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New Cancer Treatment: Seed Capital Fund & Technology Environment Attract Biomedical Technology Company to Georgia

Mon, June 06, 2005

ATLANTA, --

Georgia's new seed capital fund for life science companies played a key role in attracting to Georgia an early-stage biomedical technology company that is developing a promising new treatment for an especially aggressive form of cancer.

With support from the Georgia Biosciences Seed Fund, CytoDome made the move from Arizona to Georgia. The company is developing a new drug delivery technology and is currently focused on an aggressive form of brain cancer that thus far has no effective treatment.

The seed capital fund invested \$180,000 in CytoDome to attract a group of private and institutional investors that includes Veritas Venture Partners, a veteran Israeli venture capital firm which has its U.S. investment office in Alpharetta. Founded in July 2003, CytoDome has so far raised approximately \$1.2 million, which will support development of its new technology through the proof-of-concept stage.

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Over the next two years and with additional funding, the company expects to hire as many as 15 employees - most of them engineers, scientists and medical technologists. During this time, the company plans to develop its technology and submit a regulatory application leading to human trials.

"With leading universities, a diverse economy and a highly skilled workforce, Georgia offers a unique environment for research and technology companies to discover the next great advances in science and medicine," said Governor Sonny Perdue. "CytoDome's arrival reinforces Georgia's position as a preeminent location for an industry that is transforming our quality of life through creative new technologies."

The company's development could give a new treatment for a dreaded form of cancer.

"In several types of cancers, the initial tumor can be removed, but remaining cancer cells dispersed in the tissue will result in tumor recurrence. In the case of Glioblastoma patients, recurrence proves to be fatal," explained Gill Heart, PhD, the company's president and CEO. "CytoDome is developing an advanced local drug delivery technology that aims at regulating drug uptake by ailing tissue. Glioblastoma Multiforme is our first clinical application."

Approximately 20,000 patients per year are diagnosed with such aggressive brain cancer.

"Our treatment could offer something new for this terrible disease," Heart said. "Right now there is really no satisfactory treatment for it."

Availability of support from the seed fund and the growing medical research and technology community in Georgia were key factors influencing the company's decision to move to Georgia, said Dr. Thomas H. Callaway, managing partner of Georgia Venture Partners, which advises the state on investments from the seed fund.

"Georgia has a growing medical technology community composed of both large and small companies that really haven't received a lot of attention yet," Callaway said. "CytoDome was interested in Georgia not only for the seed funding, but also because it could find people with the right skills here."

The CytoDome technology could have applications beyond brain cancer as part of an integrated treatment system, Callaway said.

Laurie Olivier, Alpharetta-based general partner for Veritas, said CytoDome fits the company's investment

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interests in early-stage technology firms.

"CytoDome represents an excellent example of the type of investments that Veritas is seeking to make. It is a very early stage company, leveraging from the strong technological base of Georgia Tech and other premier U.S. institutions, and has as its CEO an experienced entrepreneur from one of our earlier portfolio companies," he said. "We feel that we are at the right time at the right place here in Georgia. We meet daily with new investment opportunities, and CytoDome is a perfect illustration of how we would like to cooperate with other funds to grow new companies and contribute to the fast growing technology sector of this economy."

Wayne Hodges, Georgia Tech's vice provost for Economic Development and Technology Ventures, said the CytoDome move shows that Georgia's strategy for technology companies is working.

"This is really the best of both worlds," he said. "We have brought a start-up company to Georgia from another state because we had the infrastructure and investment available here to make it work. This demonstrates the impact that Georgia Tech and other Georgia Research Alliance universities are having on the state."

Georgia's two seed capital funds and other strategic investments are helping build the foundation for a new economy based on the application of technology innovation, noted Craig Lesser, commissioner of the Georgia Department of Economic Development.

"This is exactly the kind of response we hoped the seed fund would generate," Lesser said. "We think Georgia's outstanding economic and technological environment will stimulate research and significant scientific advances that can improve the lives of people around the world."

The investment was the first for the \$3 million Georgia Biosciences Fund, which was raised to help accelerate the formation and growth of biosciences companies in Georgia. The Biosciences Seed Fund invests only as part of a larger deal involving private investors. Each state dollar from the fund must be leveraged to bring in at least three dollars in private investment.

The Biosciences Fund is modeled after the older ATDC Seed Capital Fund, which has so far invested \$3.6 million to attract approximately \$140 million in equity investment for 11 early-stage Georgia technology-based companies. Those companies have already created more than 220 high-tech jobs.



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