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## MERGER MARKET LTD

### Circadian Technologies could attract suitor interest for ophthalmic disease therapy in 1Q16, divesting oncology asset - CEO



Proprietary Intelligence

#### Story

**Circadian Technologies** (ASX:CIR; OTCQX:CKDXY) an Australian biologics drug developer, could attract suitors at the end of the Phase I clinical trial for its ophthalmic disease therapy, said CEO Megan Baldwin.

Its lead molecule, OPT-302, for the treatment of wet AMD (a more advanced kind of age-related macular degeneration), is expected to deliver clinical data in the first quarter of 2016, she said.

The company, which raised AUD 17m (USD 13m) in November 2014, however, has sufficient funding to complete Phase II trials and is focused on doing that before looking at options for Phase III, she said, noting that the company expects to complete Phase II trials in late 2017.

The options for Phase III could include a sale, partnership licensing agreement, or a listing on a US exchange like NASDAQ, she said, without further elaborating.

An industry source believes the company will receive takeover offers if it achieves positive data after its Phase I trial as it is developing a novel treatment for macular degeneration. Likely buyers, the source said, would be any of the three main players in the space, namely **Roche** (SIX Swiss Ex:ROG), **Novartis** (NOVN:SIX Swiss Ex:NOVN) and **Ophthotech**(NASDAQ:OPHT).

Circadian's technology is centred on two members of the vascular endothelial growth factor (VEGF) family of proteins, VEGF-C and VEGF-D, and their activation of VEGF receptors. OPT-302 is a soluble form of VEGFR-3 that acts as a VEGF-C/VEGF-D 'trap', inhibiting blood and lymphatic vessel development, as well as vessel leakage, which are hallmarks of several eye diseases, including wet AMD, according to the company's website. Its clinical trial, which is being conducted in the US under FDA supervision and with a "significant" number of patients, will aim to show safety as well as some efficacy results, said Baldwin, who was appointed CEO in early 2014 to restructure the company to focus on its eye treatment.

As a result, Circadian Technologies is looking to partner or sell its Phase II-ready oncology asset VGS-100, which could be attractive to mid-size pharmas based in the US, EU or Asia, including China, Singapore and Japan, which are looking for a clinical-stage oncology asset, said Baldwin. She noted that the company has had discussions with several potential partners.

Circadian Technologies is not likely to engage an advisor to handle the sale but will appoint advisors as needed, Baldwin said. Its corporate advisor, Bell Potter, handled the 2014 capital raise, its auditor is Deloitte, its tax consultant is EY, its legal firm is Minter Ellison, and it uses a range of commercial bankers including CBA.

Meanwhile, the company, which is developing its IMC-3C5 monoclonal antibody for VEGFR-3 with Eli Lilly, is currently earning licensing revenue and will earn royalties if the product gets to market, Baldwin said.

Circadian Technologies, which raised the AUD 17m at the end of 2014 on a then market cap of AUD 8m, has a current market cap of AUD 28m. Participants in the capital raise included US-based **Baker Brothers** and **Biotechnology Value Fund**, which have 9% and 13% stakes, and Western Australia-based **Packer & Co**, with 8.5%.

by Louise Weihart in Sydney

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