

## **2006 ANNUAL GENERAL MEETING**

### **CHAIRMAN'S ADDRESS**

**29 November 2006**

#### **Introduction**

2006 has been a year that achieved and delivered results, the highlights being:

- Poultry Productivity Enhancer (PPE) - licensed to Merial Limited
- Regulatory success - approvals from the OGTR and APVMA
- Safety Trials completed – successfully - all endpoints achieved
- Merial progressing the commercialisation of the PPE
- Imugene earns Sign Up & Milestone Fees from Merial
- Establishment of Imugene's own lab at LaTrobe University, Melbourne
- Completion of the Avian Influenza vaccine constructs – fully Lab tested
- Commencement of the Avian Influenza challenge trial
- Approval for a \$880,000 Australian grant for the Avian Influenza vaccines
- Strengthening of patent position with both Vectors – Pig and Poultry
- Completion of Coccidiosis Poultry Vaccines for Teva/Abic

#### **Australian Investment Sentiment & Focus**

The sentiment and focus of the Australian Investment community has, for much of the past 12 months, been focused on sectors other than Biotechnology and Life Sciences. This has had a direct impact on the quoted values of many companies operating within the Life Sciences sector – Imugene included.

This low level of focus and sentiment was evident by the very little attention Imugene received upon finalisation of the global licensing deal for the PPE with Merial late last year. Investment focus was negligible and there was little change in the value attributed by the investment community. By contrast, the License to Merial received global animal health sector attention and validation, as evidenced by the deal being nominated in the 'Animal Pharm Industry Excellence Awards 2006 – Licensing Deal of the Year' as one of the top three licensing agreements, on a worldwide basis.

#### **The Imugene Strategy**

The global animal health products industry, particularly production animals, is dominated by larger companies, usually subsidiaries of the multinational human pharmaceutical companies. Pfizer Animal Health and Merial Limited are the two biggest, each having annual sales in excess of U\$2 billion.

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History provides the evidence that very few niche new product developers have been able to successfully and independently launch new product to the global production animal industry. Imugene's strategy of developing its core products to an appropriate stage and then licensing to the 'majors' to complete the product development, regulatory, manufacturing, marketing and distribution remains valid and financially superior to the alternatives.

The timing of licensing is critical to the value achieved. The PPE, being our first product and our most advanced, was the ideal product to sublicense to Merial. The validation received was of strategic value to Imugene.

Importantly:

- Our recent safety data on the Fowl Adenovirus,
- the improvement in both the pig and poultry global patent positions, and
- the recognition by several major animal health companies that Imugene is pragmatic and realistic to deal with,

means we will continue to license our vector products from an ever improving position of strength.

### **Financial**

As we have proved in the past, we remain financially frugal and continue to meet our financial projections. The principal benefit being the ability to continue our aim of adding value to our range of products and corporate value without the need for multiple equity dilutions – particularly during this period of low investor sentiment. The recent AusIndustry grant of \$880,000 for the next stages for the development of our Bird Flu vaccines is also a significant financial boost for us.

### **Exciting Near Term**

In the short term, we have much activity –

- The Bird Flu Trials have begun in the USA with preliminary results due late January,
- We hope to trial our new revised PRRS vaccine in pigs also in the USA sometime in the first half of next year
- The newly constructed Coccidiosis vaccines to be tested and trialed by Abic / Teva
- Merial to continue with registration of the PPE for sale in Australia and in the global markets
- Lab work to optimize (required due to updated information on the disease) the PAV Merial vaccine construct for pigs.

On behalf of the management team at Imugene I thank shareholders for their ongoing support.

**Graham Dowland**  
**Chairman**