Appendix 4E
For the Year Ended 30 June 2010
Results for Announcement to the Market

Current Reporting Period - Year Ended 30 June 2010
Previous Reporting Period - Year Ended 30 June 2009

Revenues	up	54.59%	to	$348,493
Loss from ordinary activities after tax attributable to members	down	11.36%	to	($5,939,761)
Net loss for the period attributable to members	down	11.36%	to	($5,939,761)

Dividends (distribution)	Amount per Security	Franked Amount per Security
Final dividend	n/a	n/a
Previous corresponding period	n/a	n/a

Net Tangible Asset per Security (cents per security)

As at 30 June 2010	0.32
As at 30 June 2009	0.46

Record date for determining entitlements to the dividend, (in the case of a trust, distribution): n/a

Explanation of the above information:

KarmelSonix Ltd recorded revenue of $348,493 for the year ended 30 June 2010 (2009: $225,432), which consists of sales revenue from the Company's medical devices.

KarmelSonix Ltd has incurred a loss for the year of $5,939,761 (2009: $6,701,092). The decline in the loss for the period is associated with the reduction in share based payments recorded during the year. Last year, the share based payments expensed totalled approximately $1,850,000, whereas in the current year the amount expensed was $700,000.

Please refer to the Directors' Report - Review of Operations for further information on the Company operations over the past 12 months.

KarmelSonix

Appendix 4E
Preliminary Final Report

For the Year Ended
30 June 2010

(previous corresponding period: year ended 30 June 2009)

In compliance with Listing Rule 4.3A

Contents

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisiting of KarmelSonix Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

Directors

The following persons were directors of KarmelSonix Limited during the whole of the financial year and up to the date of this report:

Mr Peter Marks	Chairman
Prof Noam Gavriely	Director
Dr Henry Pinskier	Director
Mr Paul Eisen	Director (Appointed 11 February 2010)
Mr Amir Ohad	Director (Appointed 11 February 2010)
Dr Nathan Intrator	Director

Highlights for the Financial year Ended 30th June, 2010

Over the course of the last 12 months the Company made important progress on a number of fronts, specifically;

1) the WHolter™ device received regulatory approvals in Europe (CE mark) and in the USA (FDA Clearance);

2) the launch of the new WHolter™ service revenue model which enables the Company to not only sell (or lease) the WHolter™ device but also to retain part of the revenue derived from the provision of the recording, analysis and interpretation services being sold in conjunction with the device;

3) commencement of shipping of WHolter™ and Wireless PulmoTracks®;

4) receipt of FDA, TGA & CE Mark Clearance for the Clinical WheezoMeter™ and TGA and CE Mark Clearance for Personal WheezoMeter™;

5) receipt of CPT codes in the US for the KSX technology which enables the commencement of the reimbursement process in the US market.

The receipt of the Category 3 Codes is a key first step in the reimbursement process and will lay the foundation to moving toward achieving Category 1 Codes over time;

6) continued expansion to the Company's distribution networks in the US, European, Nordics and Asia Pacific;

7) following the appointment of Resindo Medika, as distributor in Indonesia, the KarmelSonix Asian distribution partner network now includes the following key parties:

- Pneumo Care Health – North,West and East India
- Sapco Laboratories – South India
- MediPoint – South Korea
- The Progressive Group – China and Taiwan
- Resindo Medika – Indonesia
- Clear Sales Australia – Australia (Pharmacy Channel)

Discussions have also commenced with potential distributors in Japan. This populous and wealthy market has a rapidly growing incidence of COPD and respiratory conditions. These potential distributors are substantial medical companies that also have extensive respiratory experience. KarmelSonix has also held preliminary discussions with the regulatory and government authorities as the Company prepares for the marketing approval process in Japan.

8) New distributors were signed covering the US market as follows:

- Recovery Medical - Illinois & Wisconsin
- Nightingale-Alan Medical - Ohio, Michigan, Indiana, Kentucky, Tennessee, West Virginia, Western Pennsylvania
- Wayne Morrill Group - Oklahoma, Texas, Louisiana & Arkansas
- Medical Surgical Electronics - Minnesota, North & South Dakota, Nebraska and Iowa

9) On the Personnel front, the year saw the appointment of Mr. Paul Eisen as MD, KSX, Asia Pacific & Europe and Head of Sales & Marketing for these regions, Mr. Lasse Beijer as GM Sales & Marketing for the Nordics and Mr. Steve Bartley head of sales in the US.

10) In November 2009 the Company completed a capital raising of approx. $4.5 million which assisted with further establishing the necessary sales and marketing infrastructure for the Company.

11) Further important publications received exposure in peer reviewed Journals where the Company's technology continues to receive widespread interest and increased support from Key Opinion Leaders.

In relation to this last point it should be noted that the future rate of growth is dependent to a large degree on the continued acceptance of the devices by the medical communities, led by Key Opinion Leaders, who continue to play a vital role in adopting the new technology and, at the same time, achieving recognition by the insurance companies who provide reimbursement for the use and interpretation of diagnostic tests.

Currently, assembly, test and quality control of all products is carried out at the Company's facility based in Haifa, Israel, while most of the sub-assemblies manufacturing is done in the Far East (specifically, China, Vietnam).

With the four completed products for the hospital – PulmoTrack®, clinic – Clinical Wheezometer™, ambulatory testing – WHolter™ and the home – Personal Wheezometer™ now available and being produced the distributor orders are being filled and the Company expects to see this reflected in sales momentum going forward.

The Directors would like to thank shareholders for their continued support and interest in the Company. The 2010 financial year was another year of increased activity with increased focus on moving from a product development to a commercially-focused Company. The Company also witnessed a growing interest in the KarmelSonix Ltd products across a range of health professionals as well as end-users. Importantly, the Company has continued to put in place the building blocks necessary for it to become a successful medical devices company.

Peter Marks
Chairman

Melbourne
Dated 31th August 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated Entity 30 June 2010 $	30 June 2009 $
Revenue	3	**348,493**	225,432
Cost of goods sold		**(269,886)**	(294,954)
Gross profit		**78,607**	(69,522)
Other income	3	**184,568**	201,667
Amortisation expenses		**(177,299)**	(187,084)
Consulting, employee and director expenses		**(1,895,903)**	(2,924,230)
Corporate administration		**(820,601)**	(486,766)
Depreciation expenses		**(77,613)**	(79,967)
Marketing and promotion		**(1,289,638)**	(1,050,846)
Research and development expenses		**(1,450,373)**	(2,026,361)
Travel and entertainment		**(491,509)**	(77,983)
LOSS BEFORE INCOME TAX		**(5,939,761)**	(6,701,092)
Income tax expense		**-**	-
LOSS FOR THE YEAR		**(5,939,761)**	(6,701,092)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**37,207**	650,953
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(5,902,554)**	(6,050,139)
		Cents	**Cents**
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share	8	**(0.92)**	(1.70)
Diluted loss per share	8	**(0.92)**	(1.70)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Notes	Consolidated Entity 30 June 2010 $	30 June 2009 $
CURRENT ASSETS			
Cash and cash equivalents		**2,299,686**	2,959,130
Trade and other receivables		**382,502**	221,470
Inventories		**242,230**	76,899
Other		**98,634**	145,079
TOTAL CURRENT ASSETS		**3,023,052**	3,402,578
NON-CURRENT ASSETS			
Plant and equipment		**215,993**	143,069
Intangible assets		**1,334,385**	1,536,960
Other		**13,970**	18,849
TOTAL NON-CURRENT ASSETS		**1,564,348**	1,698,878
TOTAL ASSETS		**4,587,400**	5,101,456
CURRENT LIABILITIES			
Trade and other payables		**933,548**	826,990
Other financial liabilities		**44,940**	323,820
Provisions		**31,745**	15,268
TOTAL CURRENT LIABILITIES		**1,010,233**	1,166,078
NON-CURRENT LIABILITIES			
Provisions		**9,468**	5,991
TOTAL NON-CURRENT LIABILITIES		**9,468**	5,991
TOTAL LIABILITIES		**1,019,701**	1,172,069
NET ASSETS		**3,567,699**	3,929,387
EQUITY			
Issued capital	**6**	**61,896,696**	56,571,097
Reserves	**7**	**5,130,367**	4,877,893
Accumulated losses		**(63,459,364)**	(57,519,603)
TOTAL EQUITY		**3,567,699**	3,929,387

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated Entity				
	Issued Capital $	Option Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 30 June 2008	51,796,073	4,094,270	(219,116)	(50,818,511)	4,852,716
Total Comprehensive Income for the Year	-	-	650,953	(6,701,092)	(6,050,139)
Transactions with equity holders in their capacity as equity holders:					
Shares issued	5,110,544	-	-	-	5,110,544
Capital raising costs	(382,664)	-	-	-	(382,664)
Options exercised net of costs	7,175	-	-	-	7,175
Options issued	-	391,755	-	-	391,755
Transfers to/from reserves	39,969	(39,969)	-	-	-
Balance at 30 June 2009	**56,571,097**	**4,446,056**	**431,837**	**(57,519,603)**	**3,929,387**
Total Comprehensive Income for the Year	-	-	37,207	(5,939,761)	(5,902,554)
Transactions with equity holders in their capacity as equity holders:					
Shares issued	5,931,630	-	-	-	5,931,630
Capital raising costs	(606,031)	-	-	-	(606,031)
Options issued	-	215,267	-	-	215,267
Balance at 30 June 2010	**61,896,696**	**4,661,323**	**469,044**	**(63,459,364)**	**3,567,699**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated Entity	
	30 June 2010	30 June 2009
	$	$
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Receipts from customers	**317,866**	225,432
Payments to suppliers and employees	**(5,464,703)**	(4,105,417)
Interest received	**118,343**	70,190
Receipt of grant funding	**-**	25,871
Receipt of R&D tax refund	**-**	288,107
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(5,028,494)**	(3,495,817)
CASH FLOWS RELATED TO INVESTING ACTIVITIES		
Proceeds from sales of plant and equipment	**2,138**	-
Payment for purchases of plant and equipment	**(158,871)**	(13,319)
Payment for security deposits	**(1,070)**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(157,803)**	(13,319)
CASH FLOWS RELATED TO FINANCING ACTIVITIES		
Proceeds from issues of equity securities	**5,054,600**	2,431,365
Proceeds from issues of debt securities	**-**	1,046,220
Capital raising costs	**(530,281)**	(382,664)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**4,524,319**	3,094,921
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(661,978)**	(414,215)
Cash and cash equivalents at the beginning of the year	**2,959,130**	3,370,543
Effects of exchange rate changes on cash and cash equivalents	**2,534**	2,802
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**2,299,686**	2,959,130

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Basis of Preparation

(a) Basis of Preparation

The Company's preliminary financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The preliminary financial report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

Significant accounting policies adopted in preparation of the preliminary financial report are consistent with those adopted by the company in preparation of the 30 June 2009 financial report and the 31 December 2009 half year financial report.

The preliminary financial report is presented in Australian dollars.

(b) Summary of the Significant Accounting Policies

Apart from the changes in accounting policy noted below, the full year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009.

AASB 2009-101 Presentation

The revised AASB 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners with non-owners changes in equity presented in a reconciliation of each component of equity and included in a new statement of comprehensive income. The Group has elected to present all items of recognized income and expense in one single statement of comprehensive income.

AASB 2009-8 Amendments to Australian Accounting Standards - Segment Reporting

Adoption of this standard has resulted in a change in the disclosure of operating segments as noted in Note 4.

Adoption of these Standards did not have any effect on the financial position or performance of the Group. The Group has not elected to early adopt any other new Standards or amendments that are issued by not yet effective.

Note 2. Dividends

The Company resolved not to declare any dividends in the period ended 30 June 2010.

Note 3. Revenue

	30 June 2010 $	30 June 2009 $
Revenue from Operating Activities		
Sales - Medical Devices	348,493	225,432
Total Sales	348,493	225,432
Interest received	118,343	70,190
Grant income	-	52,049
R&D tax refunds	66,225	79,428
Other Income	184,568	201,667
Total Revenue	533,061	427,099

Note 4. Segment Information

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and determining the allocation of resources.

The executive management team considers the business from both a product and a geographic perspective and has identified three reportable segments. Medical devices consists of research and development, commercialisation and sale of a suite of medical devices being developed by the company by subsidiaries in Israel, United States of America and Australia. Management monitors the performance in these three regions separately. Corporate, administration and support services are provided in Australia and performance is monitored separately to the medical device business.

The reportable segments are based on aggregated operating segments determined by similarity of expenses, where expenses in the reportable segments exceed 10% of the total expenses for either the current and/or previous reporting period.

	----- Medical Devices -----				
	Israel	**Australia**	**USA**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
30 June 2010					
Revenue					
External Sales	320,578	70,006	21,657	2,477	414,718
Interest Revenue	-	-	-	118,343	118,343
Total Revenue	320,578	70,006	21,657	120,820	533,061
Result					
Segment Result	(3,360,801)	(865,166)	(214,773)	(1,617,364)	(6,058,104)
Interest Revenue	-	-	-	118,343	118,343
Net Result	(3,360,801)	(865,166)	(214,773)	(1,499,021)	(5,939,761)
Total Segment Assets	1,993,572	332,059	68,068	2,193,701	4,587,400
Total Segment Liabilities	624,070	92,196	20,159	283,276	1,019,701
30 June 2009					
Revenue					
External Sales	222,432	134,278	-	199	356,909
Interest Revenue	-	-	-	70,190	70,190
Total Revenue	222,432	134,278	-	70,389	427,099
Result					
Segment Result	(3,473,665)	(316,762)	-	(2,980,855)	(6,771,282)
Interest Revenue	-	-	-	70,190	70,190
Net Result	(3,473,665)	(316,762)	-	(2,910,665)	(6,701,092)
Total Segment Assets	2,482,738	225,655	-	2,393,063	5,101,456
Total Segment Liabilities	530,042	68,551	-	573,476	1,172,069

Note 5. Contingent Liabilities

In December 2009, the Company redeemed the G & H Class shares on issue. In accordance with the Sale of Shares Agreement, if the set milestones relating to the Class shares were not achieved within thirty six (36) months from the date of issue, the Company would automatically redeem these shares.

Otherwise, there have been no change in contingent liabilities since the last annual reporting date.

Note 6. Issued and Unissued Capital

	Note	30 June 2010 No.	30 June 2010 $	30 June 2009 No.	30 June 2009 $
Shares					
Fully paid ordinary shares	(a)	687,276,239	61,841,766	524,896,573	56,497,267
Partly paid ordinary shares	(b)	27,465,000	54,930	36,915,000	73,830
G Class shares	(c)	-	-	12,500,000	-
H Class shares	(c)	-	-	12,500,000	-
Total Issued Capital		714,741,239	61,896,696	586,811,573	56,571,097

(a) Fully Paid Ordinary Shares

	Note	30 June 2010 No.	30 June 2010 $	30 June 2009 No.	30 June 2009 $
At the beginning of the year		524,896,573	56,497,267	273,824,583	51,796,073
Shares issued		152,929,666	5,856,030	250,334,990	5,032,214
Conversion of partly paid shares	(b)	9,450,000	94,500	450,000	4,500
Shares issued on exercise of options		-	-	287,000	7,175
Transfers from other equity classes and reserves		-	-		39,969
Transaction costs relating to share issues		-	(606,031)		(382,664)
		687,276,239	61,841,766	524,896,573	56,497,267

(b) Partly Paid Shares

In April and May 2009 the Company approved the issue of 37,365,000 unlisted partly paid ordinary shares, paid to 0.2 cents (A$0.002) with 0.8 cents (A$0.008) unpaid. The unpaid portion of the shares will be called by the Company at it's sole discretion for any amount up to the unpaid portion of A$0.008 by providing 30 days written notice, or automatically without notice 24 months from the date of the Subscription agreement. The unpaid portion of the shares can be paid up at any time without being called by the Company at the sole discretion of the shareholder.

On the 23 June 2009, 450,000 unlisted partly paid ordinary shares were converted into ordinary shares in KarmelSonix Limited on becoming fully paid to $0.01. On the 21 August 2009, 9,450,000 unlisted partly paid ordinary shares were converted into ordinary shares in KarmelSonix Limited on becoming fully paid to $0.01.

(c) G & H Class Shares

In December 2009, the Company redeemed the G & H Class shares on issue for A$1.00. In accordance with the Sale of Shares Agreement, if the set milestones relating to the Class shares were not achieved within thirty six (36) months from the date of issue, the Company would automatically redeem these shares.

Note 7. Reserves

	30 June 2010 No.	30 June 2010 $	30 June 2009 No.	30 June 2009 $
Listed	58,035,000	373,560	-	373,560
Unlisted ESOP options over	16,212,500	2,711,129	25,400,000	2,640,371
Unlisted options over shares	56,420,830	1,576,634	95,125,569	1,432,125
Foreign currency reserve		469,044		431,837
	130,668,330	5,130,367	120,525,569	4,877,893

Note 8. Loss per Share from Overall Operations

	30 June 2010	30 June 2009
Basic loss per share (cents)	(0.92)	(1.70)
Diluted loss per share (cents)	(0.92)	(1.70)
a) Net Loss used in the calculation of basic and diluted loss per share ($)	(5,939,761)	(6,701,092)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	644,604,711	395,246,272

Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. Where dilutive, potential ordinary shares are included in the calculation of diluted loss per share. All the options on issue do not have the effect to dilute the loss per share. Therefore they have been excluded from the calculation of diluted loss per share.

Note 9. Net Tangible Assets

		30 June 2010	30 June 2009
Net Tangible Assets	($)	2,233,314	2,392,427
Shares	No.	687,276,239	524,896,573
Net Tangible Assets	(cents)	0.32	0.46

Note 11. Cash Flow Reconciliation

	30 June 2010	30 June 2009
	$	$
(a) Reconciliation of cash flow from operating	(5,939,761)	(6,701,092)
Add back depreciation expense	77,613	79,967
Add back amortisation expense	177,299	187,084
Add back equity issued to settle expenses	707,670	2,355,709
(Increases)/Decreases in accounts receivable	(161,032)	154,407
(Increases)/Decreases in inventories	(165,331)	(15,223)
(Increases)/Decreases in other current assets	46,445	(124,385)
Increases/(Decreases) in accounts payable	105,058	(66,732)
Increases/(Decreases) in provisions	19,954	65
Foreign exchange rate movements	103,591	634,383
Result (cash basis)	(5,028,494)	(3,495,817)
(b) Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the Balance	2,299,686	2,959,130

Note 11. Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

Note 12. Audit

These accounts are currently in the process of being audited. An Annual Report containing the audit report shall be provided in due course.