

**IMMUNALL SCIENCE INC.**

**Condensed Interim Financial Statements**

**For the three- and six-month periods ended June 30, 2015 and 2014**

(Expressed in Canadian Dollars)  
(Unaudited)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, continuous disclosure obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed interim financial statements of Immunall Science Inc. for the six-month ended June 30, 2015 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

# **IMMUNALL SCIENCE INC.**

**June 30, 2015**

## **MANAGEMENT'S RESPONSIBILITY FOR**

### **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The unaudited condensed 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 condensed 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 condensed 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 condensed interim financial statements and (ii) the unaudited condensed 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 condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed 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 condensed 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 condensed 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 activities.

**Immuna Science Inc.**  
**Condensed Interim Statements of Financial Position**

Statement 1

**As at**

(Expressed in Canadian Dollars)

(Unaudited)

<b>Assets</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Current assets:</b>		
Cash	\$ (242)	\$ 1,699
GST receivable	1,487	1,408
Prepaid expenses	-	396
<b>Total Assets</b>	<b>\$ 1,245</b>	<b>\$ 3,503</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (notes 4 and 6)	\$ 93,345	\$ 83,684
<b>Total Liabilities</b>	<b>\$ 93,345</b>	<b>\$ 83,684</b>
<b>Shareholders' Deficiency:</b>		
Share capital (note 5)	747,769	747,769
Contributed surplus	422,248	422,248
Deficit	(1,262,117)	(1,250,198)
<b>Total Deficiency</b>	<b>(92,100)</b>	<b>(80,181)</b>
<b>Total Liabilities and Deficiency</b>	<b>\$ 1,245</b>	<b>\$ 3,503</b>

**Nature of Operations and Going Concern** (note 1)

**Commitments** (note 7)

**Subsequent Events** (note 9)

Approved by the Board of Director on August 31, 2015:

“M.Frank Phillet”  
 Director

The accompanying notes form an integral part of these condensed interim financial statements.

**Immuna1 Science Inc.**

Statement 2

**Condensed Interim Statements of Loss and Comprehensive Loss***(Expressed in Canadian Dollars)**(Unaudited)*

	For the three months ended		For the six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<b>EXPENSES</b>				
Corporate listing and filing fees	\$ 1,982	\$ 3,208	\$ 3,482	\$ 6,503
Office	242	45	287	115
Professional fees	8,150	1,000	8,150	3,393
Storage	-	148	-	297
Amortization	-	64	-	128
<b>Loss from Operations</b>	<b>(10,374)</b>	<b>(4,465)</b>	<b>(11,919)</b>	<b>(10,436)</b>
<b>NET LOSS FOR THE PERIOD</b>	<b>\$ (10,374)</b>	<b>\$ (4,465)</b>	<b>\$ (11,919)</b>	<b>\$ (10,436)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ (10,374)</b>	<b>\$ (4,465)</b>	<b>\$ (11,919)</b>	<b>\$ (10,436)</b>
<b>Loss per share</b>				
- Basic and diluted	\$ (0.000)	\$ (0.000)	\$ (0.000)	\$ (0.000)
<b>Weighted average number of common shares outstanding</b>	<b>33,435,762</b>	<b>33,435,762</b>	<b>33,435,762</b>	<b>33,435,762</b>

The accompanying notes form an integral part of these condensed interim financial statements.

**Immunall Science Inc.**

Statement 3

**Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)***(Expressed in Canadian Dollars)**(Unaudited)*

	<b>Number of common shares</b>	<b>Common shares at stated value</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total deficiency</b>
<b>Balance at December 31, 2013</b>	<b>33,435,762</b>	<b>\$ 747,769</b>	<b>\$ 422,248</b>	<b>\$ (1,174,975)</b>	<b>\$ (4,958)</b>
Loss for the period	-	-	-	(10,436)	<b>(10,436)</b>
<b>Balance at June 30, 2014</b>	<b>33,435,762</b>	<b>\$ 747,769</b>	<b>\$ 422,248</b>	<b>\$ (1,185,411)</b>	<b>\$ (15,394)</b>
<b>Balance at December 31, 2014</b>	<b>33,435,762</b>	<b>\$ 747,769</b>	<b>\$ 422,248</b>	<b>\$ (1,250,198)</b>	<b>\$ (80,181)</b>
Loss for the period	-	-	-	(11,919)	<b>(11,919)</b>
<b>Balance at June 30, 2015</b>	<b>33,435,762</b>	<b>\$ 747,769</b>	<b>\$ 422,248</b>	<b>\$ (1,262,117)</b>	<b>\$ (92,100)</b>

The accompanying notes form an integral part of these condensed interim financial statements.

**Immunall Science Inc.**

Statement 4

**Condensed Interim Statements of Cash Flows***(Expressed in Canadian Dollars)**(Unaudited)*

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2015</b>	June 30, 2014	<b>June 30, 2015</b>	June 30, 2014
<b>OPERATING ACTIVITIES</b>				
<b>Net loss for the period</b>	<b>\$ (10,374)</b>	\$ (4,465)	<b>\$ (11,919)</b>	\$ (10,436)
<b>Adjustments for items not affecting cash:</b>				
Amortization	-	64	-	128
	<b>(10,374)</b>	(4,401)	<b>(11,919)</b>	(10,308)
<b>Changes in non-cash working capital</b>	<b>10,132</b>	2,678	<b>9,978</b>	5,578
<b>Net cash provided by (used in) operating activities</b>	<b>(242)</b>	(1,723)	<b>(1,941)</b>	(4,730)
<b>Net decrease in cash</b>	<b>(242)</b>	(1,723)	<b>(1,941)</b>	(4,730)
<b>Cash, beginning of period</b>	<b>(0)</b>	2,842	<b>1,699</b>	5,849
<b>Cash, end of period</b>	<b>\$ (242)</b>	\$ 1,119	<b>\$ (242)</b>	\$ 1,119

The accompanying notes form an integral part of these condensed interim financial statements.

# Immunnall Science Inc.

## Notes to the Condensed Interim Financial Statements

### For the six-month period ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

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#### 1. Nature of Operations and Going Concern

Immunnall Science Inc. (the "Company") was incorporated under the *Business Corporations Act* (Alberta) on November 22, 2005. The Company was a research company engaged in the business of developing and commercializing technology related to the growth and extraction of active ingredients from American Ginseng. During the year ended December 31, 2014, the Company ceased its ginseng operations and is currently inactive.

The Company is listed on the Canadian Securities Exchange ("CNSX") under the symbol "GNS". On May 8, 2015, the CNSX suspended the Company's shares from trading on the CNSX as a result of a cease trade order issued by the British Columbia Securities Commission ("BCSC") as a result of the Company's failure to file its comparative financial statements for the year ended December 31, 2014, as required under Part 4 of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102"), and a Form 51-102F1 Management's Discussion and Analysis ("MDA") for the year ended December 31, 2014, as required under Part 5 of NI 51-102, within the mandatory timeline. Subsequent to June 30, 2015, the Company filed its annual audited financial statements and MDA for the year ended December 31, 2014 and quarter ended March 31, 2015. The head office, principal address and records office of the Company are located at 10979 – 127<sup>th</sup> Street, Edmonton, Alberta, Canada, T5M 0T1.

These unaudited condensed interim 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 there is a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. As of June 30, 2015, the Company has earned limited revenues from operations, had a net loss of \$11,919 (2014 - \$10,436), and has a deficit of \$1,262,117 (December 31, 2014 - \$1,250,198). Accounts payable includes \$45,000 owing to directors that will not be repaid until sufficient cash flow is available. Management is currently investigating a range of strategic options available with a view to generating income sufficient to pay its liabilities and ongoing operating expenses, and maximizing shareholder value. Subsequent to the second quarter ended June 30, 2015, the Company entered into a credit agreement with a third party (note 9). The Company may be required to obtain additional debt or equity financing or curtail spending 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 unaudited interim condensed financial statements, then adjustments, which could be material, would be necessary to the carrying values of assets and liabilities and the reported expenses and the statement of financial position classifications used.

# Immunal Science Inc.

## Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

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### 2. Significant Accounting Policies and Basis of Preparation

#### *Statement of Compliance to International Financial Reporting Standards*

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

The unaudited condensed interim financial statements were authorized for issue by the Board of Directors ("the Board") on August 31, 2015.

#### *Basis of presentation*

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014. However, this condensed interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended December 31, 2014, with the exception of the following new accounting standards and amendments which the Company adopted and are effective for the Company's interim and annual financial statements commencing March 1, 2015.

Effective March 1, 2015, the following standards were adopted but did not have a material impact on the financial statements.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- Amendments to IAS 36: Amends Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment.

# Immunnall Science Inc.

## Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

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### 2. Significant Accounting Policies and Basis of Preparation (continued)

*New standards and interpretations not yet adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9, “Financial Instruments”: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15, “Revenue from Contracts with Customers”: New standard for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments effective for annual periods beginning on or after January 1, 2017.

### 3. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these unaudited condensed interim financial statements are as follows:

#### (a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

#### (b) Short-term Investments

The Company classifies all its investments with maturities greater than three months to one year as short-term investments.

#### (c) 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. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. When the applicable cost of the inventories exceeds the net realizable value, inventory is written down to the net realizable value. Write-downs are subsequently reversed up to the original cost if the net realizable value exceeds the carrying amount.

No inventory write-downs were recorded during the periods ended June 30, 2015 and 2014, where the value of the inventory as at June 30, 2015 was \$Nil.

# Immunal Science Inc.

## Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2015 and 2014

*(Unaudited - Expressed in Canadian dollars)*

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### 3. Summary of Significant Accounting Policies (continued)

#### (d) Equipment

Equipment is stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Amortization of equipment is provided using the straight-line method at the following rates approximating their estimated useful lives:

Furniture	10 years
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#### (e) Impairment of Non-Current Assets

The carrying value of long-term assets is reviewed annually for indicators that the carrying value of an asset or cash-generating unit may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset or cash-generating unit is estimated. If the carrying value of the asset or cash-generating unit exceeds the recoverable amount, the asset or cash-generating unit is written down with an impairment recognized in net income.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs of disposal and its value in use. Fair value is determined to be the amount for which the asset could be sold for in an arm's length transaction. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the asset or cash generating unit in its present form.

Reversals of impairments are recognized when there are indicators that an impairment loss recognized in prior periods may no longer exist, or may have decreased. In this event, the carrying amount of the asset or cash-generating unit is increased to its revised recoverable amount with an impairment reversal recognized in net earnings. The revised recoverable amount is limited to the original carrying amount less amortization as if no impairment had been recognized for the asset or cash-generating unit for prior periods.

#### (f) Revenue recognition

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

# Immuna Science Inc.

## Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2015 and 2014

*(Unaudited - Expressed in Canadian dollars)*

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### 3. Summary of Significant Accounting Policies (continued)

#### (g) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### (h) Stock-based compensation

The Company has a stock based compensation plan, which is described in (note 6(d)). The fair value of the stock options is measured at the grant date and recognized as share-based compensation expense, with a corresponding increase in contributed surplus over the vesting period. The fair value of the stock is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the stock options were granted. The Company measures stock-based compensation to non-employees at the fair value of the goods or services received. If the fair value of the goods or services cannot be measured reliably, the value of the options is used, measured using the Black-Scholes option pricing model. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of stock options that will ultimately vest. When stock options are exercised, the amount previously recorded as share-based compensation is recorded as share capital.

# Immunal Science Inc.

## Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2015 and 2014

*(Unaudited - Expressed in Canadian dollars)*

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### 3. Summary of Significant Accounting Policies (continued)

#### (i) Provisions and contingent liabilities

Provisions are recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

#### (j) Financial instruments

##### (i) Financial Assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

##### Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Short-term investments are included in this category of financial assets.

##### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Cash and cash equivalents, other receivables and reclamation bonds have been classified under this category.

##### Available-For-Sale

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income (loss) and classified as a component of equity. When the assets are sold or an impairment write-down is required, the accumulated fair value adjustments recognized in equity are included in the statement of loss. AFS assets include marketable securities which consist of investments in equities of other entities.

# Immunal Science Inc.

## Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2015 and 2014

*(Unaudited - Expressed in Canadian dollars)*

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### 3. Summary of Significant Accounting Policies (continued)

#### (j) Financial instruments (continued)

##### (ii) Financial Liabilities

The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities and derivative financial liabilities.

##### Borrowings and Other Financial Liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transactions costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of loss over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities have been classified under this category.

##### Derivative Financial Liabilities

Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss. There are no financial liabilities classified under this category.

#### (k) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired.

The criteria used to determine if there is objective evidence of an impairment loss includes:

- significant financial difficulty of the obligor;
- delinquencies in interest or principal payments; and
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

# Immunal Science Inc.

## Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

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### 3. Summary of Significant Accounting Policies (continued)

#### (k) Impairment of Financial Assets (continued)

If such evidence exists, the Company recognizes an impairment loss, as follows:

- (i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- (ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the loss in accumulated other comprehensive income that is reclassified to net income.

Impairment losses on financial assets carried at amortized cost and available-for-sale debt instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

#### (l) Net loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income per share reflects the potential dilution that would occur if in-the-money stock options were exercised. The Company uses the treasury stock method for outstanding stock options which assumes that all outstanding stock options with exercise prices below average market prices are exercised and assumed proceeds plus the unamortized portion of stock-based compensation are used to purchase the Company's common shares at the average market price during the period.

### 4. Accounts payable and accrued liabilities

	June 30, 2015	December 31, 2014
Trade payables	\$ 15,248	\$ 15,237
Other payables and accrued liabilities (note 7)	<u>78,097</u>	<u>68,447</u>
	<u>\$ 93,345</u>	<u>\$ 83,684</u>

# Immuna Science Inc.

## Notes to the Condensed Interim Financial Statements

### For the six-month period ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

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#### 5. 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) Stock options

As at June 30, 2015 and 2014, the Company had \$Nil stock options outstanding.

The Company has a stock option plan pursuant to which the Board 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.

##### (c) Loss per share

Loss per share is calculated based on the basic and diluted weighted average number of common shares outstanding during the six-month period ended June 30, 2015 of 33,435,762 (2014 – 33,435,762). The effect of all potential dilutive items have been excluded from the diluted calculation for the six-month periods ended June 30, 2015 and 2014 as the Company incurred losses during the six-month periods ended June 30, 2015 and 2014, and the effect would be anti-dilutive.

#### 6. Related party transactions

##### (a) Related Parties

The Company's related parties consist of its Chief Operating Officer ("COO") and Chief Financial Officer ("CFO"). The nature of the Company's relationships with its related parties is as follows:

	Nature of Relationship
Chief Operating Officer	Management
Chief Financial Officer	Management

# **Immunnall Science Inc.**

## **Notes to the Condensed Interim Financial Statements**

### **For the six-month period ended June 30, 2015 and 2014**

*(Unaudited - Expressed in Canadian dollars)*

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#### **6. Related party transactions (continued)**

##### **(a) Related Parties (continued)**

The Company did not incur fees and expenses in the normal course of operations in connection with its COO and CFO during the six-month period ended June 30, 2015. However, \$45,000 in accounts payable (December 31, 2014 - \$45,000) remains outstanding relating to consulting fees charged by corporations owned by management and directors in prior periods.

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

##### **(b) Compensation on Key Management Personnel**

The Company has not paid any compensation to executives, directors or employees during the six-month period ended June 30, 2015 (December 31, 2014 - \$Nil).

#### **7. Commitments**

The Company has 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. As part of the memorandum of understanding, the Company is required to pay a royalty of 5% of the invoiced cost of each production run incurred by the Company.

#### **8. Financial instruments and risk management**

##### **(a) Risk management overview**

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Company employs risk management strategies and policies to ensure that any exposure to risk are in compliance with the Company's business objectives and risk tolerance levels. While the Board has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

# Immuna Science Inc.

## Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2015 and 2014

*(Unaudited - Expressed in Canadian dollars)*

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### 8. Financial instruments and risk management (continued)

#### (b) Fair values of financial instruments

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

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At June 30, 2015 and December 31, 2014, the Company had no financial assets measured and recognized on the statement of financial position at fair value belonging in Level 2 or Level 3 of the fair value hierarchy.

#### (c) Financial instrument risk exposure

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk and other price risk.

##### (i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At June 30, 2015, the following financial instruments expose the Company to credit risk: cash; other than sales tax receivable.

At June 30, 2015, management considers its exposure to credit risk with respect to receivables to be low.

##### (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The financial liabilities on the statements of financial position consist of accounts payable and accrued liabilities, which includes \$45,000 due to related parties (note 6) that is not expected to be repaid in the next year. 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.

# **Immunal Science Inc.**

## **Notes to the Condensed Interim Financial Statements**

**For the six-month period ended June 30, 2015 and 2014**

*(Unaudited - Expressed in Canadian dollars)*

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### **8. Financial instruments and risk management (continued)**

#### **(c) Financial instrument risk exposure (continued)**

##### **(iii) Market risk**

Market risk consists of interest rate risk, foreign currency risk and other price risk.

##### **(iv) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate cash flow risk due to their short-term nature and maturity. However, due to the nil value of the instrument, the Company considers its exposure to interest rate price risk to be nil.

#### **(d) Capital risk management**

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 (deficiency). 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 spending, issue new shares, sell assets or incur debt.

There have been no changes to the Company's capital management policy during the six-month periods ended June 30, 2015 and 2014 and the Company is not subject to externally imposed capital requirements at June 30, 2015 and 2014.

# **Immunnall Science Inc.**

## **Notes to the Condensed Interim Financial Statements**

### **For the six-month period ended June 30, 2015 and 2014**

*(Unaudited - Expressed in Canadian dollars)*

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#### **9. Subsequent event**

The Company signed an agreement effective July 8, 2015, with a third party to advance funds to the Company to a maximum of \$50,000 to cover operating costs. This facility will bear interest at 10% per annum, compounded monthly and will accrue daily. All amounts are repayable on demand after January 8, 2016. Subsequent to June 30, 2015, \$41,625 was advanced to the Company.