



“Wheeze Rate – A New Paradigm in Asthma Management”

12th November 2009:

Attached is a copy of the Investor / Shareholder Update which will be presented at the AGM this morning.

“Wheeze Rate – A New Paradigm in Asthma Management”

KarmelSonix Ltd. (KSX)
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Armadale VIC 3143 Australia

PulmoSonix Pty, Ltd.
336A Glenhuntly Road
Elsternwick VIC 3185 Australia

KarmelSonix (Israel) Ltd.
16 Palyam Avenue
Haifa, Israel



INVESTOR / SHAREHOLDERS UPDATE

KarmelSonix Ltd. ("KSX")

2010 – Year of Commercialisation

November, 2009

What Does KarmelSonix Do?

Developer and marketer of innovative medical devices to monitor and manage asthma and other respiratory conditions

- Acoustic Respiratory Monitoring for Wheeze & Cough in Asthma, COPD, Sleep Disorders & Persistent Cough



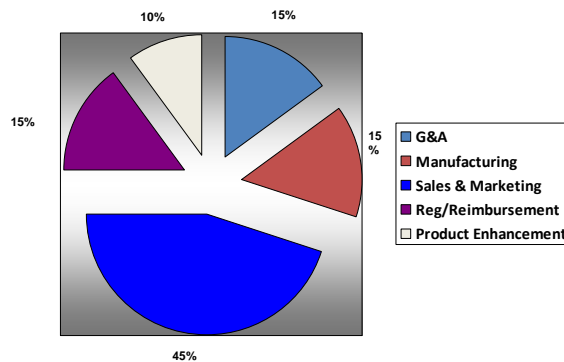
“ 3 x 3 Approach”

- 3+ Years of Product Development
 - Completed with manufacturing commenced
 - 3 Products to market
 - Hospital to Home
 - TGA, FDA and CE secured
 - 3 Huge markets
 - Australia / Asia Pacific, Europe, America’s
 - 300 Million asthma sufferers and growing
-

Commercialisation Capital Requirements

Seeking additional funding to optimise initial product rollout

Category Breakdown – utilisation of funds raised



“3 x 3 Product Approach”

3 Product Strategy

- Personal And Clinical WheezoMeter™
Home and Clinical Use



- WHolter™ – Ambulatory Testing Device



- Wireless PulmoTrack® – Hospital Device



Key Message

3+ Years R&D.... Unique Products *Now* ready to take to a massive Global Market

- 300 million + People Suffering from Asthma
- \$30 Billion spent on asthma management p.a.

Go-To-Market Strategy

People	Product	Regulation
<p>ASIA PACIFIC</p> <ul style="list-style-type: none"> • 10+ Years Leadership Experience in field – ex ResMed Senior Exec • Key experienced S + M team identified • Partners appointed in China, India, HK, Indonesia, Korea, Australia, Taiwan <p>EUROPE</p> <ul style="list-style-type: none"> • Market Experienced Distributors • Germany, Czech, UK, Italy, Romania, Benelux & Spain • Additional partners for further expansion <p>US</p> <ul style="list-style-type: none"> • Proven Experienced Manager • Talent build up in line with longer reimbursement lead times & installed based 	<ul style="list-style-type: none"> ▪ QA, Critical IP and Software Development out of Israel – completed ▪ Productive capacity to be ramped up ▪ Volume growth strategy to reduce COGS ▪ Product enhancements in progress (Wireless PT, Cough, WIM-GER joint venture) ▪ Order book being expanding 	<ul style="list-style-type: none"> ▪ <u>Europe</u> – CE Approvals Pulmotrack®, WheezoMeter™ and Cough Count. WHolter™ submission end CY09 ▪ Asia Pacific – TGA, KFDA, India marking – Pulmotrack®, WheezoMeter™ & Cough Count ▪ <u>US</u> – Longer regulatory Lead Times, FDA Approval for WheezoMeter™ (prof.) and Pulmotrack® ▪ Regulatory approvals received are a key prerequisite to commercialising the products

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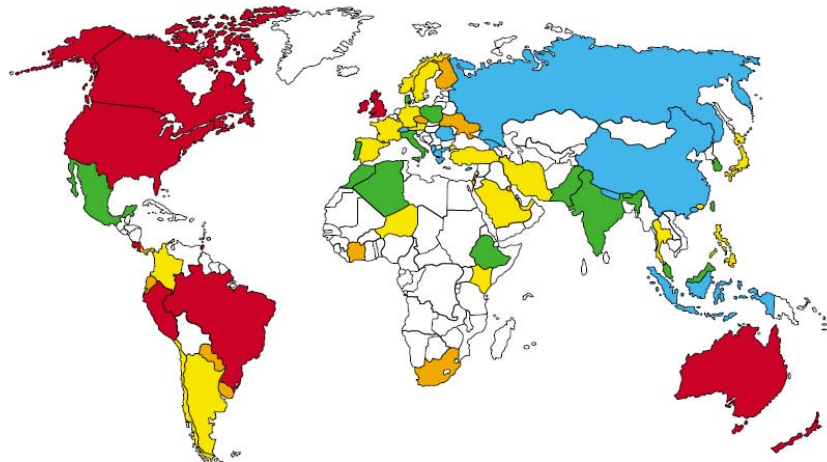
World Class People – Experience

- Experienced Global Sales + Marketing personnel already *identified & secured* subject to funding
 - Strong experience in Medical Devices, particularly, Respiratory. Global players
 - Experienced Respiratory Distributors on-board in 8 European countries; 4 in the US, 7 in Asia Pacific.
 - Key additional distributors identified throughout Europe, Asia, Australia and Japan
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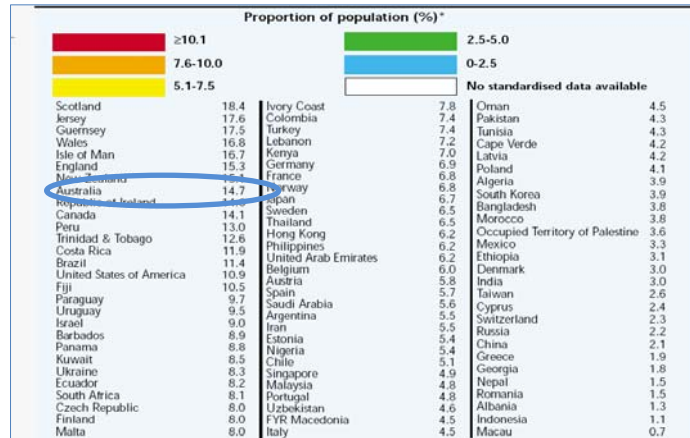
Current Distribution Partners



World Map of the Prevalence of Clinical Asthma



Australia



Commercialisation Strategy

- Personal WheezoMeter™ sales
- Clinical WheezoMeter™ Sales
- WHolter™ Sales & service model
- Pulmotrack® Sales
- Sleep-lab PulmoTrack® - PSG



Net Revenue Illustrative Model**

(covering Personal WheezoMeter™
and WHolter™ sales only)

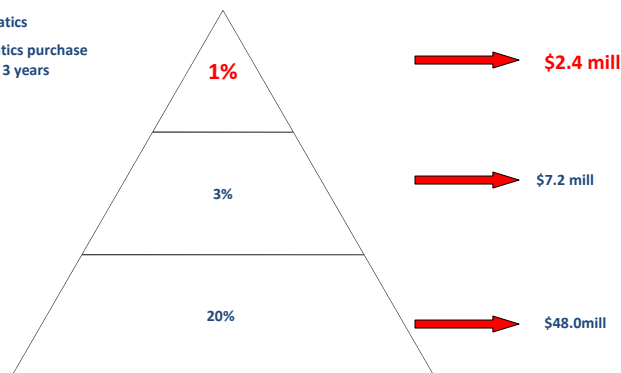
Australia – Personal WheezoMeter™



ASSUMPTIONS:

- 2.5 million Asthmatics
- Just 1% of Asthmatics purchase WheezoMeter™ at 3 years

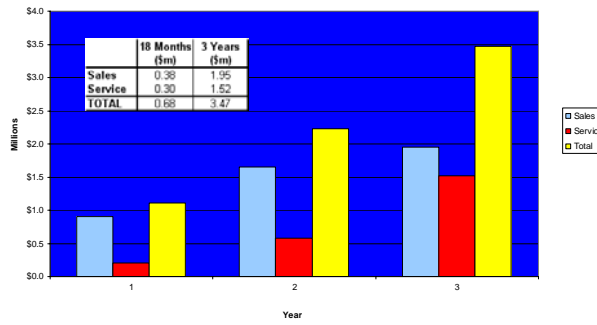
Potential Revenue



Australia - WHolter™ *

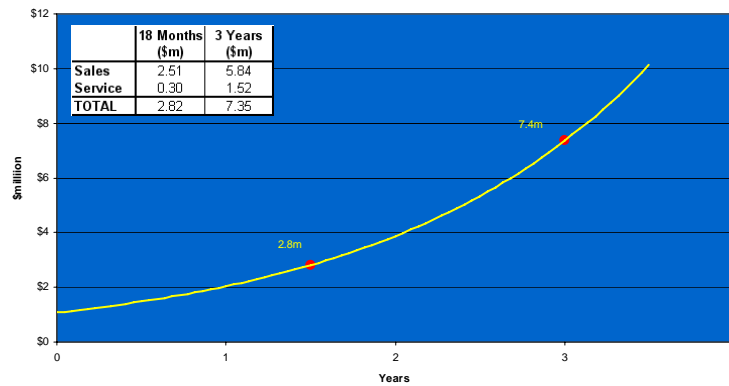


- 160,000 home based WHolters™ per annum *
- 24,000 home based sleep studies per annum (rapid 0 – 2 yrs)
- WHolters™ provided by 4 major pathology companies + Cardiologists
- Sleep studies provided by 5 companies
- Conservative 800 WHolters™ required to meet market demand over 3 Years
- Respiratory Market at least 2-3 X size of sleep market. Sleep Breathing Disorders (SDB) prevalence 6.7%, asthma alone 15%
- Multiple conditions e.g. asthma, COPD



** Illustrative Model only

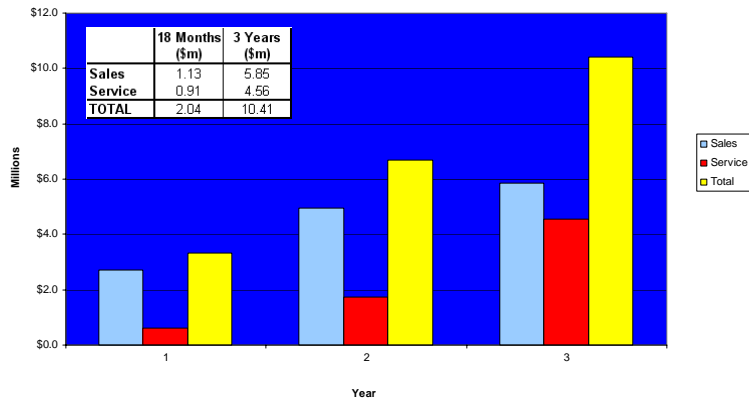
Australia – Net Revenue *



** Illustrative Model only

*Australia represents <3% of medical device global market and just 1% of global asthma market

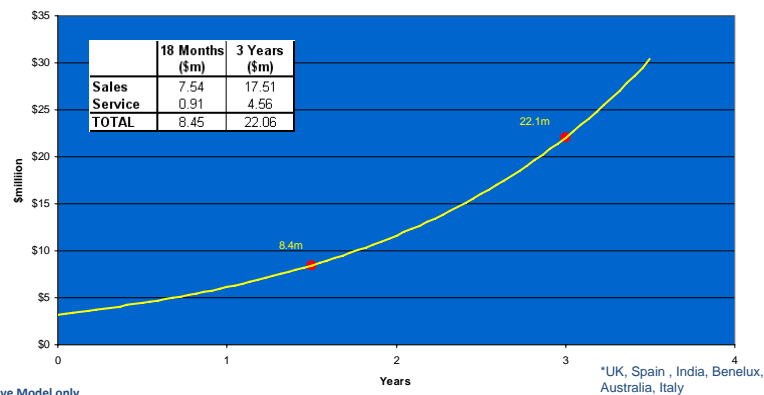
Global Revenue Model - WHolter™



** Illustrative Model only

Early Global Market * – Net Revenue

Conservative Assumptions

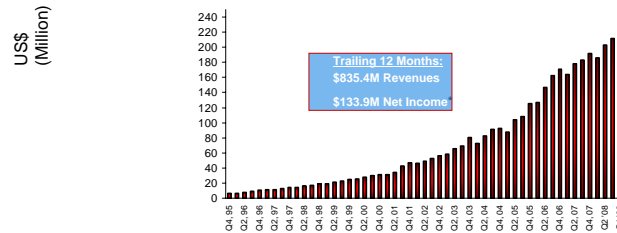


** Illustrative Model only

A Successful Comparison

ResMed (RMD:NYSE)

- Revenues of \$ 920 mill USD
- From IPO in 1995 CAGR has been 27% YOY
- Was a significantly tougher market to penetrate – extensive education on Sleep Disordered breathing was required
- Asthma on the contrary, is well known to medical community and patients alike
- 1 Key Product at RMD. KSX has 3 distinct products and multiple respiratory channels (PFL, consumer, pharmacy, GP)



Management

Mr. Peter Marks, Executive Chairman

- Seasoned investment banker in Melbourne, Australia
- Previously managing director of Australian Securities Exchange (ASX) branch in Melbourne
- Legal and VC background

Professor Noam Gavriely, Founder, Executive Director, CEO

- Founder and former CEO of KMAT
- International authority in Pulmonary Acoustics; holds multiple patents on phonopneumography

Dr. Henry Pinskiel, Executive Director

- Private Sector Medical Centre Operator
- Insurance Director
- Government Relations

Professor Nathan Intrator, Non-Executive Director

- World authority on biomedical signal processing and machine learning
- Founder, CTO and CEO of several medical device companies

Management

Mr. Larry Murdock, Managing Director of KS USA and VP Marketing and Sales

- 25 years experience in global medical device marketing and product launches, particularly within respiratory care

Mr. Paul Eisen, VP, Asia Pacific

- Former SVP Asia Pacific, ResMed
- Extensive experience in the Medical Device arena in Australasia & Europe

Mr. Amir Ohad, Financial Manager

- CFO and CEO - Israeli and international medium size and start-up companies
- Leader of execution of 3 M&A deals with strategic partners

Mr. Tim Brosz, VP, Business & Corporate Development

- Experienced investment banker and venture capitalist
- 25 years experience in life sciences and healthcare sectors

Mr. Isaac Kroin, CTO

- Experienced EE and MBA executive
- Instrumental in advancement of Acoustic Asthma Management technology over the past 10 years

Mr. Igor Narodizky, COO and VP Regulatory Affairs

- >10 years experience in Regulatory and Quality in medical device companies
- Operations, logistics and manufacturing experience in medical and electronics industries

Medical Advisory Board

Professor Simon Godfrey MD, PhD, FRCP, FRCPH (Chairman)

- Emeritus Professor of Pediatric and Adult Pulmonology at Hadassah-Hebrew University in Jerusalem
- Clinical interests in pediatric pulmonology and asthma
- Research interests in pediatric pulmonary physiology, infant lung function, asthma, bronchial provocation and application of novel investigative techniques for diagnosis and management of pediatric pulmonary diseases
- World leader in Asthma diagnosis and management

Professor Lynn Taussig

- Retired from position as President and CEO of National Jewish Hospital in Denver, Colorado
- Chairs steering committee for National Institutes of Health Childhood Asthma Research and Education (CARE) network
- Clinical interests focused on childhood asthma and cystic fibrosis
- Research concentrated on childhood origins of chronic lung disease, especially asthma; lung growth and development as related to health and disease; and cystic fibrosis

Professor Lewis J. Smith

- Associate Vice President of Research at Northwestern University
- Clinical and research interests focus on asthma and effects of diet on asthma with particular emphasis on effects of dietary antioxidants and soy isoflavones and asthma

Intellectual Property

- **Six granted patent families**

- Phonopneumography US 6,168,568
- Phonopneumography US 6,261,238
- Determination of apnea type US 6,375,623
- Sound velocity for lung diagnosis US 6,383,142
- Method and apparatus for determining conditions of biological tissues (US-methods, 7,347,824; Australia, NZ); pending in Europe & Canada; divisional applications accepted in Australia (patency), CIP pending in the US (apparatus)
- Measuring tissue mobility (US 7,201,721, Australia, UK)

- **Four published pending patents**

- Apparatus and method for lung analysis (“Pulmoscreen”), Pending in US, UK, Australia
- Method and apparatus for monitoring airways (“AirwayClear”), Pending in US, UK, Australia
- Method for determining lung condition indicators (Combined Active-Passive), Pending in US
- Method and apparatus for determining a bodily characteristic or condition (Acoustic Transfer Function), Pending in US

- **Four new patents in preparation**

- Active acoustics
- Sensor
- Statistical reporting
- Apparatus for detecting wheezes