Clive Tompkins: Hello Clive Tompkins reporting for the Finance News Network. Joining me for an update from Australian Biotech Company, Circadian Technologies is CEO, Robert Klupacs. Robert welcome back, since we last spoke quite a bit’s been going on. Starting with your recent announcement regarding the launch of a diagnostic test for a disease known as LAM, can you tell us about the condition and the Circadian test?

Robert Klupacs: Oh thanks Clive. Yes we’re very excited about the test. LAM is a disease which only affects women. It’s a progressive degenerative disease of lung of women; it seems to be hormonally related so as women pass puberty and particularly as they move into their first pregnancy, the disease first appears. It presents like emphysema or asthma and it’s often misdiagnosed, and very rarely do people realise what the disease is. And so what we are very excited about, is that we now have a definitive test that can measure a particular protein that can distinguish LAM, this particular degenerative disease from other types of lung diseases. And we think that’s a really important step in the treatment of these women.

Clive Tompkins: Okay Rob, so can you tell us what this means for the Company and the prospects for revenue?

Robert Klupacs: I think from the Company point of view, you know when you’re a young Biotech Company we’re all about investing for the blue sky and it takes a long time. This is the very first product that’s emerged from our research and our discovery base, so that’s a big deal for a biotech company. This is not going to be a, mega multimillion dollar product but this is a very important test for a very under diagnosed disease. Over the next one or two years we think this market could build to 25,000 to perhaps even more tests per annum, being sold anywhere between $250 and $500. We partner with a group in the United States at the moment, we get significant royalties. So it might mean a couple of million dollars or maybe more per annum coming to us in the short term and perhaps in the longer term, quite significantly more. So from the revenue perspective, from a validation of our technology perspective and from a helping people with the disease perspective, it’s all great news for us.

Clive Tompkins: Rob now to your deal with Chugai Pharmaceutical Company of Japan, what have you agreed and what does this mean for Circadian?
Robert Klupacs: Chugai is a major company, it’s the largest Biotechnology or Biopharmaceutical Company in Japan and also part of the International Hoffman La- Roche Group, so they’re major player. We’ve been developing technology related to a protein called VEGF-D and we had a whole series of patents granted around the world - but so did Chugai. And while we always thought our position was slightly better, they thought the same and so we’ve been fighting each other for a while.

As part of the deal, we’ve agreed that they will grant us an exclusive licence to all of their intellectual property all round the world and we think it’s a great endorsement for what we’re doing; a great endorsement from a very large company to have the trust in a small company like us to develop it. The technology has been of interest to quite a few people around the world, but they’ve looked at intellectual property position as being an uncertainty. Now that we’ve been able to put all the intellectual property around that technology into one company, namely us, it should allow us to do much better deals over the next couple of years.

Clive Tompkins: Rob now to your successful patent extension in the US, what has been granted and for how long?

Robert Klupacs: Thanks Clive. our technology relates to molecules VEGF-C, VEGF-D and their receptor, and our concept’s been that if you can block those you could have a major impact on cancer and potentially eye disease.

We had a series of patents that originally had expiry dates around 2017/2018 which didn’t give us really a lot of time to complete development before those patents expired. So we’ve been working very aggressively to try to extend the scope and the time period of those patents. What that announcement related to, was the US Patent Office has granted us a patent that now expires in September 2023. This patent very broadly covers the use of any of the compounds that we have, the antibody compounds that we have, to treat cancer and certain types of eye disease.

It’s very broad, it goes out for a much longer period; and from our perspective, what it means for the Company is that we get a chance to actually control the space, when previously we probably had a narrower position and other people could compete with us. Now we know if a competitive product is being made, we have a patent position that can block their development and they’ll need to talk to us. That’s a big improvement to where we were. It’s a very, very important strategic asset of the Company now.

Clive Tompkins: And what about other jurisdictions?

Robert Klupacs: Well we also had a very similar patent granted in Europe which covers probably 13 countries in the European territories. That goes out to 2019 but it also covers in the same scope, a very broad scope of all of our molecules to treat cancer and certain eye diseases. So again, previously in Europe we had patents expiring about 2016/2017; these extra two years in that jurisdiction will make a big difference to us as well.

Clive Tompkins: Rob you’re recently back from the J.P Morgan Health Conference in San Francisco, what was the feeling like among investors and also pharmaceutical companies?
**Robert Klupacs:** Thanks Clive, from an investment point of view it was really quite exciting and surprising. Surprising in that I was there last year and the mood was a little bit glum. This year there was a great deal of excitement - looking for companies of our size who they thought are potentially undervalued and also the investors that I saw know a lot about a particular space that we are in. They seem to be very excited by the fact that we control the technology that we did. And some of the data I was able to share with them, particularly in the field of Angiogenesis. The fact that we can show that when we add our drugs to existing therapies, we can improve the outcomes - that generated a huge amount of interest. Both from the investor perspective, about how can they invest in our Company, and from the pharmaceutical companies that I met. We’ve been off the radar from quite a few of them – the fact that I could go face to face, show them the data – that’s generated a lot of interest as well from a potential partnering point of view. These are being followed up now, but the J.P Morgan Conference for me was exceptional I have to say.

**Clive Tompkins:** Okay Rob now can you give us an update on your diagnostic test being developed with Healthscope?

**Robert Klupacs:** –Yes. Two major things. I think what Healthscope and we have done in the last three months has had a significant movement in moving that product forward. We’re still planning to have it launched in the Healthscope territories of Australia, New Zealand, Singapore and Malaysia - hopefully before the end of the financial year. We seem to be on track with that but the performance of the test seems very good. We haven’t put any data out publicly and that’s for commercial in confidence reasons but I can say it is looking good. From a revenue perspective, what we do know is that the field of diagnosis of cancers of unknown primaries is starting to get significant traction. It’s a very important test to have. There’s one test out in the market that’s just received US FDA approval and that’s trail blazing. We’re coming in behind that and that’s very good for us because they’re doing a lot of the heavy lifting. They’re creating the market which seems to be quite significant and we think our test’ will be able to outperform that. So we’re actually very, very excited. The revenue projections within reason; the potential market is about $400 to 500 million. And so if we can get a reasonable share of that, that’s quite extensive - let’s say of 20% for our product with others that are there and with us getting royalties. So it could be anywhere between $5 to 15 million per annum once the product is launched, particularly in the major territories in the next one or two years.

**Clive Tompkins:** And what about other licensing agreements?
Robert Klupacs: We’re in discussions with a number of pharmaceutical companies. The challenge for us is to get the right type of deal and at the right time, because a lot of these companies are very interested – they like to buy or acquire it for as little as possible obviously and want to take control. We think we could have significant value in bettering this technology and the last thing we want to do is give it away, but we also understand the risks of product development. So what we are shooting for in these discussions is some type of co-development partnership and those take a lot longer to put in place. The great thing for us is we do have interest now; we are in serious discussions with companies. Can I guarantee there’s anymore licensing agreements? No. Do we hope to have some in the next 12 months? Yes.

Clive Tompkins: Rob thanks for the update and congratulations on a very productive couple of months.

Robert Klupacs: Thanks Clive.

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