ABN 99 009 179 551

Appendix 4D – 31 December 2007 Half-Year Report

1. Reporting Period

The current reporting period is the period ended 31 December 2007 and the previous corresponding period is for the period ended 31 December 2006.

2. Results for Announcement to the Market.

	31 December 2007	31 December 2006	% Change
	$	$	
2.1 Revenue from ordinary activities.	212,833	242,993	12% Decrease
2.2 Profit (loss) from ordinary activities after tax attributable to members.	(1,274,262)	(921,715)	38% Increase
2.3 Net profit (loss) for the period attributable to members.	(1,274,262)	(921,715)	38% Increase
2.4 Amount per security and franked amount per security of interim dividend.	No interim dividends have been paid or provided for during the period.		
2.5 Record date for determining entitlements to the dividends and payment date.	Not applicable.		
2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.	See Directors Report – Financial Report for the Half-Year Ended 31 December 2007.		

3. Net Tangible Assets Per Security

	31 December 2007	31 December 2006
	Cents	Cents
Net tangible assets per security	0.1	1.3

4. Gain or Loss of Control Over Entities

Not applicable.

5. Details of Dividend and Distribution Payments

No dividends or distributions have been paid or provided for during the period.

6. Dividend Reinvestment Plans

There are no dividend or distribution reinvestment plans in operation.

7. Associates and Joint Venture Entities

Not applicable.

8. Foreign Entities

Not applicable.

9. Audit Dispute or Qualification

None.

IMUGENE

LIMITED

ABN 99 009 179 551

Financial Report for the Half-Year Ended

31 December 2007

Imugene Limited

Imugene Limited

Corporate Directory

Directors

Mr Graham Dowland – Executive Chairman

Dr Warwick Lamb – Managing Director

Mr Roger Steinepreis – Non Executive Director

Company Secretary

Mr Alex Neuling

Registered and Principal Office

Level 1, 14 – 20 Delhi Road
North Ryde NSW 2113
Australia
Telephone: (61 2) 9870 7330
Facsimile: (61 2) 9888 9338

Perth Office

Level 20, 77 St Georges Terrace
Perth WA 6000
Australia
Telephone: (61 8) 9440 2660
Facsimile: (61 8) 9440 2699

Share Register

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Australia
Telephone: 1300 557 010
Facsimile: (61 8) 9323 2033

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000
Australia

Auditor

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
Perth WA 6000
Australia

Bankers

Australia and New Zealand Banking Group Limited
77 St Georges Terrace
Perth WA 6000
Australia

Stock Exchange Listing

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

Website and Email

www.imugene.com

Imugene@imugene.com

Directors' Report

The Directors of Imugene Limited present their report on the Consolidated Entity consisting of Imugene Limited ("the Company" or "Imugene ") and the entities it controlled during the half-year ended 31 December 2007 ("Consolidated Entity" or "Group").

Directors

The names of the Directors of Imugene Limited in office during the half-year and until the date of this report are:

Mr Graham Dowland
Dr Warwick Lamb
Mr Roger Steinepreis

All Directors were in office from the beginning of the half-year until the date of this report.

Review and Results of Operations

Operating Results

The Company recorded a net after tax loss of $1,274,262 (2006: net loss of $921,715) for the half-year ended 31 December 2007.

Summary Review of Operations

During the period to 31 December 2007, Imugene achieved the following significant milestones in the development of its pig and poultry products that are all derived from the patented gene delivery platform technologies – the pig and poultry adenoviral delivery vectors.

Vaccines

Porcine Reproductive and Respiratory Syndrome

Trials to further evaluate Imugene's initial PRRS vaccines were completed in October 2007 at a specialist trial facility in the US. The trial tested three PAV based vaccine candidates in pigs and the best performing candidate was able to be selected to proceed in the product development program.

During the 2007 year, external scientific information indicated that by modifying part of the existing PAV – PRRS vaccine and adding an additional component the result may be a significant improvement in vaccine efficacy. These identified changes involve genetic engineering and are ideally suited to the PAV vector based system of Imugene's vaccine production.

Accordingly, Imugene's La-Trobe laboratory focused on incorporating the chosen components from the initial trial as well as the recently identified modifications into the new modified vaccine. The laboratory work was completed and all laboratory testing finalised. An efficacy trial on the optimised vaccine is now being planned in the US.

Coccidiosis Vaccine for Broilers

Imugene has completed construction of the vaccine candidates for this disease target. The vaccines use Imugene's patented gene delivery platform with Coccidia genetic material owned by Abic Biological Laboratories Teva Ltd, (Abic).

The poultry trial is due to start in February 2008 and will be undertaken by Abic and the University of Technology Sydney. The trial will test the vaccines against a challenge of the coccidiosis disease to determine efficacy in preventing or reducing the disease impact. A range of administration methods are being tested.

Imugene's gene delivery platform has the potential to allow a successful coccidiosis vaccine to be introduced to the large international broiler markets by making the vaccine suitable and cost effective for administration on a mass scale, such as the broiler sheds containing many thousands of chickens. Accordingly, administration methods such as in 'ovo' (egg) and oral delivery are being investigated.

Abic is the animal health division of Israel-based Teva Pharmaceutical Industries Ltd

Avian Influenza vaccines

In September 2007, Imugene expanded it range of Avian Influenza vaccines under development. Following on from the successful trials of the H5N1 (highly pathogenic Bird Flu) vaccine, two new Avian Influenza vaccines for H7 and H9 virus strains have been added to complement the successful H5 Avian Influenza vaccine.

It is anticipated that these new candidates will progress from laboratory construction and verification to poultry trials in 2008.

These strains cause less serious disease in birds than the H5 strain, but are still important diseases in poultry production and outbreaks continue to occur.

Poultry Productivity Enhancer

This vaccine which uses the chicken gene delivery system to deliver the cytokine, gamma interferon, is under license to Merial Limited. Whilst progress has been slower than anticipated Merial has undertaken optimisation activities to refine the production and manufacturing processes that will be used in the commercialisation of this product. Imugene is now assisting with the initial US based regulatory aspects of the platform technology to establish the US Department of Agriculture's regulatory parameters that will be applicable to this vaccine as well as all poultry vaccine products that utilise the gene delivery system.

Chicken Anaemia Virus and Infectious Bursal Disease vaccines

These two disease targets have recently been added to the range of vaccines under development by Imugene's laboratory. It is anticipated that these new candidates will progress from laboratory construction and verification to poultry trials in 2008.

Patents

Imugene's patent protection for the pig platform gene delivery technology, the Porcine Adenoviral Vector, was extended during the period. Patents have now been granted in Europe, the US, China, Korea in addition to other major pig producing countries around the world. The granting of the important patents in the US and China now provides Imugene with protection in the world's highest volume and value pig product market

Auditor's Independence Declaration

The auditor's independence declaration is included on page 4 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors

GRAHAM DOWLAND

Executive Chairman

Perth, Western Australia

28 February 2007

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Imugene Limited
Level 20, 77 St Georges Terrace
Perth WA 6000

28 February 2008

Dear Sirs

Imugene Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Imugene Limited.

As lead audit partner for the review of the financial statements of Imugene Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

M Gover
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the Members of Imugene Limited

We have reviewed the accompanying half-year financial report of Imugene Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Imugene Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Imugene Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Gover

Mark Gover
Partner
Chartered Accountants
Perth, 28 February 2008

Imugene Limited

Directors' Declaration

The directors declare that:

(a) The financial statements of the consolidated entity and notes thereto are in accordance with *Corporations Act 2001*, and

1. give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
2. comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

GRAHAM DOWLAND

Executive Chairman

Perth, Western Australia

28 February 2007

Imugene Limited

Condensed consolidated income statement
For the half-year ended 31 December 2007

	Consolidated	
	Half-year ended 31 December 2007	Half-year ended 31 December 2006
	$	$
Revenue from continuing operations	**25,968**	122,332
Other income	**186,865**	120,661
Total income	**212,833**	242,993
Research and development	**(644,188)**	(341,724)
Business development	**(104,706)**	(115,035)
Commercialisation expenses	**(359,661)**	(377,699)
Corporate and administration costs	**(378,540)**	(330,250)
	(1,487,095)	(1,164,708)
Loss from ordinary activities before income tax expense	**(1,274,262)**	(921,715)
Income tax (expense) / benefit	**-**	-
Net loss attributable to members of Company	**(1,274,262)**	(921,715)
Earnings / (loss) per share		
Basic loss per share (cents per share)	**(1.0)**	(0.7)
Diluted loss per share (cents per share)	**(1.0)**	(0.7)

The above income statement should be read in conjunction with the accompanying notes.

Imugene Limited

Condensed consolidated balance sheet
as at 31 December 2007

	Consolidated	
	As at 31 December 2007	As at 30 June 2007
	$	$
Current assets		
Cash and cash equivalents	**648,522**	1,099,226
Trade and other receivables	**7,386**	1,226
Tax assets	**207,205**	525,460
Total current assets	**863,113**	1,625,912
Non-current assets		
Property, plant and equipment	**8,798**	10,151
Intangible assets	**3,453,735**	3,624,305
Total non-current assets	**3,462,533**	3,634,456
Total assets	**4,325,646**	5,260,368
Current liabilities		
Trade and other payables	**661,882**	472,618
Provisions	**95,990**	87,932
Total liabilities	**757,872**	560,550
Net assets	**3,567,774**	4,699,818
Equity		
Issued capital	**13,180,042**	13,180,042
Reserves	**948,463**	806,245
Accumulated losses	**(10,560,731)**	(9,286,469)
Total parent entity interest in equity	**3,567,774**	4,699,818

The above balance sheet should be read in conjunction with the accompanying notes.

Imugene Limited

Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2007

	Consolidated	
	Half-year ended 31 December	Half-year ended 31 December
	2007	2006
	$	$
Share Capital		
At the beginning of the half-year	**13,180,042**	13,180,042
At the end of the half-year	**13,180,042**	13,180,042
Share Based Payment Reserve		
At the beginning of the half-year	**806,245**	264,545
Employee share options	**142,218**	-
At the end of the half-year	**948,463**	264,545
Accumulated losses		
At the beginning of the half-year	**(9,286,469)**	(6,982,206)
Loss for the period	**(1,274,262)**	(921,715)
Total income and expense recognised directly in equity	**-**	-
Total expense recognised for the period	**(1,274,264)**	(921,715)
At the end of the half-year	**(10,560,731)**	(7,903,921)
Total Equity		
At the beginning of the half-year	**4,699,818**	6,462,381
At the end of the half-year	**3,567,774**	5,540,666

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Imugene Limited

Condensed consolidated cash flow statement
For the half-year ended 31 December 2007

	Consolidated	
	Half-year ended 31 December	Half-year ended 31 December
	2007	2006
	$	$
Cash flows from operating activities		
Receipts from customers	**500**	63,840
Payments to suppliers and employees	**(1,124,255)**	(1,336,363)
R&D grant received	**318,255**	273,648
Other income	**205,821**	120,661
Net cash outflow from operating activities	**(599,679)**	(878,214)
Cash flows from investing activities		
Payments for property, plant and equipment	**-**	(3,720)
Interest received	**27,196**	60,922
Net cash inflow from investing activities	**27,196**	57,202
Cash flows from financing activities		
Proceeds from Rights Issue applications received in advance	**121,779**	-
Net cash inflow from financing activities	**121,779**	-
Net decrease in cash and cash equivalents	**(450,704)**	(821,012)
Cash and cash equivalents at the beginning of the half year	**1,099,226**	2,697,244
Cash and cash equivalents at the end of the half year	**648,522**	1,876,232

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the condensed financial statements
For the half-year 31 December 2007

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting.* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

In the current year the Group has adopted all of the new and revised Standards and Interpretations of the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies.

2. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2007 (2006: None).

3. Segment information

The Company and Consolidated Entity operates in one geographical and business segment, being the research, development and commercialisation of animal heath technologies in Australia.

4. Events occurring after the balance sheet date

On 3 December 2007, Imugene announced the terms of a fully underwritten non-renounceable rights issue ("Rights Issue") on the basis of one share for every ten shares held at the record date of 11 December 2007. Rights Issue shares were offered at 14 cents per share to raise up to $1,828,114 before expenses of offer.

Subsequent to period-end, on 18 January 2008, the Company announced that acceptances under the Company's 1 for 10 entitlement offer ("Rights Issue") as first announced to the market on 3 December 2007, had closed and that valid acceptances from 474 shareholders were received in respect of 4,212,495 shares representing a take-up of approximately 32%. The underwritten shortfall of 8,845,161 new fully paid ordinary shares were allotted and issued to professional and sophisticated investor parties nominated by the Rights Issue underwriters. In addition to taking up their full entitlements under the Rights Issue, all three of Imugene's Directors had sub-underwritten, in total, the first $200,000 (1,428,571 shares) of the shortfall arising from the Rights Issue. No fee was charged by the Directors for this sub-underwriting.

Net funds raised from the underwritten issue were approximately $1,735,000.

Other than as disclosed above, no event has occurred since 31 December 2007 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's half-year financial report.