COMPANY ANNOUNCEMENT

KarmelSonix Announces Australia First - Launch of a Joint Venture for At-Home Monitoring Service of Nocturnal Asthma

22 March 2011

KarmelSonix is pleased to announce the launch of a new Joint Venture (JV) in Australia to offer for the first time ever monitored home testing to focus on lung function for detection of nocturnal wheeze, cough and asthma.

The JV is being launched in partnership with Healthy Sleep Solutions International (HSS) CEO Marjan Mikel. HSS is Australia’s leading home sleep testing service provider, boasting over 30% market share in Australia and with operations in India. The JV will leverage KSX’s proprietary WHolter™ medical device capabilities, and the world class patient disease management, established physician networks and systems, and patient scoring of HSS.

"The launch of this JV is a cornerstone of KSX’s move to combine medical device sales with lucrative trailing revenues from the unique capability that our devices provide. The JV is projected to provide up to over 24,000 tests annually, contributing a significantly to KSX’s revenue stream," said Ross Haghighat, CEO and Chairman of KarmelSonix.

"Focusing on patient well being and improving their health remains the cornerstone of all that HSS does and this holds true for this JV. The synergy between our organisations affords the JV a unique and enviable first mover advantage in the rapidly growing home health monitoring market." said Marjan Mikel, CEO of HSS.

"KarmelSonix is very excited to be associated with HSS - a company that has a proven track record for both delivering medical services in the home and in scaling this value proposition. We see this partnership eventually flowing through into the US and Europe," said Paul Eisen, Managing Director of KarmelSonix, Asia Pacific.

The parties anticipate that the JV model will be scalable beyond Australia and specifically applicable to the massive US & European markets.

One of the most difficult dilemmas for physicians, when managing patients with lung function illnesses, especially those suspected of suffering from asthma is to have objective data on their conditions while away from the doctor’s office and at home.
“Wheeze Rate – A New Paradigm in Asthma Management”

In recent independent overnight clinical studies conducted with the company’s WHolter™ devices, it is revealed that a significant proportion of patients with obstructive sleep apnea (OSA) actually suffer 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 tuned especially to monitor a patient’s overnight respiratory (breathing) pattern and selectively isolate incidents of nocturnal asthma.

The JV plans to offer its services through the network of appropriate physicians in Australia. Patient scoring will be done using KSX’s proprietary software and HSS’ dedicated cost effective scoring services, allowing, for the first time, the delivery of services to patients through their managing physician in a convenient, clinically relevant and timely manner.

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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 focusing 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.

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“Wheeze Rate – A New Paradigm in Asthma Management”