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pSivida Interim results from the 3-month Human PK Medidur FA Study

Boston, MA and Perth, Australia (June 27, 2008) – Global drug delivery company, pSivida Corp. (NASDAQ: PSDV, ASX: PVA, FSE: PSI) today reported the interim three-month safety and efficacy results from the first human *pharmacokinetic (PK) study of Medidur™ FA, in patients with Diabetic Macular Edema (DME). This Phase II study is designed to support the ongoing pivot Phase III clinical trial of Medidur in DME.

Medidur releases the drug Fluociniolone acetonide (FA) directly into the eye to treat DME. The Phase II study described here is primarily designed to assess systemic exposure to that drug after administration of Medidur into the eye. The study is secondarily designed to provide information on the safety and efficacy of Medidur in a DME population.

A total of 37 subjects were enrolled in this trial, 20 patients on the low dose (an approximate 0.23?g per day dose) of Medidur and 17 patients on the high dose (an approximate 0.45?g per day dose) with the same inclusion/exclusion criteria as the ongoing Phase III study.

The three month interim readout from the PK study indicated 20 percent of the low dose patients and 18 percent of the high dose patients showed an improvement in best-corrected visual acuity (BCVA) of 15 letters or greater from baseline on an eye chart. In addition, both the low dose and the high dose of Medidur resulted in a significant reduction in retinal thickness as compared to the baseline.

From a safety perspective, no adverse events related to intraocular, or inner eye, pressure were seen in the low dose patients, while 12 percent of the high dose patients experienced intraocular pressure increases of greater than 30 mmHg. Additionally, the only adverse event related to cataract formation was reported in a patient in the high dose group.

The early readout from this PK study provides further insight into the dose-response of FA in the treatment of DME. By comparison, Retisert® intravitreal implant, which releases FA at an initial rate of 0.6 ?g per day, was also studied in a DME population. Retisert data presented at the ARVO conference in 2004 and 2005 showed that at 6 months between 15% and 20% of DME patients receiving Retisert gained 15 letters from baseline on an eye chart and after 2 years this increased to 27% but there were some steroid related side effects, particularly cataract and elevation of IOP.

Our next generation product Medidur was designed to achieve similar efficacy to Retisert while reducing the side effects and to be easier to administer. This preliminary data indicates similar efficacy at 3 months with few side effects. Additional data from the PK study will be available at 6, 12, 18, 24 and 36 months. The first efficacy and safety assessment on the fully recruited pivotal Phase III study will be conducted after the last patient completes their 2 years assessment in late 2009.

DME is a disease of the retina which affects individuals with diabetes and can lead to severe vision loss and blindness. Medidur is designed to provide a sustained therapeutic effect, up to 24 months for the low dose and up to 36 months for the high dose. Medidur is inserted into the patient's eye with a 25-gauge needle in an office visit in a procedure very similar to intravitreal injections, commonly employed by retinal specialists.

"We are very excited by the early results of this study which supports our hypothesis that lower doses of FA delivered via our Medidur system will provide visual acuity improvements whilst reducing the risk of ocular side effects commonly associated with the use of corticosteroids," said Dr Paul Ashton, Managing Director, pSivida Corp.

If approved, it is anticipated Medidur will be marketed under the name Iluvien.
*The study of absorption, distribution, metabolism and excretion of a drug.

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About pSivida Corp.

pSivida is a global drug delivery company committed to the biomedical sector and the development of drug delivery products. Retisert® is FDA approved for the treatment of uveitis. Vitrasert® is FDA approved for the treatment of AIDS-related CMV Retinitis. Bausch & Lomb owns the trademarks Vitrasert® and Retisert®. pSivida has licensed the technologies underlying both of these products to Bausch & Lomb. The technology underlying Medidur™ for diabetic macular edema is licensed to Alimera Sciences and is in Phase III clinical trials. pSivida has a worldwide collaborative research and license agreement with Pfizer Inc. for other ophthalmic applications of the Medidur™ technology (excluding FA).

pSivida owns the rights to develop and commercialize a modified form of silicon (porosified or nano-structured silicon) known as BioSilicon™, which has applications in drug delivery, wound healing, orthopedics, and tissue engineering. The most advanced BioSilicon™ product, BrachySil™, delivers a therapeutic, P32 directly to solid tumors and is presently in Phase II clinical trials for the treatment of pancreatic cancer.

pSivida's intellectual property portfolio consists of 68 patent families, 118 granted patents, including patents accepted for issuance and 275 patent applications. pSivida conducts its operations from Boston in the United States, Malvern in the United Kingdom and Perth in Australia. SAFE HARBOR STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Various statements made in this release are forward-looking and involve a number of risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements. The following are some of the factors that could cause actual results to differ materially from the forward-looking statements: the scheme of arrangement for reincorporation of the company, including whether or not it is implemented; the achievement of milestones and other contingent contractual payment events; failure to prove efficacy for BrachySil; inability to raise capital; continued losses and lack of profitability; inability to develop or obtain regulatory approval for new products; inability to protect intellectual property or infringement of others' intellectual property; inability to obtain partners to develop and market products; termination of license agreements; competition; inability to pay any registration penalties; costs of international business operations; manufacturing problems; insufficient third-party reimbursement for products; failure to retain key personnel; product liability; inability to manage change; failure to comply with laws; failure to achieve and maintain effective internal control over financial reporting; amortization or impairment of intangibles; issues relating to Australian incorporation; potential delisting from ASX or NASDAQ; possible dilution through exercise of outstanding warrants and stock options or future stock issuances; potential restrictions from capital raises; possible influence by Pfizer; and other factors that may be described in our filings with the Securities and Exchange Commission. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We do not undertake to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied in such statements will not be realized.