

“Wheeze Rate – A New Paradigm in Asthma Management”

COMPANY ANNOUNCEMENT

KSX WHolter™ Service - New Revenue Model Launched

Highlights

- Nocturnal Asthma monitoring and evaluation has emerged as an absolute advantage of Acoustic Respiratory Monitoring.
- Sale of WHolter™ and WHolter™ Analysis Software to central clinical laboratories and multi-specialty clinics has commenced.
- In parallel, the Company has commenced distribution of WHolter™ Test Kits to allergy specialists, pediatricians, sleep labs and pulmonologists.
- WHolter™ Interpretation Service is now fully operational with trained experts and data transfer facilities in place.

22nd June 2010: The Directors of KarmelSonix Limited (ASX: KSX) are pleased to announce the recent activation of the new WHolter™ service. This service represents a new and important revenue model for the Company, which combines selling or leasing the capital equipment, sales of consumables with the provision of interpretation services through KarmelSonix. Physicians who order an overnight or 24 hour Wheeze and Cough monitoring for an Asthma patient can now prescribe the test, which is then performed by an authorized agent. As a result, the doctor receives important diagnostic data on his patient, without a capital investment or need to learn the analysis of the WHolter's™ raw patient data.

Once an order is received by a healthcare professional, the WHolter™ service provider dispenses a WHolter™ recording unit to the patient using the WHolter™ Service Kit purchased from KarmelSonix. The major indications for performing a test are (a) nocturnal asthma diagnosis, (b) evaluation of patient's asthma control (c) evaluation of chronic cough, (d) evaluation of nocturnal wheeze and cough in COPD patients, and (e) diagnosing occupational asthma. Most importantly, it is well recognized by the Global Initiative on Asthma (GINA) that a patient who has nocturnal asthma is not well-controlled and his/her medications should be stepped up.

The market potential for WHolter™ evaluations in the developed countries is estimated to be of the order of 8.0 million tests per year. This estimate assumes that there are approximately 100 million asthmatics in the Western economies. Of this figure, approx. 80% are mild, 16% are moderate and 4% have severe asthma. Based on a conservative estimate of a yearly WHolter™ test for the severe patients and a test every 4 years for the moderate patients, the estimate of the full market potential is approx. 8.0 million tests as stated above. This represents US\$200-300 per test in revenue in end-user price terms with approximately half of this reaching the Company once distribution costs are taken into account. With target market penetration of 0.2% in the 2010 / 2011 financial year (representing approx. 16,000 tests) anticipated the revenue from this activity could exceed US\$1.0 million.

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The development of this innovative service model required a multi-disciplinary approach involving all of the KarmelSonix subsidiaries. Data from each of its main regions are being transferred to a preliminary analysis centre set up in the regional offices located in Rancho Cucamonga (US), Sydney (AP) and Haifa. The data is then evaluated for quality and a report is prepared. The report is then evaluated, and interpreted by a physician. The final report is then sent back to the referring physician for correlation with existing clinical information (history, physical exam, medications etc.).

“We have learnt from similar business models in the cardiac WHolter™ space (arrhythmias, blood pressure) that providing a service is more profitable than simply selling capital equipment” explained Larry Murdock, KarmelSonix’ Corporate Marketing VP and GM of KarmelSonix US. “We are excited to be launching this service in this huge market. The response from physicians in the US and elsewhere has been very positive indeed and the sales cycle is much faster than when a capital equipment purchase is contemplated or required. The fact that the WHolter™ ambulatory test is compatible with the requirements of certain home sleep tests in the US allows us to explore the use of certain existing CPT (reimbursement) codes, further facilitating the launch of this service” said Mr. Murdock.

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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.

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