

KarmelSonix Ltd.

A World Leader in Acoustic Respiratory Monitoring

Annual General Meeting

November 30, 2010

Melbourne, Australia

We committed to transitioning KSX to a commercial stage company September 2010

- **New Leadership Team**
- **Refine Business Model**
- **Focus on Quality Manufacturing**
- **Focus on Creating Demand**
- **Strict Financial Metrics**
- **New Global Partnerships**
- **Closer Relationship with our investors**

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*Some companies make
things happen,*

WHILE

*others wonder
what happened !!!*

So the trick is avoid being the latter

**Transformation is about finding
balance between old practices
that work and new practices that
are needed**

Management's Primary Objectives:

- Build a 'good' company
with 'solid' fundamentals**
- Respect shareholder value**

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- **Experienced Board with global experience**
- **Seasoned Executives in senior leadership roles**
- **Streamlined organizational structure**

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- **Focus on ‘TriPod of Success’**
 - Sales and Marketing
 - Quality Manufacturing
 - Clinical validation
- **Simplified product mix**
- **Roll out of WHolter home test service with trailing revenue (US beta site launched Oct., Melbourne beta site about to launch in Dec.)**

Our refined business model is simple.....

The Tripod of success



Simplified Product Offerings

➤ WheezoMeter™

For General Practice

For home/family use



➤ WHolter™ – Ambulatory Testing Device

Home Testing overnight like Home Cardiac

& Sleep Testing



➤ PulmoTrack® – Hospital Device

Continuous monitoring in hospital



WHolter Testing Process



- Service Launched in US in October 2010
- Service beta site due to launch in Australia – Dec 2010

Testing - 2 days

- Recorder & Test Kit sent to provider
- Check Out/In
- Data * mailed to Rancho with voucher

Analysis - 1-2 days

- Data backed up on server
- Auto analysis w/ Haifa software
- Haifa notified

Reporting - 1-2 days

- Analyst QA
- MD review
- Report to Rancho
- Report & invoice to provider

*Providers under agmt. Receive Check in/out software. Agmt covers PHI and fee for service.

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- **Emphasis on product and service quality improvements**
 - (Israel ISO Qualification underway)
 - Integrated sales, mnfg & QC/QA teams
- **Moving to outsource manufacturing large volume products**

Our Planned Manufacturing Partner Facility

- **10+ years experience in medical kitting/packaging.**
- **cGMP/QSR-compliant, ISO9001 and ISO13485 accredited facilities**
- **Dedicated team of facility-based and division-level medical QC professionals.**
- **Full product track & traceability; 21CFR part 11-compliant MES with full eDHR capability.**
- **IT strength across the entire supply chain**
 - **Integration, ERP, SFC, track & trace.**
- **Medical products delivered to all corners of the globe without any recalls.**



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- Aggressive presence in key international trade shows
- Rapid expansion of clinical trials with Key Opinion Leaders (KOLs)
- Forging global distribution partnerships

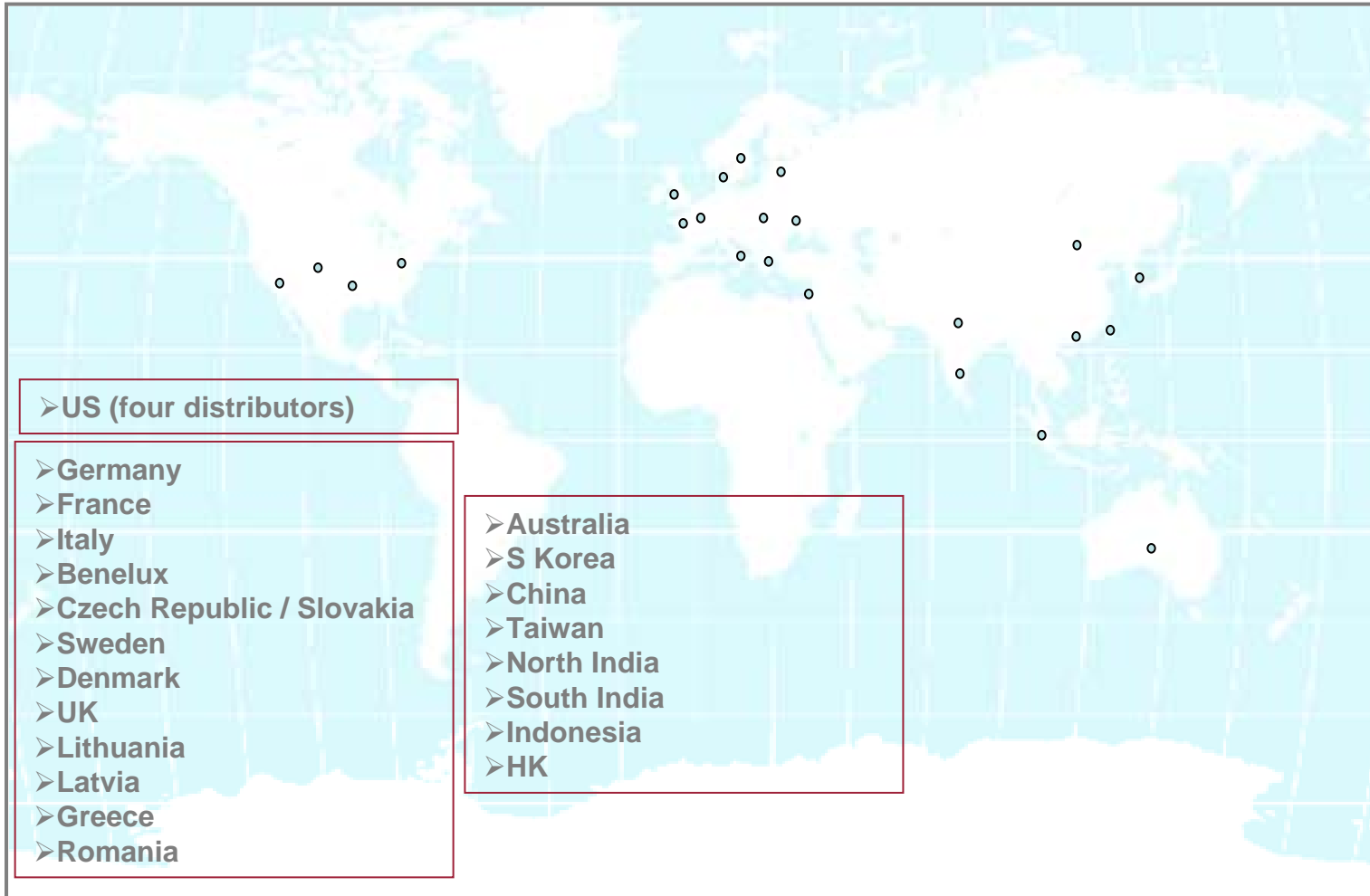
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- In Phase I, reduced burn rate by 28%
- Now in Phase II,
 - introducing major realignment of resources and skills
 - Expanding our sales team by 50%
 - Expanding our manufacturing capacity by 500%
 - Outsource manufacturing reduces fixed cost and shifts inventory risk
- Introducing monthly financial audit (sales, Mnfg efficiency, yield, collections, transfer pricing)
- CFO function being relocated

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- Expand Execution Team
- Strict Financial Metrics
- **New Global Partnerships**
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- **Expanded our distributor partnerships to 19 globally**
- **Aligning our sales support team to better support distributor network**
- **Expect further significant expansion in 2011**

Broad Distribution Network Established



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- Quarterly opportunity to meet face to face
- Twice quarterly Letter to Shareholders
- Regular one on one dialogue with stakeholders

2011 Milestones

- **Corporate**
 - Forge at least one ‘blue chip’ distributor relationship for US or Japan
 - Confirm WHOlter Home Test Kit business model (use and reimbursement)
 - Successfully transition high volume manufacturing to subcontract manufacturer
- **Financial Goals**
 - Raise balance of required financing for 2011
 - Achieve \$2.5 M in product revenue
 - Achieve \$1 M in GM
 - Limit net organizational burn rate to < \$4.0 M
- **Organizational Goals**
 - Recruit permanent CEO, new CFO, new Sales & Marketing for EU, additional regional sales manager in US and Asia
 - Right size teams to support 2011/2012 needs
- **Clinical Goals**
 - Organize and then complete ten (10) clinical study sites with defined goals, end points and KOL engagement and prepare to publish results.
- **Product Goals**
 - Increase blended manufacturing yield to > 95%
 - Achieve a 20% COGS reduction for PW

- **Success will not be come easily, nor will it come overnight**
- **It will take hard work on the part of the leadership team**
- **it will take patience and continued support on the part of the shareholders**
- **It will require customer buy in.....**

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But, if we stay the course, there will be success

