

AUSTRALIAN

RESEARCH



Contents

This is an extract from the November 2005 Health and Life Science Review

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Imugene Limited (IMU)



Sector	Industry Group	Sub Industry	Disease Target
Life Sciences	Biotechnology	Animal Health Products	infectious diseases of Poultry & Pigs

Company Overview

Imugene is an animal health biopharmaceutical company developing and commercialising biological products for the intensively farmed pig and poultry industries.

Imugene's products have advantages over existing products including:

- (i) substantially improving the health of animals;
- (ii) improving productivity and profitability for poultry and pig producers; and
- (iii) reducing consumer exposure to antibiotic, hormone and chemical residues by using safe biodegradable, biological treatments, thereby reducing development of antibiotic resistant 'superbugs'.

Detailed information on Imugene, its products and strategy is contained on the company's website: www.imugene.com.

Strategy

Global commercialisation of Imugene's biological products through sublicense agreements with the top global animal health companies.

The "Poultry Productivity Enhancer", Imugene's most advanced product, has recently been sublicensed to Merial, one of the world's largest animal health companies (annual sales of US\$1.8 billion and employs 5,000 people).

Merial will now drive the regulatory, development, marketing and distribution of the product worldwide using their vast resources.

Imugene will receive license fees and royalty income on product sales without further expenditure on the product, thereby maximising profits and shareholder returns.

Key Executives

Graham Dowland (BComm, ACA), Executive Chairman: Has over 15 years' experience as executive director in assisting public companies listed in Australia, Canada and the UK particularly during development phases.

Dr Warwick Lamb (BVSc, M Vet Clin Stud, FACVSc), Managing Director: A specialist veterinarian with 15 years' experience, including R&D contract projects with major international veterinary pharmaceutical companies.

Dr Michael Sheppard (BSc(Hons), PhD), Chief Scientific Officer: A molecular biologist (who with Dr. Kevin Fahey) was a key initiator of production animal compounds at CSIRO. Has gained international commercial experience in the US with the world's largest pharmaceutical company, Pfizer.

Dr Paul MacLeman (MBA, BVSc, Post Grad Cert Eng, FAICD), Chief Operating Officer: A production animal veterinarian with over 15 years' international experience in animal health biopharma financing, management, product commercialisation and strategic development of technology portfolios.

Dr Kevin Fahey (BSc, MSc, PhD, FASM), Chairman – Commercialisation R&D; Scientific Advisory Board: Has had a distinguished international corporate and scientific career, most previously as Scientific Director – Research Investments for Pfizer Global R&D (USA).

Key investment information

Market Cap: \$24.8M

Capital Structure (M)

Ord shares on issue: 130.6

Options (fully diluted): 16.6

Convertible notes/other: 0.0

Price as at 31-Oct: \$0.19

12 month H/L: \$0.11 - \$0.33

Market turnover (pa): \$22.5M

Official listing date: Oct 02

Substantial Shareholders

Queensland Investment Corp 6.4%

Graham Dowland 5.2%

Cash Position

Cash (as at Sep-05): \$3.9M

Years with planned expenditure: 2

R&D as % expenditure: 70%

Company contact



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Main Company R&D Projects - Major Technology & Market

1: Poultry Productivity Enhancer

Target Market: Global poultry market
>US\$1B

Stage: Merial sub-licensed for
global market

Target Date: 2006-2007

There is a growing need globally to improve the productivity of meat animals globally - without using chemical growth promotants (antibiotics). The Imugene product increases chicken growth by 15%, using significantly less feed and is applicable to all poultry farms. The product is non chemical, is inexpensive to manufacture, safe for animals and humans and has the big advantage of administration to large numbers of birds quickly and cheaply.

2: Bird Flu

Target Market: Gloubal Poultry Market
>US\$500M

Stage: Proof of Concept

Target Date: 2006/7

Developing an effective vaccine against the current Bird Flu is a priority for Imugene. The vaccine under development has major advantages - safety and ability to be used on a mass scale as the vaccine can be delivered through water or feed. Trials are underway to determine the dosage to achieve the most effective antibody response.

3: Imugene Pipeline

Target Market: Vaccines and other products
for global production animal
markets >US\$1.5B

Stage: Proof of Principle to
commercial contracts

Target Date: 2006-2008

Imugene is developing a number of other vaccines for poultry and pigs. The lead pig product PRRS addresses a disease affecting 80% of pig herds worldwide, has no competitors and could be alone in a US\$400Mpa market.

4: Pig Diarrhoea Treatment

Target Market: US\$450M

Stage: Scale-up/commercial trials

Target Date: 2007

The Receptor Mimic Technology (RMT) product binds and neutralises disease-causing toxins. Bacterial toxins are the major cause of diarrhoea and loss in weaning piglets. This has been treated to date, with mixed results, by antibiotics. Antibiotics are being banned. Biological products (like RMT) have a much faster path to market than drugs.

Aegis Equities Comments

Market Position: IMU's products target the poultry and pig industries to prevent specific infectious diseases and promote growth. The company's future brightened dramatically in mid Oct-05 when one of the world's largest animal health companies, Merial, licensed IMU's Poultry Productivity Enhancer (PPE). PPE is based on Adenoviral Vector Technology, one of IMU's two core patented technologies. The Receptor Mimic Technology is initially targeting a pig disease, Post-Weaning Diarrhoea. IMU's products are residue free, non-antibiotic and chemical free, meeting worldwide consumer demands for higher quality food and supporting regulatory moves to ban antibiotic use by producers.

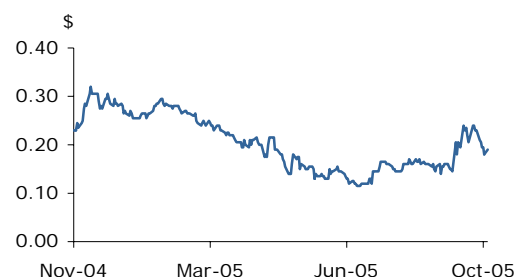
Milestone Record: IMU's PPE deal with Merial, which has global sales of US\$1.7B, adds major credibility to IMU's technology due to the exhaustive due diligence it will have undergone in Merial's hands. Merial's experienced sales and marketing team, worldwide distribution footprint and market leading status make it an ideal partner. IMU is also sending its PRRS vaccine to major animal health companies for trial evaluations and progressing a Bird Flu vaccine.

Risk Profile: Merial will pay IMU milestone payments as the PPE meets development targets, mitigating financial risk. Animal health products typically take less than half the time to bring to market than human drugs, which lowers development risk. IMU's biological products do not need toxicity tests, making them even easier and quicker to approve. IMU had \$3.9M cash at Sep-05, projected to last two years.

Commercial poultry shed



Share price performance



Source: IRESS



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