

## COMPANY ANNOUNCEMENT

### US – Israel Binational R&D Foundation Approves Funding of Joint Venture WIM-GER™ Development

#### HIGHLIGHTS

- The US-Israel Industrial R&D Foundation (BIRD-F) approved US\$ 900,000 funding for a Joint Venture project by Sandhill Scientific Inc. of Denver, CO, USA and KarmelSonix (Israel) Ltd of Haifa, Israel.
- The Project will develop, validate and bring to market the WIM-GER™, a hybrid product for simultaneous monitoring of wheeze, cough and gastro-esophageal reflux.
- The novel device combines proven technologies of both companies to facilitate correct diagnosis of asthma induced by reflux vs. reflux induced by asthma and chronic cough

**18<sup>th</sup> June 2008:** Sandhill Scientific, Inc. of Denver, Colorado USA and KarmelSonix Ltd (ASX: KSX) and its Haifa, Israel - based subsidiary, KarmelSonix (Israel) Ltd. are pleased to announce the approval of funding by the United States – Israel Industrial Research and Development Foundation (BIRD-F) for their joint venture to co-develop, validate and bring to market the WIM-GER™. This novel device combines the proprietary wheeze and cough detection technologies of KarmelSonix and the well-established acid and non-acid monitoring technologies of Sandhill Scientific into a new market-driven product.

The need for the WIM-GER™ became absolutely clear in recent years through multiple clinical studies that demonstrated the importance of correct diagnosis of the causality relationships between reflux, asthma and chronic cough. In the past methods used to investigate the role reflux plays in either chronic cough or asthma have been problematic, poor or unreliable lacking methods of reporting patient respiratory symptoms and how or whether they temporally correlate with reflux. The new device, which will be a small 24-hours patient-worn high capacity digital encoder, will be applied to patients for monitoring during normal activities at the patient's own environment. Data will be analysed off-line by gastroenterologists, pulmonologists and otolaryngologists to establish diagnosis and determine the optimal course of treatment.

The funding at the level of US\$900,000 will be matched by the Companies' own resources and will be split about equally between the parties. The funding is in a form of a conditional loan to be paid back to the foundation through royalties from revenues received for the marketed devices.

The BIRD-Foundation ([www.birdf.com](http://www.birdf.com)) is an established R&D funding agency that provides financing to qualified industrial R&D joint projects of Israeli and American companies. Dr. Eitan Yudilevich, Executive Director of the foundation announced the selection at the conclusion of the Foundation's June 16<sup>th</sup> Board of Governors meeting.

Mr. Jerry Mabary, Vice President of Sandhill Scientific said: "This funding marks the culmination of over 18 months of collaboration between the teams of both Companies. Our intensive involvement in the Gastro-Esophageal Reflux market clearly indicates the

need for this device and we are confident that, once completed, the WIM-GER™ will become an important tool in the management of GER/Asthma/Chronic Cough patients. We are excited about the collaboration with Haifa-based KarmelSonix and about doing so within the framework of the BIRD-Foundation”.

Prof. Noam Gavriely, KarmelSonix’ Chief Medical Officer commented that the approval of this project by the highly esteemed and critical professional staff of the BIRD Foundation is an important vote of confidence to the proposed technology as well as to the parties’ ability to successfully execute this joint venture project. “The WIM-GER™ complements the line of acoustic products that KarmelSonix brings to the asthma market while at the same time enhances Sandhill’s standing as a market leader in the management of GI and esophageal diseases.”

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