COMPANY ANNOUNCEMENT

KSX Announces Launch of At Home Sleep and Asthma Monitoring Testing Service in Australia

2 March 2011

The Directors of KarmelSonix Ltd., are pleased to announce that the Company is launching a new, At-Home Overnight Patient Sleep and Asthma Monitoring service business in Australia based on its TGA approved WHolter™ devices. The launch is expected to be completed within 90 days from the date of this announcement.

One of the most difficult issues when managing patients with lung function illnesses, especially those suspected of suffering from asthma is to have objective and reliable data on their conditions while away from the doctor’s office and at home. In recent independent overnight clinical studies conducted with the Company’s WHolter™ devices, it was revealed that a large number of patients with obstructive sleep apnea (OSA) actually suffered from nocturnal asthma. This is the first time this phenomenon has been clinically demonstrated and has led to a deluge of interest in the Company’s unique patient monitoring devices that are designed and set specifically to monitor a patient’s overnight respiratory (breathing) patterns and selectively isolate incidents of nocturnal asthma.

Importantly, the clinical success of this finding has led to the Company receiving CPT Codes from the American Medical Association allowing it to be reimbursed by third party insurers at very attractive rates. The Company recently announced the launch of a number of service sites in the US (currently 11) where its WHolter™ devices and the patient lung function scoring is carried out under a service model.

Given that the WHolter™ is the only patented and approved device monitoring nocturnal asthma, the service affords the Company the significant opportunity to share both in the sale of the device as well as share in the trailing revenues that are created by conducting each test. In the US, the CPT Codes assigned to KSX sleep test device allows reimbursement of up to $350 for test per night. On the basis of WHolter™ devices being used only twice weekly for patient monitoring (greater usage is possible), annual revenues in excess of $30,000 per annum per device are achievable. With 23 million asthmatic patients in the US alone, this represents a substantial opportunity for the company.

The service launch in Australia will leverage the early success of the service model currently being rolled out in the US and will, for the first time, bring a unique and valuable monitoring and diagnosis capability to the millions of asthmatic patients in Australia.
“Wheeze Rate – A New Paradigm in Asthma Management”

“I am pleased to announce that the rapid pace at which the Company’s WHolter™ service is being adopted in the US has been highly encouraging. The lessons learned in the US with the introduction of our WHolter™ service will directly support our ambitious growth plans in Australia and elsewhere for this particular service model. Importantly, this service model will become a significant component of the Company’s revenue stream. Once established the model is expected to be capable of generating several million dollars in incremental revenue for the Company on an annual basis and with that figure continuing to grow as the model gains increasing acceptance in the US, Australia and elsewhere” said Ross Haghighat the CEO and Chairman of KarmelSonix.

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About KarmelSonix: KarmelSonix Ltd focuses on supplying innovative non-invasive acoustic tools for disease management of asthma and related pulmonary disorders. Asthma affects 6-16% of the population in developed countries with a cost exceeding $US15 billion in the US alone.

Acoustic Asthma Management is a breakthrough in monitoring of the asthmatic patient of all ages, including the very young, very old and others who cannot perform currently available tests. The technology that comes from extensive R&D and clinical validation in the US, Israel and Australia, facilitate continuous monitoring of patients at home, in the ICU and even during sleep. The company is now focussing its efforts on early commercialization of its products particularly in the AsiaPac, European and North American markets.

DISCLAIMER
This update may contain certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the achieving of adequate commercial sales of the Company’s products, the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

KarmelSonix accepts no responsibility to update any person regarding any error or omission or change in the information in this update or any other information made available to a person or any obligation to furnish the person with further information, other than in accordance with ASX or other applicable laws or regulations.

“Wheeze Rate – A New Paradigm in Asthma Management”

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