



Contacts

David Van Avermaete, CEO
VeraLight
925/895-5308
david.vanavermaete@veralight.com

Charles Versaggi, Ph.D.
Versaggi Biocommunications®
415/806-6039
cv@versaggibio.com

FOR IMMEDIATE RELEASE

**VERALIGHT RAISES \$17.5 MILLION IN SERIES B FINANCING
TO COMMERCIALIZE NON-INVASIVE DIABETES SCREENING DEVICE**

Two Members Added to Board of Directors

ALBUQUERQUE, N.M., August 1, 2006 - VeraLight, Inc., a privately held medical device company, today announced the successful completion of a \$17.5 million Series B financing that will be used to complete development, testing, and introduction of the VeraLight Scout diabetes screening system. The current round of funding was led by the Psilos Group, a new investor in the company. In addition, CMEA Ventures joins previous investors vSpring Capital, Wasatch Venture Fund, The Dow Chemical Company, and the Southern Ute Growth Fund. In conjunction with the financing, Ms. Lisa Suennen, managing director of Psilos Group, and David Collier, M.D., managing director of CMEA Ventures, were named to VeraLight's board of directors.

"The Psilos Group is pleased to lead VeraLight's latest round of financing," said Ms. Suennen. "Led by strong and visionary management, the company is applying truly innovative, proprietary technology that enables a more accurate and convenient method for screening diabetes, an epidemic with severe patient consequences."

David Van Avermaete, VeraLight's chief executive officer, said, "We are delighted to have the vote of confidence, support and backing of such a successful group of investors to achieve our corporate mission of introducing technology and products that allow early diabetes detection and treatment."

VeraLight Scout More Sensitive Than Fasting Glucose Test

Results from a clinical study presented recently at the annual scientific sessions of the American Diabetes Association showed a prototype of the VeraLight Scout was able to identify 20 percent more pre-diabetes and type-2 diabetes patients than the standard fasting glucose test. Scout utilizes proprietary fluorescence spectroscopic technology, does not require patient fasting or a blood draw, and provides results in about 60 seconds. The subject places the palm side of the forearm onto the portable table-top system. Scout shines various wavelengths of light on the skin to stimulate fluorescence that is measured by the machine to provide an indication of diabetes risk based on the presence of biological markers called "advanced glycation endproducts," or AGEs, found in skin. Studies have shown that AGEs correlate well with diabetes and are a predictor of its serious complications.

Need for Early and More Accurate Diabetes Screening

According to a study by the National Institute of Diabetes and Digestive and Kidney Diseases, more than 73 million Americans — one third of the adult population — now have diabetes or pre-diabetes, a condition that usually leads to diabetes if steps are not taken to prevent it. Due to their inaccuracy and inconvenience, current screening methods for diabetes are grossly inadequate. The result is that diabetes is usually not diagnosed until 5-to-9 years into the disease at which point 50% of patients have one or more often-irreversible complications.

About VeraLight

VeraLight, based in Albuquerque, is a privately held medical instrumentation company that was established in 2004 as an independent spinout of InLight Solutions to focus on a comprehensive approach to non-invasive diabetes screening. The company's mission is to help stem the tide of the worldwide diabetes epidemic through early diabetes detection, thus enabling initiation of therapies that can prevent diabetes or reduce its complications. VeraLight develops and acquires intellectual property, products, and services that contribute to this mission. For more information see <http://www.veralight.com>.

About VeraLight's Investors

Psilos Group is a healthcare-focused private equity firm with offices in New York, the San Francisco Bay Area and Santa Fe. With over \$275 million currently under management, Psilos leverages its management team's knowledge and operational experience to identify healthcare and medical technology investment opportunities that create sustainable and highly valuable businesses.

CMEA Ventures is a San Francisco-based venture capital firm that was established in 1989, and specializes in high technology, life sciences, and alternative energy investments. With more than \$771 million in venture funds under management, it invests in early- and late-stage companies, and partners with an extended network of VC firms, institutional investors, strategic partners and entrepreneurs.

vSpring Capital is an early-stage venture capital firm with \$200 million under management. Headquartered in Utah, with an office in New Mexico, vSpring invests in information technology and life science companies that have the potential to transform their markets and create lasting value.

Wasatch Venture Fund is a venture capital firm specializing in early-stage information technology and life science investments, and has invested \$160 million in more than 70 companies to date. Headquartered in Salt Lake City, Utah, Wasatch also maintains offices in New Mexico, Idaho and Arizona.

With annual sales greater than \$40 billion, The Dow Chemical Company is a leader in science and technology, providing innovative chemical, plastic and agricultural products and services to many essential consumer markets.

The Southern Ute Growth Fund is the business investment arm of the Southern Ute Indian Tribe, and possesses assets in several industries and investment categories that are approaching \$2 billion in value.

###