

## **Altor BioScience Banks \$10M To Propel Pipeline**

By Brian Gormley

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Altor Bioscience Corp., which had thoughts earlier this year of raising \$15 million to \$20 million in Series C financing, has instead taken in a smaller sum so it can continue to pursue Small Business Innovation Research grants.

The company on Aug. 1 took in \$6 million toward its Series C1 - \$3 million from return backer Sanderling Ventures, and \$3 million from a new, undisclosed individual, said Chief Executive Hing C. Wong. The Series C1 now totals \$10 million, thanks to \$4 million in convertible debt financing, secured in 2006, that recently has changed over into equity. Wong declined to disclose Altor's valuation, but he said it increased with this financing.

The financing is large enough to enable Altor to advance its lead drug, a cancer treatment in Phase I/II trials for metastatic cancer, while small enough to allow it to remain eligible for federal SBIR grants. Under current rules, a company must be no more than 49% venture-owned to be eligible. Had Altor raised a large round now, its venture backers would have gained a majority stake.

Altor recently submitted one grant application and plans to file two more by mid-September, Wong said. If successful, the Miramar, Fla.-based company could take in several million dollars in additional, non-dilutive capital to support its development of drugs for cancer and HIV, Wong said.

Altor, which spun out of Sunol Molecular Corp. in 2002, has used grants to minimize its need for equity from the start. It already has raised \$7 million in grant funds, which supplement the \$20 million in venture capital drawn from Sanderling, TVM Capital and Radius Ventures. Sanderling is the largest investor, with about 30% ownership. (TVM and Radius remain investors, but did not participate in the Series C round.)

In addition to its lead drug candidate, ALT-801, Altor in February acquired an antibody from Genentech Inc. that will enter Phase II clinical trials this year for the treatment of acute respiratory-distress syndrome, a condition that occurs in people who have been hospitalized for serious conditions such as sepsis. That trial will be supported by a \$2.1 million SBIR grant. Further, Altor is entitled to royalties on a streptococcus aureus drug licensed to Biosynexus Inc.

"I think we are going to show the world two things, one, you really don't need a lot of capital, and two, you don't need a big company to do this," said Wong, whose company also has a technology platform to produce fusion drugs like ALT-801, which consists of the cytokine interleukin-2 and a soluble T-cell receptor that targets the p53 tumor antigen.

The Series C1 will enable Altor to complete the Phase I/II trials of this drug. The company also intends to advance ALT-801 into the clinic for acute myeloid leukemia this year.

Altor intends to take in \$2 million more by year's end through a Series C1-1 round from individual investors, Wong said.

In early 2009, the company will seek up to \$10 million in Series C-2 financing, a round that will likely give venture investors majority ownership, Wong said. With an advancing pipeline, however, Wong said he hopes the company won't need much more capital before it goes public or is acquired.

The undisclosed investor who participated in the recent financing will join the board late this year, Wong said. He is not joining immediately to avoid a conflict of interest, Wong said. Altor has 21 employees.