# Immunall Science Inc.
# Financial Statements
# December 31, 2010

Collins Barrow
Chartered Accountants & Consultants

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# Independent Auditors' Report

To the Shareholders of Immunall Science Inc.

We have audited the accompanying financial statements of Immunall Science Inc., which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of loss, comprehensive loss and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Immunall Science Inc. as at December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

## Emphasis of Matters

We draw attention to Note 2 to the financial statements which describes the uncertainty related to the Company's ability to operate as a going concern in the future. We also draw attention to Note 15 to the financial statements which describes the proposed amalgamation to occur subsequent to year-end. Our opinion is not qualified in respect of either matter.

Collins Barrow Calgary LLP

CHARTERED ACCOUNTANTS

Calgary, Alberta
January 11, 2011

# Immunall Science Inc.
*(Incorporated under the laws of Alberta)*

## Balance Sheets
## December 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash | $ 9,290 | $ 5,988 |
| Accounts receivable (note 10) | 2,637 | 15,000 |
| Goods and Services Tax recoverable | 5,356 | 9,034 |
| Inventory | 60,461 | 72,376 |
| Prepaid expenses | 517 | 540 |
| | 78,261 | 102,938 |
| Equipment (note 4) | 1,333 | 1,588 |
| | $ 79,594 | $ 104,526 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (note 10) | $ 64,403 | $ 97,824 |
| Promissory note payable (notes 7 and 14) | 25,000 | - |
| | 89,403 | 97,824 |
| **Shareholders' Equity (Deficiency)** | | |
| Share capital (note 8) | 919,144 | 919,144 |
| Contributed surplus (note 9) | 224,769 | 224,769 |
| Deficit | (1,153,722) | (1,137,211) |
| | (9,809) | 6,702 |
| | $ 79,594 | $ 104,526 |

Going concern (note 2)
Subsequent events (note 15)

Approved by the Board,

(signed) *"M. Frank Phillet"*, Director

(signed) *"Jim Aboughoche"*, Director

## Immunall Science Inc.
### Statements of Loss, Comprehensive Loss and Deficit
### Years Ended December 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| Revenue | $ 39,500 | $ - |
| Cost of sales | 11,915 | - |
| Gross margin | 27,585 | - |
| Expenses | | |
| Advertising and promotion | 252 | 786 |
| Bad debts | 14,285 | - |
| Consulting fees (note 10) | 9,046 | 54,000 |
| Interest and bank charges | 286 | 275 |
| Interest on promissory note | 630 | - |
| Office | 904 | 9,148 |
| Product testing costs | 4,095 | - |
| Professional fees | 20,396 | 25,509 |
| Regulatory expenses | 21,205 | 14,236 |
| Rent (note 10) | 742 | 20,859 |
| Research and development (notes 5 and 6) | - | 37,994 |
| Salaries and benefits | - | 75,222 |
| Travel | 750 | - |
| Amortization | 255 | 915 |
| | 72,846 | 238,944 |
| Loss from operations | (45,261) | (238,944) |
| Other income (loss) | | |
| Interest | - | 1,252 |
| Gain on disposal of subsidiary (note 11) | - | 19,347 |
| Write-down of amounts owing from a related party (note 10) | - | (7,605) |
| Settlement of accounts payable | 28,750 | - |
| | 28,750 | 12,994 |
| Net loss and comprehensive loss | (16,511) | (225,950) |
| Deficit, beginning of year | (1,137,211) | (911,261) |
| Deficit, end of year | $ (1,153,722) | $ (1,137,211) |
| Basic and diluted loss per share (note 8(e)) | $ (0.0004) | $ (0.006) |

# Immunall Science Inc.
## Statements of Cash Flows
## Years Ended December 31, 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| Operating activities | | |
| Net loss | $ (16,511) | $ (225,950) |
| Items not affecting cash | | |
| Amortization | 255 | 915 |
| Write-down of research and development and licensing agreement costs | - | 35,163 |
| Gain on disposal of subsidiary | - | (19,347) |
| Write-down of amounts owing from a related party | - | 7,605 |
| Settlement of accounts payable | (28,750) | - |
| | (45,006) | (201,614) |
| Changes in non-cash working capital | | |
| Accounts receivable | 12,363 | 105,000 |
| Goods and Services Tax recoverable | 3,678 | (9,034) |
| Inventory | 11,915 | 100 |
| Prepaid expenses | 23 | 4,273 |
| Accounts payable and accrued liabilities | (4,671) | 25,379 |
| | 23,308 | 125,718 |
| | (21,698) | (75,896) |
| Financing activities | | |
| Proceeds from promissory note | 25,000 | - |
| Investing activities | | |
| Repayment of advances to a related party | - | 2,483 |
| Cash inflow (outflow) | 3,302 | (73,413) |
| Cash, beginning of year | 5,988 | 79,401 |
| Cash, end of year | $ 9,290 | $ 5,988 |

1. Nature of operations

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.

2. 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 carrying 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 and ongoing operating expenses. To December 31, 2010, the Company has earned limited revenues from operations, during the year ended December 31, 2010 incurred a net loss of $16,511 (2009 - $225,950) and at December 31, 2010 has a deficit of $1,153,722 (2009 - $1,137,211). Management is currently investigating a range of strategic options available with a view to maximizing shareholder value (note 15). The Company may be required to obtain additional financing in the future to fund operations and settle obligations.

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.

3. Significant accounting policies

(a) Inventory

Inventory consists of raw materials and is valued at the lower of cost and net realizable value, cost being determined on a specific identification basis. The amount of inventory recognized as an expense during the year ended December 31, 2010 was $11,915 (2009 - $100). No inventory write-downs were recorded during the years ended December 31, 2010 and 2009.

(b) 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 |

(c) 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. During the year, the Company recorded a write-down of $NIL (2009 - $15,300) of product development costs in accordance with the impairment test on product development costs.

(d) 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. During the year, capitalized costs of $NIL (2009 - $19,863) were written down and included in research and development expenses.

(e) Revenue recognition

The Company recognizes revenue when the product is shipped and there is reasonable assurance of collection. Interest income is recognized as it is earned.

(f) Income taxes

Income taxes are accounted for using the liability method of income tax allocation. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future 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. Future income tax assets and liabilities are determined based on the tax laws and rates that are anticipated to apply in the period of realization.

(g) 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.

(h) 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.

The valuation of equipment, capitalized research and development and licensing agreement are based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as equipment, capitalized 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.

Future 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 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.

(i) 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.

(j) Comprehensive income

Canadian Institute of Chartered Accountants ("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.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized on the balance sheet at the time the Company becomes a party to the contractual provisions.

All of the Company's financial instruments are initially recognized at fair value on the balance sheet date. The Company classifies each financial instrument into the following categories: held-for-trading, loans and receivables, held-to-maturity, available-for-sale, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification. Unrealized gains and losses on held-for-trading financial instruments are recognized in earnings. Gains and losses on available-for-sale financial assets are recognized in other comprehensive income and transferred to earnings when the asset is derecognized. The other categories of financial instruments are recognized at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

| Financial Instrument | Category | Measurement Method |
|---|---|---|
| Cash | Held-for-trading | Fair value |
| Accounts receivable | Loans and receivables | Amortized cost |
| Accounts payable and accrued liabilities | Other financial liabilities | Amortized cost |
| Promissory note payable | Other financial liabilities | Amortized cost |

Transaction costs are expensed as incurred for all financial instruments.

The Company assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

The Company utilizes the following fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value:

*Level 1*
Values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

*Level 2*
Values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

*Level 3*
Values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

(l) Derivatives

All derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value unless they qualify for the normal sale and purchase exception. All changes in fair value are included in earnings unless cash flow hedge or net investment accounting is used, in which case, changes in fair value are recorded in other comprehensive income to the extent the hedge is effective, and in earnings to the extent it is ineffective. The Company does not currently hold any derivative instruments.

(m) Hedge accounting

CICA Section 3865 establishes when and how hedge accounting may be applied. Hedge accounting continues to be optional. The Company does not currently apply hedge accounting.

(n) Future accounting pronouncements

<u>International Financial Reporting Standards</u>

The CICA Accounting Standards Board confirmed the changeover to IFRS from Canadian generally accepted accounting principles ("GAAP") will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to adopt IFRS as of January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company has not completed its IFRS conversion, which includes resourcing and training, analysis of key GAAP differences and a phase plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company will complete its IFRS conversion during the first quarter of 2011.

4. Equipment

| | 2010 | | |
|---|---|---|---|
| | **Cost** | **Accumulated Amortization** | **Net Book Value** |
| Furniture and fixtures | $ 2,550 | $ 1,217 | $ 1,333 |

| | 2009 | | |
|---|---|---|---|
| | **Cost** | **Accumulated Amortization** | **Net Book Value** |
| Furniture and fixtures | $ 2,550 | $ 962 | $ 1,588 |

5. Research and development

| | | |
|---|---|---|
| Balance, beginning of year | $ - | $ 15,300 |
| Impairment charge | - | (15,300) |
| Balance, end of year | $ - | $ - |

During 2009, the Company wrote-down $15,300 of previously capitalized development costs due to the difficulty the Company was encountering in selling the product. This amount is included in research and development expense.

6. 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. During 2009, the Company wrote-down $19,863 of capitalized licensing costs due to the difficulty the Company was encountering in selling the product. This amount is included in research and development expense.

7. Promissory note payable

The promissory note payable is due on demand, secured by a general security interest over all of the assets of the Company and bears interest at 5.5% per annum.

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, 2010, 2009 and 2008 | 38,565,842 | $ 919,144 |

(c) Escrowed shares

At December 31, 2010, NIL (2009 - 8,234,080) common shares are held in escrow.

(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 December 31, 2010 and 2009 and changes during the periods then ended are as follows:

| | **2010** | | **2009** | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding, beginning of year | 900,000 | $ 0.10 | 1,700,000 | $ 0.10 |
| Expired | (400,000) | $ 0.10 | (800,000) | $ 0.10 |
| Outstanding and exercisable, end of year | 500,000 | $ 0.10 | 900,000 | $ 0.10 |

No options were granted during the years ended December 31, 2010 and 2009.

The following table summarizes the options outstanding and exercisable at December 31, 2010:

| Options outstanding and exercisable | Exercise price | Weighted average remaining contractual life |
|---|---|---|
| 500,000 | $ 0.10 | 1.5 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 year ended December 31, 2010 and 2009 of 38,565,842. The effect of all potential option exercises have been excluded from the diluted calculations as the effect would be anti-dilutive.

9. Contributed surplus

| | **2010** | **2009** |
|---|---|---|
| Balance, December 31, 2010, 2009 and 2008 | $ 224,769 | $ 224,769 |

10. 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
Phillet & McLennan, partners are both directors
APA Bioceuticals Inc., related by common directors

(b) Transactions

| | **2010** | **2009** |
|---|---|---|
| Expenses include: | | |
| Rent paid to APA Bioceuticals Inc. | $ - | $ 16,800 |
| Consulting fees paid to Craig D. McLennan Professional Corporation | - | 27,000 |
| Consulting fees paid to Michael Frank Phillet Professional Corporation | - | 27,000 |
| Rent paid to Phillet & McLennan | - | 3,000 |
| | $ - | $ 73,800 |

| | | 2010 | | 2009 |
|---|---|---|---|---|
| Accounts payable and accrued liabilities includes amounts payable to: | | | | |
| Craig D. McLennan Professional Corporation | $ | 22,500 | $ | 22,500 |
| Michael Frank Phillet Professional Corporation | | 22,500 | | 22,500 |
| Phillet & McLennan | | - | | 1,575 |
| | $ | 45,000 | $ | 46,575 |

| | | 2010 | | 2009 |
|---|---|---|---|---|
| Accounts receivable includes amounts due from: | | | | |
| Phillet & McLennan | $ | 886 | $ | - |

During the year ended December 31, 2009, the Company wrote-down an amount receivable from Precise Hydroponics Inc. (note 11) of $7,605.

These transactions are in the normal course of operations and have been recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties. Amounts included in accounts payable and accrued liabilities are due under normal credit terms.

11. Disposal of Precise Hydroponics Inc. ("Precise")

On December 9, 2009, the Company disposed of its investment in its subsidiary, Precise, to Precise. Precise had previously been consolidated in the financial results of the Company. The financial results include those of the Company and Precise for the period from January 1 to December 9, 2009. As at December 9, 2009, Precise had net liabilities of $19,396 as outlined below and the Company received proceeds of $49 for the shares of Precise owned by the Company. Based on the amount received, the Company recorded a gain on disposal of its subsidiary of $19,347 for the year ended December 31, 2009, as follows:

| | | |
|---|---|---|
| Settlement amount receivable | $ | 49 |
| Net assets (liabilities) disposed: | | |
| Assets | | 10,000 |
| Liabilities | | (29,396) |
| | | (19,396) |
| Gain on disposal | $ | (19,347) |

12. Income taxes

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

| | 2010 | 2009 |
|---|---|---|
| Cumulative eligible capital | $ 213,749 | $ 243,627 |
| Non-capital loss carry-forwards | 333,482 | 330,166 |
| Other | 190 | 2,150 |
| | 547,421 | 575,943 |
| Valuation allowance | (547,421) | (575,943) |
| | $ - | $ - |

(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% (2009 - 29%) to loss before income taxes as follows:

| | 2010 | 2009 |
|---|---|---|
| Loss before income taxes | $ (16,511) | $ (225,950) |
| Expected income tax recovery | (4,623) | (65,526) |
| Reduction in tax rates | 32,976 | 96,275 |
| Other | 55 | (5,188) |
| Non-capital loss carryforwards expired | - | 48,918 |
| Future income tax benefit not recognized | (28,408) | (74,479) |
| | $ - | $ - |

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

| Amount | Year of Expiry |
|---|---|
| $ 47,623 | 2014 |
| 81,192 | 2015 |
| 270,129 | 2026 |
| 302,300 | 2027 |
| 204,183 | 2028 |
| 306,355 | 2029 |
| 88,534 | 2030 |
| $ 1,300,316 | |

In addition, the Company has $854,994 of cumulative eligible capital available for which no benefit has been recognized in the financial statements.

13. 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 to it 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 year ended December 31, 2010 and the Company is not subject to externally imposed capital requirements at December 31, 2010.

14. 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 risk.

(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 from two companies. Management believes that this risk is mitigated as $886 of the accounts receivable is due from a related party and the remainder of the accounts receivable was collected subsequent to year end.

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. During the year ended December 31, 2010, receivable balances of $14,285 (2009 - $NIL) were written-off.

(b) Interest rate risk

The Company is exposed to interest rate price risk to the extent that a the promissory note payable bears interest at a fixed rate.

(c) 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 and promissory note payable. 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.

(d) Fair values

The fair values of the Company's cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these instruments. The fair value of the Company's promissory note payable approximates its carrying value due to the demand nature of the note and because it bears interest at a rate that approximates market value.

Cash is measured at fair value based on Level 1 inputs.

15. Subsequent events

On January 11, 2011, the Company issued a joint management information circular and proxy statement relating to the proposed amalgamation of the Company and Altius Edge Ltd. ("Altius"). Under the terms of the proposed amalgamation, each Immunall shareholder will receive, for each common share of Immunall held, one common share of the amalgamated company, 0.025 of a share in Aileron Ventures Limited and 0.025 of a share in Nautor Progressive Corporation. Each Altius shareholder will receive, for each common share of Altius held, one common share of the amalgamated company. Upon completion of the amalgamation, the promissory note payable and related accrued interest will be eliminated in the amalgamated company. The proposed amalgamation is subject to shareholder and regulatory approval.

16. Comparative figures

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