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VeraLight lands \$20 million in new venture funding

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VeraLight Inc. has closed on a series C round of funding for \$20 million.

The Albuquerque-based company, which is developing a diabetes-testing device that draws no blood and offers results in 60 seconds, will use the funds to complete a pivotal clinical trial, apply for approval from the U.S. Food and Drug Administration, and promote the product globally.

The round was led by **Psilos Group** and **CMEA Ventures**. It included contributions from **vSpring Capital**, **EPIC Ventures**, **Dow Chemical Co.** and the **Southern Ute Growth Fund**, all of which had participated in a previous series B round for \$17.5 million in 2006 that was also led by Psilos.

VeraLight, which formed in 2004 as a spin-off from Albuquerque-based InLight Solutions, originally received \$500,000 in seed money from InLight and about \$500,000 in grants from various foundations. It obtained a \$5 million series A round of funding in September 2005, bringing total investments to \$43.5 million now.

The company is developing a portable device called the "Scout" that weighs about 10 pounds. It cradles the forearm of patients and shoots a ray of light at the skin to measure a well-known biomarker of diabetes called advanced glycation endproducts -- patches of nearly imperceptibly stiff skin caused by abnormally high levels of glucose. The technology eliminates the need to draw blood or send samples to laboratories for analysis, allowing examiners to determine if a patient has diabetes or pre-diabetes almost instantaneously.

VeraLight plans to submit a premarket approval application to the FDA before the end of 2008 to evaluate the safety and effectiveness of the Scout for marketing clearance, said CEO David Van Avermaete in a news release.

"The financing will enable us to advance our commercialization plan and grow our global business," Avermaete said. "Our ability to attract and maintain quality investors, such as Psilos Group and CMEA Ventures, is a strong endorsement of our progress to date and our strategy for building value around early diabetes detection and treatment.

Psilos Managing Director Lisa Suennan said the Scout will allow for more accurate and convenient non-invasive screening for type 2 diabetes and pre-diabetes.

"At Psilos, we strive to support innovative science-based technologies that have a serious opportunity to combat chronic health issues such as diabetes in a high-quality manner, while reducing overall costs to the healthcare system," Suennan said. "The VeraLight Scout technology is well-positioned to do just that."