

BIO WORLD[®] TODAY

TUESDAY
APRIL 20, 2004

THE DAILY BIOTECHNOLOGY NEWSPAPER

VOLUME 15, No. 75
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Dynogen's GI, GU Products To Benefit From \$50M Round

By Karen Pihl-Carey
Staff Writer

In its largest financing to date, Dynogen Pharmaceuticals Inc. secured \$50 million in a Series B round, enabling it to build its pipeline and advance its two clinical compounds.

Founded in March 2002, the company focuses on genitourinary (GU) and gastrointestinal (GI) disorders. It developed one of its products in-house, DDP200 for the treatment of overactive bladder, and in-licensed the other product, DDP225, to treat irritable bowel syndrome.

With the \$50 million, Boston-based Dynogen plans to move DDP200 into a Phase IIa study in the first half of this year and to file an investigational new drug application with the FDA for DDP225.

"It's a very sound financing for us," said Robert Lorette,
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Anadys Exercises License Option For HBV Compound In Phase II

By Randall Osborne
National Editor

With a \$43.75 million initial public offering in its back pocket, Anadys Pharmaceuticals Inc. made good on its plan to enter a licensing deal with LG Life Sciences Ltd. for a Phase II nucleotide analogue as front-line treatment for chronic hepatitis B virus.

Michael Kamdar, senior vice president of corporate development and finance for San Diego-based Anadys, told *BioWorld Today* the company remains in the quiet period related to its IPO until the close of business Tuesday and therefore could not comment.

South Korea-based LGLS granted Anadys an exclusive license to develop LB80380 (ANA380) for chronic HBV infection in North America, Europe, Japan and the rest of the world other than China, Korea, India and countries in

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Dynogen

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chief business officer and senior vice president at Dynogen. "This will allow us to push those things forward aggressively and it also will allow us to bring in additional development candidates."

Dynogen in-licensed DDP225 in December from Tokyo-based Mitsubishi Pharma Corp. Dynogen holds all clinical data for DDP225, as well as a supply of drug material adequate to complete Phase II work, which is expected to begin this year.

Irritable bowel syndrome affects about 54 million Americans who have symptoms such as abdominal pain, cramps, gas, bloating, diarrhea and constipation. Overactive bladder, which causes urgency, nocturia and incontinence, affects 32 million people. Each indication represents about a \$1 billion market potential, the company said.

A month after the Mitsubishi deal, the company formed a major partnership with Johnson & Johnson Pharmaceutical Research & Development, a division of Janssen Pharmaceutica NV, to develop a new approach to therapies for overactive bladder. Dynogen is using its *in vivo* pharmacology platform to study several neurological compounds. Specific financial terms were not disclosed. (See *BioWorld Today*, Jan. 6, 2004.)

The company has validated a number of targets in treating GU and GI disorders that are the subject of partnership discussions with several pharmaceutical companies, Lorette told *BioWorld Today*.

Dynogen's goal is to in-license three more compounds in three years, and to partner its two lead clinical programs.

"These two programs address very, very large markets and will be marketed to primary-care physicians in addition to specialists," Lorette said. "So we anticipate we will likely partner both of these programs. That's not to say we won't preserve the rights to niche markets ourselves, or to co-promote them."

When in-licensing, the company is looking for late-stage neurological compounds that have been developed to treat indications such as pain, depression or anxiety. Dynogen then plans to use its expertise to develop those same compounds for GU and GI disorders.

Dynogen's *in vitro* and *in vivo* pharmacology platform combines the study of selected compounds in several species and models with neurohistochemistry and electrophysiology. The company prides itself on using multiple species in its drug discovery process. Not only do micturition reflexes differ in various species, but also pharmacological responses do.

The company's technology includes models that are clinically relevant to the various subtypes of overactive bladder, such as the idiopathic type and interstitial cystitis, among others. Its approach attempts to suppress the C-

fiber reflex pathways, allowing myelinated Ad fibers to function normally, and thereby addressing the symptoms of overactive bladder.

"We are not a chemistry company, so our research is in the biology area where we are validating some of our assumptions as they relate to targets to treat GU/GI disorders," Lorette said.

Boston-based Oxford Bioscience Partners provided seed funding for the company in May 2002. Dynogen received a total of \$13 million in its Series A round, completed later that year. (See *BioWorld Today*, Nov. 14, 2002.)

In the Series B financing, new investor Boston-based Schroder Ventures Life Sciences led the round. Other new investors were London-based Abingworth Management Ltd.; Atlas Venture Ltd., of Waltham, Mass.; Medica Venture Partners, of Tel Aviv, Israel; and Wellcome Trust, of London. Existing investors included Oxford BioScience; HealthCare Ventures, of Cambridge, Mass.; and A.M. Pappas & Associates, of Raleigh, N.C.

"I just think it's been a real validation of our business model, as well as our success to date, by having all of our Series A investors participating in this round, all of which we consider to be blue-chip investors," Lorette said.

Dynogen added two new board members in connection with the investment: Kate Bingham, of Schroder Ventures, and Michael Bigham, of Abingworth Management. ■

Incara

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factory, Incara said it plans to begin a Phase II/III study as early as the first half of next year.

The company noted that animal studies of its catalytic antioxidants have shown that the products reduce damage to tissue in neurological disorders such as ALS and stroke, and in other non-neurological indications such as cancer radiation therapy, chronic bronchitis and asthma.

Investors included Biotechnology Value Fund LP, of San Francisco; Perceptive Life Sciences Ltd., of New York; and Great Point Partners LLC, of Greenwich, Conn., among others. New York-based SCO Securities LLC acted as the transaction's exclusive placement agent.

In connection with the financing, Goodnow Capital LLC, an investment entity controlled by the New York-based Xmark Funds, advanced the remaining \$2.5 million of its \$5 million convertible debenture and converted the entire debenture into common stock. Also as a result of the financing, the warrant to acquire 12.5 million shares previously issued to Goodnow expired unexercised pursuant to its terms.

On Monday, Incara's stock (OTC BB:ICRA) gained 6 cents, or 13.3 percent, to close at 51 cents. ■