

Randomized, Controlled Multicenter Trial Demonstrates Safety and Clinical Benefit, Significant Reduction in Repeat Surgeries Enabled by Dune's *MarginProbe*[™] Company Opens US Office to Spearhead North American Operations

Caesarea, Israel-Jan. 7, 2008 - Dune Medical Devices announces significant new clinical developments surrounding the company's novel breast cancer assessment probe, currently in investigational use.

Results from a recent randomized clinical trial in 11 medical centers in Israel have underscored the safety and clinical benefit of the system in the intraoperative detection of tumors at the resection margins (positive margins) in specimens of patients undergoing breast conserving surgery. The study compared the performance of 35 surgeons operating on patients with and without the *MarginProbe*[™]. Use of the system resulted in a significant reduction in repeat surgeries, which are typically performed in order to surgically correct positive margins found following a patient's initial lumpectomy. The effect of the *MarginProbe*[™] is especially pronounced in patients with non-palpable lesions. Preliminary results for more than 110 patients with non-palpable lesions showed a 60 percent reduction in repeat surgeries in the study arm that allowed use of the *MarginProbe*[™]. These results reflect initial data from the first 200 patients recruited and analyzed in the study. Final results from the entire 300 patient cohort are scheduled for presentation at the annual meeting of the American Society of Breast Surgeons (ASBS) in May 2008 in New York City.

"I believe that these data demonstrate the potential utility of the *MarginProbe* in reducing the patient anxiety and discomfort associated with repeat breast surgeries while reducing the unnecessary use of healthcare resources," said Dr. Tanir Allweis of Hadassah Hebrew University Medical center, Jerusalem, Israel, an investigator in the study.

Simultaneous with this announcement, Dune debuts *MarginProbe*[™] as the trade name for its cancer probe system. The *MarginProbe*[™] core technology, which relies on radio frequency spectroscopy for real-time tissue assessment during surgeries, will also provide a platform for additional surgical oncology applications.

Additionally, the company announces the opening of a New Jersey office to spearhead North American activities. Dune is poised to launch further clinical trials of the *MarginProbe*[™] system in the U.S. in order to acquire data for an upcoming U.S. Food and Drug Administration (FDA) submission.

"The new data is promising. It suggests that the *MarginProbe*[™] facilitates equally safe yet more accurate surgeries and will enable completing the surgical management of breast cancer patients with fewer repeated surgeries," said Dr. Dan Hashimshony, founder and CEO of Dune Medical.

The *MarginProbe*[™] consists of a sterile, hand-held probe and portable console. When the probe tip is applied to an excised lumpectomy segment, radio frequency signals are transmitted into the tissue and are reflected back to the console where they are analyzed using a specialized algorithm to determine tissue status.

About Dune Medical Devices, Ltd.

Founded in 2002 and headquartered in Caesarea, Israel, Dune Medical Devices, Ltd. is a privately owned, venture-funded medical device company, backed by Apax Partners. Dune is engaged in the development and commercialization of devices for real-time tissue characterization. Dune Medical's devices facilitate complete, therapeutic excisions in surgical and interventional oncology procedures. The *MarginProbe*[™] described above is undergoing extensive clinical trials in Israel and the U.S.

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