

SHAREHOLDER UPDATE

October 2009

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.

Our Strategic Alliance with Merial Limited brings the strength of Merial's vast commercial experience and infrastructure to the development of Imugene's innovative range of vaccine candidates.

July – September 2009 - Quarter Highlights:

- **Strong Financial performance reported in annual audited accounts:**
 - **Net profit after tax of \$650,000, and**
 - **Annual operating cash inflow of \$959,000.**
- **Technology transfer to our strategic alliance partner, Merial, again continued throughout the quarter.**
- **Imugene laboratory continues to work to increase the commercial parameters of the existing vaccine range.**

Overview

The majority of the past quarter focused on supporting Merial with the transfer of the Imugene vaccine range to their development laboratories in Lyon, France and Atlanta, US.

In addition to the transfer of vaccine material from our lab, Imugene personnel have visited both Merial labs to assist 'face to face' with the technology transfer.

The Imugene laboratory at La Trobe University continued 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.

ABN 99 009 179 551

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Annual report & Financial Report

During the quarter, the Company released its audited financial report. Strong financial performance for the year included the company's first net profit after tax amounting to \$650,000. Importantly, annual net operating cash flow resulted in a positive inflow of \$959,000.

Very recently, the Company's annual report was released providing a summary of the years activities. This can be located at our website.

Commercial Strategy

Our commercial strategy remains consistent. We are focused on supporting our strategic alliance partner, Merial, as well as adding value to our range of vaccines. Our goal is to maximize income through funding scheduled to be received from Merial in the form of research fees, license and royalty income. As soon as this cash flow becomes consistent it is the board's intention to provide shareholders with dividend flows.

About Merial

Merial is a world-leading, innovation-driven animal health company, providing a comprehensive range of products to enhance the health, well-being and performance of a wide range of animals. Merial employs more than 5,400 people and operates in more than 150 countries worldwide. Its 2007 sales were nearly \$2.5 billion. Merial Limited is a joint venture between Merck & Co., Inc. and sanofi-aventis. For more information, please see www.merial.com

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 & poultry industries.

A Strategic Alliance with Merial Limited provides the strength of Merial's vast experience and infrastructure to the development of Imugene's innovative range of vaccine candidates. In return for exclusivity over the Imugene technology, Imugene will receive annual payments, milestone fees and royalties. Further details of the Strategic Alliance can be reviewed on the Imugene website.

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 or contact:

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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")

30 September 2009

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	(159)	(159)
(b) advertising and marketing	-	-
(c) research and development	(108)	(108)
(d) leased assets	-	-
(e) other working capital	(350)	(350)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other:		
Government grants	31	31
Research cost reimbursement and Sub-licence fees	-	-
Other	-	-
Net operating cash flows	(582)	(582)

+ 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)	(582)	(582)
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	(582)	(582)
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	(582)	(582)
1.21 Cash at beginning of quarter/year to date	2,487	2,487
1.22 Exchange rate adjustments to item 1.20	(46)	(46)
1.23 Cash at end of quarter	1,859	1,859

+ 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	(150)
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	

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
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Reconciliation of cash

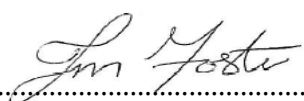
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,859	2,487
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other	-	-
Total: cash at end of quarter (item 1.23)		1,859	2,487

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	N/A
5.3	Consideration for acquisition or disposal	N/A
5.4	Total net assets	N/A
5.5	Nature of business	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 October 2009
(Director/Company Secretary)

Print name: Julie Foster

+ See chapter 19 for defined terms.