

News, comment and analysis on the young company market

December 2007 (see YCF 109), and re-invested in the business at the beginning of this month. Scottish Enterprise's Scottish Seed Fund (SSF) and PowerPhotonic's founders and directors also participated in the latest round, which totaled £325k.

The funds from the first round were used by the company for two main purposes; building a pipeline of customer orders, and establishing a manufacturing infrastructure.

PowerPhotonic's customers include laser manufacturers and also system integrators, in Europe and North

America. Managing director Dr Roy McBride is gratified that sales to the integrators in particular have grown more quickly than anticipated, which he takes to reflect a rapid understanding of the benefits that PowerPhotonic's technology can bring to a laser system.

Eighteen months of sales activity, including prototypes orders and many shows and visits, have produced a significant pipeline of orders, and the company is now preparing to scale up its manufacturing capacity.

At the time of the previous funding round, PowerPhotonic was based at

Heriot-Watt's Riccarton campus. A SMART award in 2004 had enabled the company to develop a process for fabricating custom micro-optics in fused silica, and in the spring of 2008 it moved to new production facilities in Dalgety Bay. The new funding round will enable the business to build manufacturing capacity, as well as to continue to expand its sales activities.

Contact: Dr Roy McBride
01383 825910
www.powerphotonic.co.uk

NovaBiotics funded through to commercialisation of lead product

NovaBiotics announced at the beginning of July that it had received clearance from The Federal Institute for Drugs and Medical Devices (BfArM) and the Ethics Commission to commence first-in-man clinical trials of its lead product, Novexatin® (NP213), a brush-on treatment for fungal nail infection.

This followed the completion of an investment in the business by three business angel syndicates, Discovery Investment Fund, Aurora Private Equity, and TRI Cap. The total raised between the syndicates and other existing investors was £440k. This followed an earlier round of £610k completed in February, in which the investors included Barwell plc and Scottish Enterprise.

NovaBiotics directors stated that "in completing the second part of its fundraising activities for H1 2009, [the company] has met the significant financing target set for this period [£1.1 m] and is now funded through to early commercialisation of its lead antifungal product, Novexatin."

As clinical data becomes available, NovaBiotics plans to out-license Novexatin to an appropriate pharmaceutical or speciality pharma partner to undertake further clinical development.

Nail fungus affects more than 12% of the world's population and equates to a total global market worth in the order of \$5 bn. Currently prescribed treatments are few in number, with only two approved in tablet form (systemic) and two brush-on (topical) treatments. The efficacy and safety shortcomings of these therapies are such that patient usage is restricted. In general, these therapies involve lengthy application regimes, are costly, and are associated with a high degree of relapse. Available systemic treatments are said to be associated with potentially very serious side effects and toxicity.

In marked contrast, NovaBiotics claims that Novexatin has an established preclinical safety and toxicological profile. Because it is a water-soluble peptide molecule, it can be delivered to the nail in such a way as to improve appearance and hydration. Novexatin penetrates full-thickness nail and remains active in it, but does not absorb through skin. A once-daily application of the product has been proven to clear fungal nail infection rapidly. The product has also been designed with cost-effective manufacture and flexibility of formulation in mind.

The NovaBiotics board of directors has been strengthened in recent months. In March Bryan Bodek was appointed chairman (in succession to David Lawrence); he is currently CEO

of Airline Services Ltd, deputy chairman of The Medical House plc, listed on AIM, which specialises in the development of needle-free delivery systems for injectable drugs, and also a director of The University of Manchester Intellectual Property Limited (UMIP).

In June, Professor Andy Porter was appointed a non-executive director. Andy was founder and Chief Scientific Officer of Haptogen, and had a key role in overseeing the sale of the company in 2007 to Wyeth Pharmaceuticals.

Dr Deborah O'Neil, NovaBiotics' founder, observed "I am very pleased that we can announce the commencement of clinical activities for Novexatin. We believe that we potentially have a world leading treatment for fungal nail infections which will be more effective, safer and easier to use than any other product currently available, addressing this significant and poorly met market. I have spent six years developing Novexatin from our unique anti-infective platform technology and am now delighted to be overseeing it through its first clinical trial."

Contact: Dr Deborah O'Neil
01224 711377
www.novabiotics.co.uk