

## Imalux secures \$5.1 million in capital

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Cleveland's Imalux Corp. has landed \$5.1 million in venture capital during its third fund-raising round.

Imalux, which has developed a next-generation medical imaging technology, could raise \$2 million more during the round if a "strategic player" becomes interested in licensing or buying it, said Tom Barnish, the company's vice president and chief financial officer.

The company's Niris Imaging System is based on optical coherence tomography, which was developed by Russian scientists. Niris uses near-infrared light to create images of tissue in the human body.

The resolution of its cross-sectional images is up to 100 times higher than those produced by ultrasound, which uses sound instead of light waves to create images.

Some early adopters of the technology have been using it to detect bladder cancer tumors and to preserve nerves and blood vessels during prostate surgery.

Imalux executives have been trying for inure than a year to raise money so that their company could finish clinical validation of Niris and launch it into the marketplace.

Some potential investors wanted to see more clinical reports on the use of Niris to diagnose and support mostly urology-related problems. Meanwhile, the doctors and surgeons wanted to see the results from peers who used the system.

More than 20 medical institutions worldwide have been involved in testing the technology. Now, investors appear to be getting the message.

The company's offering of preferred shares closed in August after only about 60 days, said Bill Sanford, Imalux chairman and chief executive, in a written statement.

The offering also was oversubscribed, meaning investors wanted to invest more money than what was required.

Sanford's Symark LLC venture capital firm was one of the lead investors in the deal, which Early Stage Partners and ElectroSonics Medical, both of Cleveland, and Reservoir Venture Partners of Columbus, also led. In all, more than 20 previous and new Imalux investors participated in the financing round.

Sanford gained local prominence in the '80s and '90s as chief executive of Steris Corp., the Mentor infection prevention and decontamination company. Since he retired in 2000, Sanford has been a venture capital investor through Symark.

"We plan to have the system in [an] additional 10 to 20 significant clinical sites in the United States and Europe within the next 12 months," Sanford said.

Clinical validation and further development of the technology could be completed hi the next 12 to 15 months, Barnish said.

Imalux also will use its new money to support bladder cancer studies at several medical centers, Sanford said.

"We expect the company to realize substantial value growth in the next 12 to 24 months," Sanford said. "A number of attractive business expansion and liquidity options have been identified, evaluated and are being actively addressed."

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