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Finance News Network interview with Circadian CEO Robert Klupacs

Transcript follows or you can watch the interview at this [link](#).

TRANSCRIPTION OF FINANCE NEWS NETWORK INTERVIEW WITH CIRCADIAN TECHNOLOGIES LIMITED (ASX:CIR) CEO, ROBERT KLUPACS

Emma Pearson: Hello Emma Pearson reporting for the Finance News Network. Joining me today for the first time is Robert Klupacs, CEO of Australian biotechnology company, Circadian Technologies.

Robert welcome to FNN. Now Circadian develops biologics-based therapies for cancer focusing on a class of drugs called Vascular Endothelial Growth Factors. What are Vascular Endothelial Growth Factors and what are Circadian's strengths in this area?

Robert Klupacs: The name sounds a bit daunting but specifically speaking, they are specific proteins in the body that are known to cause the formation of blood vessels. They're important in the tumour and cancer setting because as tumours grow the more blood vessels they grow, the more oxygen they get, the bigger they get. So the body and cancer utilises these proteins to be turned on that cause a cascade, and that's why they're important in the cancer setting. What my Company is trying to do is block those proteins to inhibit the growth of cancers. It sounds simple; it's a lot more elegant than that though.

Emma Pearson: Tell us about the Company, how long have you been operating?

Robert Klupacs: The Company is one of the oldest biotechnology companies in Australia. We were the second company listed on the Second Board 26 years ago. We've gone through a few business models in that time.

We started developing melatonin, we then got in the business of incubating, we became a biotech fund and about five years ago, we acquired this technology from one of the world's leading cancer centres, The Ludwig Cancer Research Centre. And from there, we've really changed ourselves into a drug development company focusing on anti-cancer therapy.

Emma Pearson: And who do you employ and what expertise do they specialise in?

Robert Klupacs: We have thirteen people in the Company and they've been, I won't say handpicked, but they're all highly experienced people in drug development. So we have people involved in clinical development skills, early pre-clinical that's testing the drugs in various cancer models. We have people very, very experienced in manufacturing, developing the processes for our staff. People involved in the regulatory aspects – how to deal with the FDA and the like. We also have a core group of advisors who are very wise people who have worked heavily in the industry for the last thirty years. They can't tell us necessarily what to do, but they can tell us what not to do. So it's taken us three to four years to put that team together. It's small but it's highly experienced and highly trained.

Emma Pearson: Robert what's your market cap?

Robert Klupacs: The market cap for Circadian at the moment is about \$26 million. It varies a little bit but it's around \$26 million against our cash assets of \$30 million today.

Emma Pearson: Now Circadian owns the world's largest and most comprehensive intellectual property estate covering key angiogenesis targets. What are these key angiogenesis targets?

Robert Klupacs: You mentioned before the Vascular Endothelial Growth Factors, so there's a family of those. The most famous one of the family is one called Vascular Endothelial Growth Factor-A, and there's a drug designed to block it, Avastin, which is a Blockbuster. There are two other proteins in the family which also do the same thing, VEGF-C and VEGF-D. Those are the two molecules that my Company owns and we have extensive patent portfolio covering the protein, covering the gene, covering antibodies and covering the use of blockade of those two factors to treat cancer, and in some cases, eye disease as well.

Emma Pearson: Robert are you involved in any commercial partnerships to help develop products based on the Company's technology?

Robert Klupacs: Yes we do. We have one partnership developing one part of our portfolio also an antibody in cancer, with the company Imclone which is recently taken over by Eli Lilly. We expect that they may in the clinic sometime before the end of this year with the molecule they've licensed from us.

We also have other technology in the Company which is cancer related in the diagnostic field through a collaboration with the Peter MacCallum Cancer Institute. We licensed the technology, we developed that in collaboration with Peter Mac and we've subsequently partnered the further development of that diagnostic test with Healthscope.

Emma Pearson: Tell us about the Company's product pipeline. What stage are you at with each of your programmes?

Robert Klupacs: As I mentioned, we obviously have the cancer diagnostic which we hope with Healthscope that could be launched early in the New Year. So that's close to market in Australia. Our therapeutic products - our lead molecule is a molecule called VGX-100 which is an antibody to the molecule VEGF-C. That's in late pre-clinical development and we're targeting to start to file an investigational new drug application, with the FDA around mid next year. Our partner Imclone as I mentioned before, their antibody that they're developing, we expect to be starting clinical trials before the end of this year. Then we have two other programmes, one antibody to VEGF-D and another molecule designed to block both VEGF-C and VEGF-D, which are probably about twelve months behind in the cancer setting.

Emma Pearson: Turning to your financials now. Royalty and License Fee income came in lower for fiscal 2010 than the year before, what was behind this fall and what's your outlook for the 2011 fiscal year?

Robert Klupacs: I think it's a good thing that the Australian dollar's got strong, because on one hand we spend a lot of money offshore, so that's been good. The royalties primarily come to us in US dollars and so the exchange rate was the major reason for the differential between this year and last year.

Moving forward though, we've got high hopes that what we got last year could be substantially increased moving forward as more partner deals come through, and as some of the other products that we are generating royalties on become much more entrenched in their markets.

Emma Pearson: What was the Company's cash burn in fiscal 2010 and what guidance can you give for the 2011 financial year?

Robert Klupacs: Our cash burn for the year 2010 was around \$7 million. The guidance we've given publically for moving forward is anywhere between \$8 and 12 million per annum moving forward. Obviously if we do partnering deals in that time it will be less, or if we get tremendous results we may ramp it up. But we think \$8 to 12 million is about right. You need to make the right investment to generate value but by the same token, you have to be realistic and smart with the cash resources that you do have.

Emma Pearson: Robert last question. What do the next 12 to 18 months hold for Circadian?

Robert Klupacs: Well I think it's a pretty exciting time. We've spent a lot of time putting the Company together, the people, the technology, the intellectual property. We're now in the cusp of clinical development of two of our programmes, which is great and so we'd like to think we will have completed at least the first phase one phase of those within the next 12 to 18 months, moving into phase 2.

We're very excited by the cancer diagnostic story that we have with Healthscope and that hopefully coming to the market early next year, and then ourselves finding additional partners worldwide for our therapeutic development programs in the next 12 to 18 months. We would like to think in the next 12 to 18 months at least one of our therapeutic programmes will also be partnered with a major pharmaceutical company. So there's a lot happening, we think a lot of value could be, and will be, added in that time.

Emma Pearson: Robert thanks for introducing Circadian.

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