

COMPANY ANNOUNCEMENT

KarmelSonix Expands Distribution Channels in Europe

23rd July 2009: The Directors of KarmelSonix Ltd (KSX or the Company) are pleased to announce the signing of an interim agreement with NewMedics, GmbH, and NewMedics, SRL., as exclusive distributors for Germany and Romania, respectively. As part of the appointments PulmoTrack® systems will be purchased for demonstrations and introduction of the technology in Germany and Romania.

NewMedics is a well established distributor of sleep diagnostic and therapeutic devices and respiratory services. It distributes state-of-the-art devices for treatment of obstructive sleep apnea as well as spirometers, fitness monitors and ECG equipment. The Company’s Principal, Dr. Irvin Chira has had a very successful track record in marketing and sales of cardio-respiratory devices over the last 20 years. NewMedics has established offices in Germany as well as Romania.

Commenting on this agreement with NewMedics, KSX’s Chairman, Peter Marks, commented “that this is another important development and push into the commercial marketplace for KSX’ products, starting with the PulmoTrack® system. The German market with its population of over 80 million and GDP per Capita of over \$US 34k is a very viable and dynamic medical device market. We are looking forward to continued long-term collaboration with excellent business outcomes to both entities.”

The Romanian market whilst much smaller, is an emerging player and where provision of improved health care services, including innovative products is becoming a priority”.

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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 focused on early commercialization of its products with special emphasis on the European and North American markets.