



IDT Australia Divests CMAX Clinical Trial Business to I'rom Group Co. Ltd

... IDT to divest its Clinical Trial business "CMAX" to Japanese integrated healthcare company I'rom Group Co. Ltd ("I'rom Group")

... IDT to receive a minimum of \$14,000,000 in consideration, with the potential for this figure to increase based on an earn-out provision for the final consideration payment

... Divestment will sharpen IDT's focus on its specialty generic strategy, proceeds will be used to support and drive this process

28 October 2016, Melbourne: Australian pharmaceutical manufacturing and drug development company IDT Australia Limited (ASX: IDT) announced that it has executed an agreement with Japanese integrated healthcare company I'rom Group Co. Ltd (see: <http://www.iromgroup.co.jp/en/>) for I'rom Group to acquire IDT's CMAX Clinical Trial Business. IDT will receive a minimum \$14,000,000 in consideration for the CMAX business in a staged transaction as further described below.

The acquisition is subject to the satisfaction of certain conditions precedent, and as part of the agreed upon structure of the deal, IDT will establish and integrate the CMAX business within a new company (henceforth referred to as **NewCo**). I'rom Group will initially acquire 61% of the shares of NewCo; and I'rom Group and IDT will jointly manage NewCo through their 61% and 39% respective share holdings. This will allow I'rom Group to integrate the CMAX business and to learn from IDT's experience in managing CMAX, paving the way for I'rom Group to acquire the remaining shares of NewCo over the next twelve months.

IDT will receive an initial cash payment of \$10,000,000 in consideration for 61% of the CMAX business. A second payment for the remaining 39% of the CMAX business will be a minimum of \$4,000,000 (payable at I'rom Group's election in cash or a combination of cash and forgiveness of IDT shares). The second consideration payment may increase subject to an earn-out provision based on CMAX exceeding a specified revenue target for FY 2017. An additional consideration payment may also become payable in the event CMAX achieves additional revenues linked to it achieving a specific business milestone before the close of the 2018 financial year.

"I am very pleased to announce I'rom Group as the successful acquirer of CMAX. Having just moved into the new purpose built clinical trial facility the CMAX business is in great shape, I'rom Group are an ideal partner for this business and IDT will assist I'rom in any way we can during the handover and beyond." said Dr Paul MacLeman, IDT's Managing Director. "This transaction effectively simplifies IDT's core business and provides us with the focus and resources to drive IDT's strategic move into specialty generics."

In 2015 IDT engaged United Kingdom based specialist healthcare dealmaker PharmaVentures Ltd to manage and drive a competitive process to explore the possibility of IDT divesting the CMAX Business. The process generated a shortlist of potential acquirers which was further narrowed down to six parties that were invited for further due diligence. Following the period of due diligence, Irom Group emerged as the highest and successful bidder.

CMAX was established in 1993 within the Royal Adelaide Hospital in South Australia and was acquired by IDT in 2002. IDT recently re-located CMAX into a brand new purpose built clinical trial facility adjacent to the New Royal Adelaide Hospital. CMAX offers a full suite of clinical trial services including Phase I clinical trials management and delivery, recruitment in specific disease states for Phase II and Phase III trials.

Irom Group is an integrated healthcare company headquartered in Tokyo Japan and listed on the Tokyo Stock Exchange. Irom Group's primary business is the provision of clinical trial site management services as a Site Management Organisation ("SMO"). Irom Group have been an IDT shareholder since 2013. Irom Group believes that the acquisition of the CMAX business will help grow profits and help the company and its shareholders in the medium term through an increased corporate value. Furthermore, Irom Group believes that: "Through the acquisition they will be able to acquire know-how that will assist in growing the company's existing clinical trial and advanced therapeutics business domains (both of which are stated growth areas for Irom Group)."

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About IDT

IDT Australia Ltd recently acquired a portfolio of 23 generic drugs to manufacture and sell via US distribution partners. With IDT's 2013 Temozolomide ANDA filing this signifies IDT's move to rapidly become a specialty generics business with near term revenue build up.

IDT (ASX:IDT) is a public Australian pharmaceutical manufacturing company based in Boronia, Victoria, Australia. It has extensive experience in the development and production of high potency and high containment pharmaceutical products for local and international clients. IDT's facilities are fully cGMP compliant and are regularly audited by the US FDA and Australian TGA. With an experienced team of specialists within world-class facilities, IDT provides a full-scale service for new drug development and scale-up, commercial active drug manufacture as well as a variety of oral and injectable finished drug dose forms.

Through CMAX, its clinical research services business based adjacent to the new Royal Adelaide Hospital in South Australia, IDT also provides full Phase I clinical trials management and delivery, recruitment in specific disease states for Phase II and Phase III trials as well as offering trial packaging, distribution and pharmacy services from the cGMP Boronia facilities.