



Australian Securities Exchange
Company Announcements

7 May 2013

Japanese Site Management Organization I'rom Holdings Co., Ltd. takes Strategic Cornerstone Stake in IDT Australia Ltd

IDT Australia Ltd (IDT) announced today that Japanese Company I'rom Holdings Co., Ltd. (I'rom) will acquire an 18.8% stake in IDT. I'rom is a company listed on the Tokyo Stock Exchange and is one of the leading providers of Site Management Services to the Japanese pharmaceutical industry. This investment creates the platform for a partnership for growth between the companies, focused on expansion of clinical trial support services in Australia and the region. IDT and I'rom will establish a strategic management group to identify and evaluate opportunities.

After pioneering the creation of the Site Management Organization (SMO) industry in Japan, I'rom continues today as one of Japan's leading SMOs employing 331 staff across multiple clinical sites and generating annual revenues in 2012 of approximately A\$70.7 million. SMOs are organizations that provide clinical trial site related services directly to clinical sites, or to contract research organizations (CRO) such as IDT's CMAX, pharmaceutical companies, biotechnology companies and medical device companies. The site is usually a hospital or a similar health care institution.

The alliance between I'rom and IDT is being established for the following reasons:

1. Accelerate the growth and development of IDT's CMAX clinical trials business based at the Royal Adelaide Hospital in SA. This will be achieved through the proposed addition of SMO services from I'rom and access to their Japanese client base for CMAX's existing clinical trials service.
2. Set up a network of medical institutions, in much the same way that I'rom spearheaded a similar effort in Japan, allowing I'rom and IDT to more adequately serve the needs of the global clinical research/trials industry. IDT believes that this network will prove especially useful within early stages clinical trials as it will lay the foundations for the provision of a higher quality and a lower cost service in said stages. Furthermore, IDT believes that the same network will serve to counter the current weaknesses in the Australian clinical trials market, as highlighted within Medicines Australia's November 2011 Occasional Paper Keeping Clinical Trials in Australia – Why Action is Needed Now.

The SMO sector is yet to be developed to any extent in the Australasian region and this alliance is expected to add considerably to the ability of CMAX to service the local clinical trials market. It will form the foundation for a larger clinical services business that will include services from I'rom, CMAX and IDT's existing clinical trials packaging and distribution service run out of its well respected TGA and FDA approved facilities in Boronia, Vic.

SMOs have relatively recently begun to offer services into the field of clinical research and have since grown at a rapid rate in the U.S. and other countries such as India, China and Brazil where clinical trial outsourcing has been at its peak. The Japanese SMO market is currently valued at 46 billion JPY (\$460m), and the rapidly growing global SMO industry is currently valued at about \$3 billion. The market is expected to continue its impressive growth according to market research firm R&D Directions.

10 million fully paid ordinary IDT shares are to be issued to I'rom at \$0.20 per share raising \$2 million in gross proceeds. Net proceeds to the Company after fees and other costs will be \$1.67 million. These funds will be used to fund and accelerate the development of CMAX in conjunction with I'rom as referred to above, to initiate the process of setting up a network of medical institutions, and for working capital requirements.

Part of the costs of the capital raising include a success fee payable under a long standing arm's length arrangement with investment advisory firm Kidder Williams Ltd, who brokered the placement to I'rom. Kidder Williams Ltd is a company associated with IDT director David Williams.

It is proposed that completion of the placement will occur on 10 May 2013. A further announcement will be made to the market on the date of completion.

IDT Australia Ltd (ASX:IDT) is a public Australian pharmaceutical contract manufacturing company. Based in Boronia, Victoria and with 25 years' experience in the development and production of high potency and high containment pharmaceutical products for local and international clients, IDT's extensive facilities are fully cGMP compliant and are regularly audited by the US FDA and Australian TGA. With an experienced and professional team, operating within world class facilities, IDT is committed to providing a full scale service for new drug development and scale-up, commercial active drug manufacture as well as a variety of finished drug dose forms. Through CMAX, its clinical research services business based at the Royal Adelaide Hospital in South Australia, IDT also provides full Phase I clinical trials management and delivery, recruitment in specific disease states for later trials as well as being able to offer trial packaging, distribution and pharmacy services from the cGMP Boronia facilities.

I'rom Holdings Co., Ltd. (TSE:2372) is the parent company of I'rom Group, with subsidiaries operating within various pharmaceutical subsectors. I'rom Group companies strive to combine their expertise and their accumulated experience with an aim to becoming the premier provider of medical and health care services. Through active collaboration with both Japanese and non-Japanese companies, I'rom Group looks to continuously ensure that its growth as an integrated medical support enterprise is both sustainable and beneficial to all of its clients. The main operating subsidiary, I'rom Co., Ltd., was the pioneering site management organization service provider in Japan, and has been providing said services for over 16 years. The company has worked to provide high quality site management services to medical institutions and has continuously maintained close relationships with a wide array of physicians operating out of both large hospitals and smaller clinics. Other operating subsidiaries include I'cros and I'rom Medic, each providing clinical research services and medical mall services, respectively.

Dr Paul MacLeman
Chief Executive Officer

For further information please contact:
IDT Australia Limited
Dr Paul MacLeman
Chief Executive Officer,
(03) 9801-8888