

IMMUNALL SCIENCE INC.

Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2012

(amounts in Canadian dollars)

(unaudited)

IMMUNALL SCIENCE INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2012

(amounts in Canadian Dollars)

(Unaudited)

NOTICE TO THE READERS OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The financial statements of Immunall Science Inc. comprising the accompanying condensed balance sheet as at June 30, 2012 and the condensed statement of loss and comprehensive loss, statement of changes in shareholders equity and statement of cash flows for the three and six month periods then ended are the responsibility of the Company's management.

UNAUDITED INTERIM FINANCIAL STATEMENTS

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors Collins Barrow Calgary LLP, chartered accountants. The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgements and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards.

IMMUNALL SCIENCE INC.

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June 30, 2012

(amounts in Canadian dollars)

(unaudited)

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IMMUNALL SCIENCE INC.

June 30, 2012

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of Immunall Science Inc. (the "Company") are the responsibility of management.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the unaudited interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its

IMMUNALL SCIENCE INC.
CONDENSED STATEMENTS OF FINANCIAL POSITION

(amounts in Canadian dollars)

(unaudited)

ASSETS

	Notes	June 30 2012	December 31 2011
CURRENT ASSETS			
Cash		\$ 32,855	\$ 19,562
Accounts receivable		22,359	74,384
GST receivable		1,656	
Inventory		44,754	44,754
Prepaid expenses		396	396
		<u>102,020</u>	<u>139,096</u>
PROPERTY, PLANT & EQUIPMENT	5	950	1,078
		<u>\$ 102,970</u>	<u>\$ 140,174</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued liabilities		\$ 46,157	\$ 62,166
		<u>46,157</u>	<u>62,166</u>

SHAREHOLDERS' EQUITY

Share capital	8	945,248	945,248
Contributed surplus		224,769	224,769
Retained Earnings (Deficit)		(1,113,204)	(1,092,009)
		<u>56,813</u>	<u>78,008</u>
		<u>\$ 102,970</u>	<u>\$ 140,174</u>

Approved on behalf of the Board

"M. Frank Phillet"
M. Frank Phillet
Director & C.O.O.

IMMUNALL SCIENCE INC
CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(amounts in Canadian dollars)

(unaudited)

		Three months ended		Six months ended	
		June 30		June 30	
	Notes	2012	2011	2012	2011
REVENUE			\$ 12,375		\$ 28,545
COST OF SALES			4,464		10,878
GROSS PROFIT		-	7,911	-	17,667
EXPENSES					
Marketing		1,460	2,590	1,460	2,590
Consulting fees					
Public company expenses		15,692	2,862	16,592	14,711
Research & development		(6,140)		(6,140)	
Professional fees		7,575		7,575	
Office		1,085	832	1,144	926
Storage		343	198	343	198
Amortization		64	64	128	128
Interest and bank charges		93	128	93	128
		<u>(20,172)</u>	<u>(6,674)</u>	<u>(21,195)</u>	<u>(18,681)</u>
NET INCOME (LOSS)		<u>\$ (20,172)</u>	<u>\$ 1,237</u>	<u>\$ (21,195)</u>	<u>\$ (1,014)</u>
Basic and diluted loss per share		<u>\$ (0.001)</u>	<u>\$ 0.000</u>	<u>\$ (0.001)</u>	<u>\$ (0.000)</u>

IMMUNALL SCIENCE INC.
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(amounts in Canadian dollars)

(unaudited)

	Notes	Number of common shares	Common shares at stated value	Contributed surplus	Deficit	Total equity
Balance at December 31, 2010		38,565,842	\$ 919,144	\$ 224,769	\$ (1,153,722)	\$ (9,809)
Loss for the period					(1,014)	(1,014)
Issued shares	13	3,700,000	26104			26,104
Balance at June 30, 2011		42,265,842	\$ 945,248	\$ 224,769	\$ (1,154,736)	\$ 15,281
Balance at December 31, 2011		42,265,842	\$ 945,248	\$ 224,769	\$ (1,092,009)	\$ 78,008
Loss for the period					(21,195)	(21,195)
Balance at June 30, 2012		42,265,842	\$ 945,248	\$ 224,769	\$ (1,113,204)	\$ 56,813

IMMUNALL SCIENCE INC.
CONDENSED STATEMENTS OF CASH FLOWS

(amounts in Canadian dollars)

(unaudited)

		Three months ended June 30		Six months ended June 30	
	Notes	2012	2011	2012	2011
OPERATING ACTIVITIES					
Income (loss) from operations		\$ (20,172)	\$ 1,237	\$ (21,195)	\$ (1,014)
Adjustments for:					
Amortization		64	64	128	128
Changes in non-cash working capital		<u>20,976</u>	<u>1,789</u>	<u>34,360</u>	<u>4,536</u>
Net cash used in operating activities		868	3,090	13,293	3,650
FINANCING ACTIVITIES					
Proceeds from issuance of share capital	13	<u> </u>	<u> </u>	<u> </u>	<u>474</u>
Change in cash		868	3,090	13,293	4,124
Cash, beginning of period		<u>31,987</u>	<u>10,324</u>	<u>19,562</u>	<u>9,290</u>
Cash, end of period		<u><u>\$ 32,855</u></u>	<u><u>\$ 13,414</u></u>	<u><u>\$ 32,855</u></u>	<u><u>\$ 13,414</u></u>

Immunall Science Inc.

Notes to Financial Statements

June 30, 2012

1. General business description

Immunall Science Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on November 22, 2005. The Company is a research company engaged in the business of developing and commercializing technology related to the growth and extraction of active ingredients from American Ginseng.

The address and principal place of business of the company is 10979 127 Street, Edmonton, Alberta, Canada T5M0T1.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements were authorized for issue by the Board of Directors on August 17, 2012.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts in the financial statements. Actual amounts may differ from these estimates.

3. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carry value of its assets and to meet its liabilities as they become due. The Company is in the development stage and the ability of the Company to continue as a going concern is dependent on obtaining additional financing or generating income sufficient to pay its liabilities. As of June 30, 2012 the Company has earned limited revenues from operations, had a net loss and comprehensive loss of \$21,195 (2011 - \$1,014) and has a deficit of \$1,113,204 (2011 - \$1,154,736).

Immunall Science Inc.

Notes to Financial Statements

June 30, 2012

These statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these financial statements, then adjustments, which could be material, would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses and the balance sheet classifications used.

4. Significant accounting policies

(a) Financial Assets and liabilities

Financial assets consist of cash and accounts receivable. Cash is carried at fair value with changes recognized in the income statement. Accounts receivable are non-derivative assets with fixed payments that are not quoted in an active market that are included in current assets if maturity is under 12 months. At each balance sheet date the loss from any impaired financial assets is recognized in profit or loss.

Financial liabilities

Financial liabilities consist of accounts payable and are measured at fair value.

(b) Inventory

Inventory consists of raw materials and processed product and is valued at the lower of cost and net realizable value, cost being determined on a specific identification basis. No inventory write-downs were recorded during the periods ended June 30, 2012 and 2011.

(c) Amortization

Equipment is recorded at cost. The Company provides for amortization using the straight-line method at rates designed to amortize the cost of the equipment over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	10 years
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(d) Research and development costs

The Company expenses all research costs as incurred. Product development costs meeting certain criteria, including that the technological and financial feasibility of a product is established, are capitalized and amortized over five years commencing at the inception of commercial production of the related product.

Product development costs are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is determined to be unrecoverable based on future estimated undiscounted cash flows, the carrying value of product development costs is written down to fair value and the excess is charged to earnings. The fair value is based on management's estimate of discounted future cash flows from the related product.

Immunall Science Inc.

Notes to Financial Statements

June 30, 2012

(e) Licensing agreement

The licensing agreement was recorded at cost and was amortized on a straight line basis over a useful life of five years when products using the licensed technology are being sold in the retail market.

(f) Revenue recognition

The Company recognizes revenue when the product is shipped and there is reasonable assurance of collection.

(g) Income taxes

Income taxes are comprised of current and deferred income taxes. Current income taxes are the estimated income taxes payable for the current period. Deferred income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from the settlement or recovery of assets and liabilities at their carrying values. Income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Deferred income tax assets and liabilities are determined based on the tax laws and rates that are anticipated to apply in the period of realization.

(h) Stock-based compensation

The Company has a stock-based compensation plan, which is described in note 8(d). Stock-based compensation for stock options granted under this plan is expensed based on the fair value of the option at the grant date with a corresponding amount credited to contributed surplus. Fair values are determined using the Black-Scholes option-pricing model that takes into account, on the grant date, the exercise price and expected life of the option; the price of the underlying security; the expected volatility and dividends, if any, on the underlying security and the risk-free interest rate. If the options are subject to a vesting period, the expense is recognized over this period. Any consideration paid on exercise of stock options together with the amount previously credited to contributed surplus is recognized as an increase in share capital.

The Company does not incorporate an estimated forfeiture rate for stock options that will not vest, but accounts for forfeitures as they occur.

(i) Measurement uncertainty

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

The valuation of inventory is based on management's best estimates of the provision for slow-moving and obsolete inventory. The amount recorded for the provision is based on management's best estimates of the net realizable value of the related inventory.

Immunall Science Inc.

Notes to Financial Statements

June 30, 2012

The valuation of equipment, research and development costs and licensing agreement is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as equipment, research and development and licensing agreement. The amounts recorded for amortization of the equipment are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

Deferred income taxes are based on estimates as to the timing of the reversal of temporary differences, tax rates currently substantively enacted and the determination of the valuation allowance.

The amounts recorded relating to the fair values of stock options issued and the resulting income effects are calculated using estimates of future volatility of the Company's share price, expected lives of the options, expected dividends and other relevant assumptions.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(j) Diluted loss per share

Diluted loss per share is calculated using the treasury stock method whereby it is assumed that proceeds from the exercise of in-the-money stock options are used by the Company to repurchase Company common shares at the weighted average market price during the period.

(k) Comprehensive income

CICA Section 1530 establishes standards for the reporting and presenting of comprehensive income and other comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources and other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with generally accepted accounting principles, are recognized in comprehensive income but excluded from net income.

(l) New accounting standards, Interpretations and amendments to existing standards

Certain new standards, Interpretations and amendments to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning January 1, 2011 or later periods. Many of these updates are not applicable or are not consequential to the Company and have not been described.

5. Equipment

	2012		
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	<u>\$ 2,550</u>	<u>\$ 1,600</u>	<u>\$ 950</u>

Immunall Science Inc.

Notes to Financial Statements

June 30, 2012

	2011		
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	<u>\$ 2,550</u>	<u>\$ 1,345</u>	<u>\$ 1,205</u>

6. Research and development

The Company has expensed all of the previously capitalized development costs due to the difficulty the Company was encountering in selling the product.

7. Licensing agreement

During 2007, the Company entered into a licensing and royalty memorandum of understanding with the initial developer of the technology that is being utilized exclusively by the Company for the production of products from ginseng roots. Consideration paid by the Company to obtain the exclusive licensing for the technology includes the transfer of all patents, at the carrying amount, previously held by the developer. The Company has expensed all of the previously capitalized licensing costs due to the difficulty the Company was encountering in selling the product.

8. Share capital

- (a) Authorized
- Unlimited number of common shares
 - 20,000,000 preferred shares, issuable in one or more series
 - 20,000,000 redeemable preferred shares, issuable in one or more series

(b)	Number	Stated value
Issued: Common shares		
Balance December 31, 2011 and June 30, 2012	<u>42,265,842</u>	<u>\$ 945,248</u>

(c) Escrowed shares

At June 30, 2012 there are NIL shares (2011 - NIL) held in escrow.

Immunall Science Inc.

Notes to Financial Statements

June 30, 2012

(d) Stock options

The Company has a stock option plan pursuant to which the Board of Directors of the Company may grant options to purchase common shares to the officers, directors and employees of the Company or affiliated companies and to consultants retained by the Company.

The aggregate number of common shares reserved for issuance under the stock option plan is set at a maximum of 10% of the total number of shares outstanding at the time the options are granted. Furthermore, the aggregate number of shares issuable to one individual may not exceed 5% of the total number of issued and outstanding common shares of the Company. The exercise price of all options issued under the stock option plan may not be less than the closing market price on the last business day prior to the date the option was granted.

A summary of the status of the Company's stock options as at June 30, 2012 and 2011 and changes during the periods then ended are as follows:

	2012		2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	500,000	\$ 0.10	500,000	\$ 0.10
Expired				
Outstanding and exercisable, end of year	500,000	\$ 0.10	500,000	\$ 0.10

No options were granted during the quarters ended June 30, 2012 and 2011.

The following table summarizes the options outstanding and exercisable at June 30, 2012:

Options outstanding and exercisable	Exercise price	Weighted average remaining contractual life
500,000	\$ 0.10	.02 years

(e) Net loss per share

Net loss per share is calculated based on the basic and diluted weighted average number of common shares outstanding during the quarters ended June 30, 2012- 42,265,842 and 2011- 39,488,308 shares. The effect of all potential option exercises have been excluded from the diluted calculations as the effect would be anti-dilutive.

Immunall Science Inc.
Notes to Financial Statements
June 30, 2012

9. Related party transactions

- (a) The Company has entered into transactions with the following related parties:

Michael Frank Phillet Professional Corporation, related by common director
 Craig D. McLennan Professional Corporation, related by common director

- (b) Amounts payable

	2012	2011
Accounts payable and accrued liabilities includes amounts payable to:		
Craig D. McLennan Professional Corporation	\$ 22,500	\$ 22,500
Michael Frank Phillet Professional Corporation	<u>22,500</u>	<u>22,500</u>
	<u>\$ 45,000</u>	<u>\$ 45,000</u>

Amounts included in accounts payable and accrued liabilities are due under normal credit terms.

10. Income taxes

- (a) Significant components of the Company's future income tax asset include the following:

	2012	2011
Cumulative eligible capital	\$ 198,979	\$ 213,749
Non-capital loss carry-forwards	307,347	335,733
Other	<u>136</u>	<u>190</u>
	506,462	549,672
Valuation allowance	<u>(506,462)</u>	<u>(549,672)</u>
	<u>\$ -</u>	<u>\$ -</u>

- (b) Income tax recovery differs from that which would be expected from applying the approximate combined effective Canadian federal and provincial income tax rates of 28% (2011 - 28%) to loss before income taxes as follows:

	2011	2010
Net loss, before income taxes	\$ (21,195)	\$ (1,014)
Expected income tax recovery	(5,935)	(284)
Future income tax benefit not recognized	<u>5,935</u>	<u>284</u>
	<u>\$ -</u>	<u>\$ -</u>

Immunall Science Inc.

Notes to Financial Statements

June 30, 2012

- (c) The Company has available the following non-capital loss carry forwards for which no benefit has been recognized in the financial statements:

<u>Amount</u>	<u>Year of Expiry</u>
\$ 27,828	2014
81,192	2015
270,129	2026
302,300	2027
175,433	2028
265,794	2029
80,537	2030
16,907	2031
<u>21,195</u>	2032
<u>\$ 1,241,315</u>	

11. Capital disclosures

The Company's objectives in managing its capital is to safeguard the Company's assets to be able to continue as a going concern, and to sustain future development of the business.

Management defines capital as the Company's shareholders' equity and working capital. The Company manages its capital structure and makes adjustments according to economic market conditions. Management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses expected capital requirements for the fiscal period. In order to maintain or adjust the capital structure, the Company may adjust capital spending, issue new shares, sell assets or incur debt.

There have been no changes to the Company's capital disclosure policy during the quarter ended June 30, 2012 and the Company is not subject to externally imposed capital requirements at June 30, 2012.

12. Financial instruments

The Company has exposure to credit and liquidity risks on its financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, however, management has the responsibility to administer and monitor these risks.

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or party to a financial instrument fails to meet its financial obligations.

The Company mitigates its cash credit loss by holding its cash in a major Canadian Chartered bank.

The Company is exposed to a concentration of credit risk on its accounts receivable as the balance is with one company, and as such, the Company is exposed to certain risks of that industry.

Immunall Science Inc.

Notes to Financial Statements

June 30, 2012

The objective of managing credit risk is to prevent losses in financial assets and it is the Company's experience that the credit worthiness of its accounts receivable is adequate.

The carrying amount of accounts receivable is reduced through the use of a bad debt account and the amount of the loss is recognized in the income statement within operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off are credited to the bad debt account. No accounts receivable balances were provided for or written off during the quarters ended June 30, 2012 and 2011.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations as they become due.

(c) Fair values

The fair values of the Company's cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these instruments.

Cash is measured at fair value.

13. Amalgamation

On January 11, 2011 the Company issued a joint management information circular and proxy statement relating to the amalgamation of the Company with Altius Edge Ltd. ("Altius"). The amalgamation was completed on March 31, 2011 and each shareholder of the Company received for each share held, one common share of the amalgamated company, .025 of a share of Aileron Ventures Limited and .025 of a share in Nautor Progressive Corporation. The company issued 3,700,000 shares to the shareholders of Altius and received proceeds for the shares equivalent to \$26,104 by the cancellation of a note and related interest payable totaling \$25,630 and cash of \$474.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.