

CEO CFO

CombiMatrix Corporation
6500 Harbour Heights Parkway, Suite 303
Mukilteo, WA 98275
Phone: 425-493-2000

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Understanding The Underling Genetic Causes Of Cancer And Many Other Disease Will Change The Way Medicine Is Practiced Says CombiMatrix CEO, Dr. Amit Kumar



Healthcare - Biotechnology
(CBMX-NASDAQ)



Dr. Amit Kumar Ph.D.
President and CEO

BIO:

Dr. Kumar has been President and CEO since September 2001. He has been a Director since September 2000. Previously, Dr. Kumar was Vice President of Life Sciences of Acacia Research Corp. (NASDAQ: ACRI). From January 1999 to February 2000, Dr. Kumar was the founding President and Chief Executive Officer of Signature BioSciences, Inc., a life science company developing technology for advanced research in genomics, proteomics and drug discovery. From January 1998 to December 1999, Dr. Kumar was an Entrepreneur in Residence

with Oak Investment Partners, a venture capital firm. From October 1996 to January 1998, Dr. Kumar was a Senior Manager at IDEXX Laboratories, Inc., a biotechnology company. From October 1993 to September 1996, Dr. Kumar was Head of Research & Development for Idetek Corporation, which was later acquired by Idexx Laboratories, Inc. Dr. Kumar received his bachelor's degree in chemistry from Occidental College. After joint studies at Stanford University and the California Institute of Technology, he received his Ph.D. from Caltech in 1991. He also completed a post-doctoral fellowship at Harvard University in 1993.

Company Profile:

CombiMatrix Corporation is a diversified biotechnology business that develops proprietary technologies, including products and services in the areas of drug development, genetic analysis, molecular diagnostics, nanotechnology and defense and homeland security markets, as well as in other potential markets where our products and services could be utilized. The technologies we have developed include a platform technology to rapidly produce user-defined, in-situ synthesized, oligonucleotide arrays for use in identifying and determining the roles of genes, gene mutations and proteins. This technology has a wide range of potential applications in the areas of genomics, proteomics, biosensors, drug discovery, drug development, diagnostics, combinatorial chemistry, material sciences and nanotechnology. Other technologies include proprietary molecular synthesis and screening methods for the discovery of potential new drugs. CombiMatrix Molecular Diagnostics, Inc. ("CMDX"), our wholly owned subsidiary located in Irvine, California, has developed capabilities of producing arrays that utilize bacte-

rial artificial chromosomes, which also enable genetic analysis. CMDX functions primarily as a diagnostics reference laboratory.

Interview by: Lynn Fosse, Sr. Editor

CEO CFO: Dr. Kumar, how has CombiMatrix changed under your leadership?

Dr. Kumar: "Primarily CombiMatrix was initially founded as a research and development tools maker. We have moved into a broader and bigger market, which is personalized medicine also known as molecular diagnostics. The premise of molecular diagnostics is that all individuals have different genetics and by evaluating those genetics, we can make better and personalized medical management decisions on how to treat them and their diseases."

CEO CFO: What are you working on primarily?

Dr. Kumar: "We work in a number of different areas, but one area that is a primary focus is cancer. We have a series of tests that are on the market today that we offer to physicians who are treating patients that have leukemia, breast or prostate cancer. These are patients who have already been diagnosed with cancer and we evaluate their genetics to determine what is the best way to treat them. In addition, in development we have a product that is focused on cancer screening. This is a non-invasive product that utilizes just a simple blood sample from a patient that is then analyzed using our technology to determine if that patient potentially has an early-stage cancer growing in his or her body."

CEO CFO: Are most oncologists using some type of genetic tools today?

Dr. Kumar: "No, most oncologists are

not using genetic tools. In fact, our tests are typically ordered not by oncologists, but by pathologists who are tasked with the job of evaluating tissue and blood samples from a diagnostic standpoint. This is a very early and emerging market where many of these products are just entering the clinic and pathologists, physicians, oncologists, are just learning how to use this information to help treat patients. The key is that these types of tests by our company as well as many other companies in the field will change the way medicine is practiced because now we are getting at underlying genetic causes of disease and understanding how those underlying genetics enables better patient management decisions. We feel that medicine will be changed significantly over the next few years and we are at a very early stage in the development of this type of market.”

CEOCFO: How do you get these professionals to pay attention when they are bombarded with so many new ideas and concepts?

Dr. Kumar: “In general pathologists and oncologists among all medical professionals tend to be the most advanced as far as keeping up with the state-of-the-art technology. You are right, they are being bombarded with a tremendous amount of information that is often new to them because during their training they do not often get training in genetics. However, our understanding of genetics is increasing exponentially and we are at the stage now where in certain cases that information can have critical impact on the lives and benefit to patients. As a result there are always early adopters that are looking for the most advanced technology for the best care of their patients. So typically that is how new medical innovations proliferate throughout the industry; early adopters begin using it, and publications come out. Eventually, you get to a tipping point where enough people are using it and the technology has been validated that it becomes a standard in the care of a particular type of patient.”

CEOCFO: Would you explain exactly

what it is you are making and how you are making it?

Dr. Kumar: “What we make is something known as a DNA chip; it is a semiconductor that has on it an array of microelectrodes. In layman’s terms it is kind of like a computer chip, but we use electrochemistry to build DNA sequences on that chip. Those DNA sequences are characteristic of specific types of sequences we want to measure in a sample. For example, in a prostate cancer sample we want to look for the existence of DNA sequences that are indicative of how aggressive that prostate cancer is. We know what those sequences are and we can build complimentary sequences on our chip and once we build those sequences on our chip using our patented electrochemical manufacturing approach, that chip becomes the diagnostic tool. We can

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- Dr. Amit Kumar Ph.D.

then take the patient’s cancer biopsy sample and do some biological work-up on it and extract the nucleic acids, the DNA essentially, and then look at that DNA with our chip to evaluate the existence and abundance of certain sequences that are indicative of what is going to happen to that patient’s prostate cancer.”

CEOCFO: Are patients calling for your type of product?

Dr. Kumar: “We have patients who call for the product, but these are relatively new products and they are not well-known broadly. We have had patients call, in fact in a couple of cases we have had oncologists who have become our patients themselves because they have been diagnosed or suffering from cancer and they have called to utilize our products.”

CEOCFO: What does the competitive landscape look like, and what sets your products apart?

Dr. Kumar: “The whole area of personalized medicine, which is the evaluation of genetics to make medical management decisions is a very broad area because it addresses all sorts of diseases, including cancer, infectious diseases, and central nervous system diseases like Alzheimer’s. So there are a lot of companies working in a lot of different areas. There are companies working in the cancer arena, which is one of our areas of focus and they are using different types of technologies to evaluate various genetic factors. Basically the competitors all have approaches to make measurements and get data, the same type of data that we do. We feel that our technology has some very powerful characteristics having to do

with the amount of data that we can get in a particular sample, cost-effectiveness of the test, as well as the accuracy and effectiveness of that data and so forth. That being said, there a lot of companies in this market now and because it is such an attractive market we anticipate even more companies entering the market. So we are always watching out for other technologies that we might worry about.”

CEOCFO: What is the financial picture like for you?

Dr. Kumar: “Financially we are in very good shape and we are still a small company. We did a revenue for 2008 with \$6.3 million. We are still a cash-burning company. In 2008 we burned roughly \$10 million net. We have enough cash for about a year and a half. We also through another transaction, we expect another \$36 million of cash to come through our company that we expect will take us to cash-flow break-even.”

CEOCFO: What is happening day-to-day in the company, what is in research, what is in testing, what is in sales?

Dr. Kumar: “All of those things are happening. We have our sales people across the country out there educating physicians, going to medical conferences, doing seminars and enabling them to order the tests when they have suitable

patients. We also have our researchers who are developing portfolio products including the non-invasive cancer screening, which we anticipate launching mid-year, next year. We have our clinical department in our laboratory that is receiving on a daily basis samples of blood and tissue ordered by physicians for their patients. They are processing those blood and tissue samples and making the measurements using our technology and reporting those measurements back to the doctors who are then using that information to address their patients.”

CEO CFO: Is CombiMatrix working with any partners?

Dr. Kumar: “All of the technology and the testing is being done by CombiMatrix. We also receive some funding from the Department of Defense. We have some partnerships to market some of these products, but in general everything on the technology side is being done by us.”

CEO CFO: What is ahead two or three years down the line?

Dr. Kumar: “We think we have a lot of exciting opportunities ahead. We have additional products in the portfolio that we will be launching; the expansion of some of our existing products is progressing. We completed a number of clinical trials in collaboration with some of the top oncology researchers in the United States that we will be publishing. Perhaps the most exciting thing is the launch of this non-invasive cancer screening test, because it is a test that could be used on 50 million patients annually that go to their doctor that are over forty years of age or at risk of contracting cancer. We can try to address those individuals by trying to catch specific tumor growth as early as possible and thus save many lives.”

CEO CFO: Why should potential investors look at CombiMatrix?

Dr. Kumar: “For many reasons we are a very attractive investment. We have insurance companies that are covering the cost of our tests. We feel that we are in the early stages of an area that is going to

have exponential growth over the next few years.”

CEO CFO: Final thoughts, what should people remember most when reading about the CombiMatrix story?

Dr. Kumar: “People should realize that there are many companies in this space that talk about running personalized medicine tests and many of those companies with a few exceptions are all in their R&D stage. They don’t have tests on the market yet. We are one of the few companies that have tests on the market. We are running them on human patients that are being ordered by physicians today. We also have, in development, some extremely exciting products like the test for screening for cancer. People realize that we are actually doing what we said we would do. We are actually having an impact on people’s lives with our technology and we also have something that is coming to the market in the next year that is going to make a paradigm change in the way cancer is evaluated and treated.”



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