

NEOMATRIX ANNOUNCES ADDITIONAL FUNDING FOR BREAKTHROUGH BREAST CANCER SCREENING TEST

Pharmaceutical Industry Veteran Richard Franco and Entrepreneur Anthony Ciabattoni Join NeoMatrix Board of Directors

IRVINE, Calif. – Sept. 5, 2007 – NeoMatrix, developer of the HALO™ Breast Pap Test, the first automatic, noninvasive test designed to identify breast cancer risk, announced today that the company has closed a Series C round of equity financing. The financing will enable an expanded market release of the HALO System, which is designed to test asymptomatic women for the presence of atypical ductal hyperplasia (ADH), a known biomarker that can be a precursor to breast cancer. ADH is often found in the breast years earlier than a lesion might be found on a mammogram or a self exam, facilitating early follow-up and treatment or chemoprevention measures.

“We appreciate the continued support of our investors as we’ve surpassed more than 30 placements in Ob-Gyn and primary care offices around the country,” said Paul J. Fitzpatrick, chief executive officer of NeoMatrix. “This fundraising has enabled us to hire our first sales representatives, expand our marketing team and to develop the infrastructure and marketing programs required to drive awareness and adoption of the HALO system. It also allowed us to convert or retire 100% of the debt previously used to finance the research and development of both the HALO system and its broad patent protection.

“In addition to our initial success in placing systems in physician offices, we have also recently established relationships with a number of breast specialists and breast centers who have agreed to help introduce HALO to their local primary-care referral networks. Although gynecologists and other primary care physicians are responsible for breast cancer screening of well, or asymptomatic women, breast specialists, often practicing in multi-specialty breast centers, assume responsibility for follow-up and treatment of high-risk patients,” added Fitzpatrick.

The Company also announced that Anthony Ciabattoni and Richard Franco have joined the NeoMatrix Board of Directors. According to Kathryn Tunstall, NeoMatrix’s chairman, “Our board has been significantly strengthened by the addition of Tony and Richard. Each of them brings a wealth of operating experience and a set of valuable contacts that will benefit NeoMatrix as we continue to commercialize the HALO Breast Pap Test. I look forward to their active participation in the Company as we build market momentum and consider future financing to take the Company to profitability.”

Anthony J. Ciabattoni is an entrepreneur with over 35 years of experience. He was the founder of Pacific Business Interiors, which became the largest distributor of Steelcase office furniture in Southern California, and a leading facilities management service provider to Fortune 500 companies. In addition to serving as president and CEO of Pacific Business Interiors from 1983 until its sale in 1996, Ciabattoni founded Recycled Office Solutions, a re-manufacturer of office furniture systems in 1993. Since selling those companies, he has been involved in a wide range of investments in the real estate, energy and private equity sectors. Ciabattoni serves as a member of the Board of Advisors for Waveland Capital Group, LLC, an investment banking firm that advises and raises capital for early stage medical technology companies, including NeoMatrix, LLC. Ciabattoni served as a director of Transeastern Properties, a real estate development company recently acquired by Technical Olympic USA, Inc. He received a bachelor's degree from the University of Delaware.

Richard A. Franco, Sr. has been a leader in the lifescience and health care industries for more than 30 years. He currently serves as president and CEO and a director of DARA BioSciences, Inc., a private pharmaceutical development company. From 1997 to 2002, Franco served as the Chairman of the Board of LipoScience, Inc. where he served as co-founder, CEO and president from 1997 to 2001. From 1994-1996, he served as president, CEO and a director of Trimeris Inc., a biopharmaceutical Company. From 1983 to 1994, Franco held several senior positions and served on the Executive Committee of Glaxo, Inc. He has served on the Board of Directors of lifescience companies Tranzyme, TriPath Imaging and EntreMed, Inc. He is currently a director of Salix Pharmaceuticals, Ltd., and the Research Triangle Chapter of the National Association of Corporate Directors (NACD). Franco holds a bachelor's degree in Pharmacy from St. John's University and has completed graduate work in pharmaceutical marketing and management at Long Island University.

About HALO™ Breast Pap Test

Drawing on the proven success of screening for the cellular and biological changes that signal an increased risk of developing prostate and cervical cancer, the HALO Breast Pap system collects Nipple Aspirate Fluid (NAF) using gentle suction like a breast pump. The screening occurs in the primary care setting, such as the ob-gyn, family practice, or internist office, where most women present for well-woman healthcare. A large body of clinical research demonstrates that the cytological assessment of Nipple Aspirate Fluid, or NAF, can identify a woman's relative risk of developing breast cancer. The presence in NAF of a known biomarker, Atypical Ductal Hyperplasia (ADH), confers a 400-500 percent greater risk of developing breast cancer than women who do not produce fluid.

About NeoMatrix, LLC

Based in Irvine, Calif., NeoMatrix© develops innovative devices that allow women and their Ob-Gyns to promote optimal breast health. The company's premier product, the HALO Breast Pap Test System, is the first fully automated, noninvasive breast disease screening device designed for use in the Ob-Gyn office. The System has been FDA cleared for the collection of nipple aspirate fluid for cytological evaluation for the determination and/or differentiation of normal versus pre-malignant versus malignant cells. For further information, visit www.neomatrix.com.

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