



Barrx Medical adds 'C' round of \$27.8 million in new equity

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DON LONG

Big dollars keep rolling in to the medical device space.

Yesterday **Barrx Medical** (Sunnyvale, California) reported the close of a \$27.8 million Series C investment to push forward its treatment of Barrett's esophagus, with company president **Greg Barrett** calling the financing - rather understatedly - "very successful."

Barrx has developed two devices, the **Halo360 System and Halo90 System**, to treat Barrett's - a condition considered precancerous. Barrett's is a condition of the esophagus brought on by the extended acidic insults of gastrointestinal reflux disease (GERD), and it then can become esophageal cancer (technically adenocarcinoma).

Barrx banners the Halo systems as being able to ablate the tissues characterizing Barrett's and enabling replacement by normal healthy tissue.

Barrett cites strong uptake of the Halo360 system since its commercialization in January of 2005, and the Halo90 was FDA-cleared in April (Medical Device Daily, April 27, 2006).

He said the new funding will be used in a variety of ways, among extended marketing.

"We've developed a new system" - the Halo90 - "and since we've introduced that product we've doubled our revenue and established new accounts."

He described the Halo90 as easier to use, with a focus on treating smaller areas of Barrett's. "It can be used either primarily," or as complementary to the Halo360, he said, "for touching up small areas of Barrett's esophagus."

Other uses for the new funding will be to support the company's "internal manufacturing" of its disposables and the Halo90 device, and to launch a "randomized controlled dysplasia trial with 17 premier centers around the country," Barrett said. This trial will enroll up to 120 patients with a focus on eliminating Barrett's or its reduction.

Early this year the company received a boost through publication of trial results in *Surgical Endoscopy*, the journal of the Society of American Gastrointestinal and Endoscopic Surgeons (Chicago), demonstrating the ability of Halo to kill precancerous cells in the esophagus without damaging healthy tissue (Medical Device Daily, Jan.2006). The results also reported the regrowth of healthy tissues in three to four weeks in most patients. These results were followed by similar positive reports from nine

studies using the Halo devices at this year's meeting of Digestive Disease Week (MDD, May 25, 2006).

Barrett said that the added financing will also support development of a second-generation generator "consistent with the Halo90 system."

"We're pleased to receive growth capital from our current active investors and to welcome Montagu Newhall Associates to our team," Barrett said. "Our technology has the opportunity to alter the manner in which Barrett's esophagus is treated today and in the future. This funding will help Barrx Medical respond to increasing demand from physicians and medical centers for the Halo360 and the Halo90 Systems."

Ashton Newhall, general partner at Montagu Newhall, said: "We're excited by the opportunity to fund the growth of Barrx Medical, and believe the company has exceptional potential. Barrett's esophagus is a serious condition and we are eager to be involved in changing the landscape of its treatment."

The Halo360 System was cleared by the FDA in 2001 and has been commercially available since January 2005.