr> <tr> <td>(iii)</td> <td>Provision of legal services; and</td> </tr> <tr> <td>(iv)</td> <td>Non-executive directors fees</td> </tr> </table>		(i)	Executive salaries, bonuses, consulting fees and superannuation entitlements;	(ii)	Reimbursement of expenses;	(iii)	Provision of legal services; and	(iv)	Non-executive directors fees
(i)	Executive salaries, bonuses, consulting fees and superannuation entitlements;									
(ii)	Reimbursement of expenses;									
(iii)	Provision of legal services; and									
(iv)	Non-executive directors fees									

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
Quarterly report for entities
admitted on the basis of commitments

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	563	707
4.2 Deposits at call	2,550	2,700
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,113	3,407

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: 28 April 2006
(Director/Company secretary)

Print name: Alex Neuling

+ See chapter 19 for defined terms.