

MERGENT INDUSTRIAL

NEW LISTING

November 15, 2011



This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL AND INTERNATIONAL Manuals and will be included in the bound 2011 November Monthly News Reports and is published on our Website.

iSonea Ltd.

Company Website: www.isoneamed.com

History: Incorporated in Australia in 1987 as Q-Vis Ltd. Name changed to Salus Technologies Ltd. on Dec. 15, 2004. Name changed to KarmelSonix Ltd. on Nov. 27, 2006. Present name adopted on Aug. 10, 2011.

On June 27, 2005, Co. acquired 100% of the issued share capital of Advance Wound Care Pty. Ltd. The purchase consideration was satisfied by issuance of 5,275,000 ordinary shares; 5,000,000 class A shares; and 5,000,000 class B shares with a purchase price of A\$513,750.

On Nov. 21, 2006, Co. acquired 100% interest in Karmel Sonix (Israel) Limited for a purchase consideration of A\$1,580,750.

On Nov. 21, 2006, Co. acquired 100% interest in PulmoSonix Pty Ltd for a purchase consideration of A\$1,835,750.

On Dec. 14, 2006, Co. disposed of its 100% interest in Advanced Wound Care Pty Ltd.

Business: iSonea is a medical device development and a manufacturing group based in Australia. Co. is engaged in the research, development and commercialization of acoustic respiratory monitoring devices and products for the monitoring and management of a range of respiratory conditions, including asthma, sleep apnea and emphysema. Co.'s products are based on acoustic signal acquisition technology and advanced analysis capabilities. Co.'s principal products include Personal Wheezometer™; WHolter™; Wireless PT™; WIM-GER™; and, Acoustic Severe Asthma Monitor or ASAM™. Co. operates predominantly in Australia, United States and Israel.

Property: Co. maintains its registered office and principal place of business in Armadale, Victoria.

Controlled Entities

PulmoSonix Pty Ltd
Karmel Sonix (Israel) Limited (Israel)
KarmelSonix USA (United States)

Officers

Ross Haghigat, Executive Chairman; Chief Executive Officer
Michael J. Thomas, Chief Executive Officer
Seth David Model, Senior Vice President - Finance
Stephen Tunnell, Senior Vice President - Operations
Michael A. Cheney, Vice President - Marketing
Phillip Hains, Joint Company Secretary
Brad Slade, Joint Company Secretary

Directors

Ross Haghigat, Chairman
Paul Hopper, Non-Executive Director
Jerome Korten, Non-Executive Director
Fabio Pannuti, Non-Executive Director

Auditors: PKF

Solicitors: Quinert Rodda

Shareholder Relations: Michael Cheney, **Tel.:** 336 643 8787

Annual Meeting: In November

No. of Stockholders: Sep. 29, 2011, 4,037

No. of Employees: Nov. 4, 2011, 30

Address: Suite 2, 1233 High Street, Armadale, Armadale, VIC, 3143, Australia **Tel.:** 61 8 9315 2333

Fax: 61 3 9824 8161 **E-mail:** mthomas@isoneamed.com
Web: www.isoneamed.com

Consolidated Income Account, years ended June 30 (A\$):

	2011	2010	2009
Rev	332,087	348,493	225,432
Cost of goods sold	(239,770)	(269,886)	(294,954)
Gross profit (loss)	92,317	78,607	(69,522)
Other income, net	126,690	184,568	201,667
Amort exps	(173,801)	(177,299)	(187,084)
Consulting, empl & director exps	(2,372,038)	(1,895,903)	(2,924,230)
Corp admin exps	(830,278)	(820,601)	(486,766)
Deprec exps	(49,247)	(77,613)	(79,967)
Marketing & promo exps	(1,651,273)	(1,289,638)	(1,050,846)
Research & devel exps	(1,404,785)	(1,450,373)	(2,026,361)
Travel & entertainment exps	(414,896)	(491,509)	(77,983)
Profit (loss) bef inc tax	(6,677,311)	(5,939,761)	(6,701,092)
Profit (loss) for the year	(6,677,311)	(5,939,761)	(6,701,092)
Profit (loss) attrib to members of the parent entity	(6,677,311)	(5,939,761)	(6,701,092)
Common shares:			
Weigh avg shares outstg - basic	783,705,779	644,604,711	395,246,272
Weigh avg shares outstg - diluted	783,705,779	644,604,711	395,246,272
Yr end shares outstg	1,057,918,224	714,741,239	561,811,573
Net earnings (loss) per sh - basic	A\$(0.01)	A\$(0.01)	A\$(0.02)
Net earnings (loss) per sh - diluted	A\$(0.01)	A\$(0.01)	A\$(0.02)
Total number of employees	30		
Number of stockholders	4,037	3,859	
	As of November 4, 2011.	As of September 29, 2011.	As of September 28, 2010.

Consolidated Balance Sheet, as of June 30 (A\$):

	2011	2010
Assets:		
Cash at bank & in hand	204,215	266,834
Short-term bank dep	1,107,850	2,032,852
Cash & cash equivs	1,312,065	2,299,686
Trade receiv	276,548	382,502
Trade & other receivables, net	276,548	382,502
Inventories	386,423	242,230
Prepayments	38,722	98,334
FBT installments		300
Other curr assets, net	38,722	98,634
Tot curr assets	2,013,758	3,023,052
Furn & fittings, at cost	32,731	33,968
Accum deprec - furn & fittings	(8,753)	(7,000)
Furn & fittings, net	23,979	26,968

Computer equip & software, at cost	358,448	343,196
Accum deprec - computer equip & software	(296,993)	(283,375)
Computer equip & software, net	61,455	59,821
Medical equipment, at cost	130,884	128,266
Accum amort - medical equip	(44,270)	(26,250)
Tot lsehd improvements	86,614	102,016
Fitout assets, at cost	46,468	43,232
Accum deprec - fitout assets	(23,442)	(16,044)
Fitout assets, net	23,026	27,188
Plt & equipment, net	195,074	215,993
Acq intellectual prop net	1,134,116	1,342,077
Intang assets	1,134,116	1,342,077
Other non-curr assets	10,570	13,970
Tot non-curr assets	1,339,760	1,572,040
Tot assets	3,353,518	4,595,092
Liabilities:		
Trade pays	491,468	733,406
Sundry pays & accrued exps	225,384	200,142
Trade & other payables, net	716,852	933,548
Other finl liabil		44,940
Provisions	22,354	31,745
Tot curr liabil	739,206	1,010,233
Other finl liabil	504,516	708,667
Provisions		9,468
Tot non-curr liabil	504,516	718,135
Tot liabil	1,243,722	1,728,368
Net assets	2,109,796	2,866,724
Ordinary shares	67,479,141	61,896,696
Issued cap	67,479,141	61,896,696
Reserves	1,139,314	4,429,392
Retain earnings (accum losses)	(66,508,659)	(63,459,364)
Tot eq	2,109,796	2,866,724
Tot liabil & stkhlders eq	3,353,518	4,595,092
	As reported by Company.	

Auditor's Report: The following is an excerpt from the Report of the Independent Auditors, PKF, as it appeared in the 2011 Annual Report:

Auditor's Opinion

In our opinion:

(a) the financial report of KarmelSonix Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001, and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention drawn to Note 1 in the financial report, which indicates

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that the consolidated entity incurred a net loss of \$6,677,311 during the year ended 30 June 2011 and as of that date, the consolidated entity had negative cash flow from operating cash flows of \$5,353,963. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business."

Capital: 1. iSonea Ltd ordinary; no par.
OUTSTANDING — June 30, 2011, 1,057,918,224 shs; no par.
STOCK SPLIT — No par shares split 20-for-1 on Apr. 3, 2000.

No par shares reverse split 1-for-25 on Nov. 29, 2004.
VOTING RIGHTS — Entitled to one vote per share.
OPTIONS — June 30, 2011, outstanding, 235,312,643.
SHARE REGISTRY — Security Transfer Registrars, Applecross, Western Australia, Australia.

PRIMARY EXCHANGE — Australian (AUS): ISN
SECONDARY EXCHANGE — National Bulletin Board (NBB): KMLX F
PRIVATE PLACEMENTS — (275,000 shares) at A\$20.00 per share in Jan. 2000 for gross proceeds of A\$5,500,000.

(10,000,000 shares) at A\$1.00 per share privately placed on July 11, 2000 for gross proceeds of A\$10,000,000.

(1,250,000 shares) at A\$4.00 per share privately placed on Apr. 30, 2001 for gross proceeds of A\$5,000,000.

(1,000,000 shares) at A\$0.10 per share privately placed on May 16, 2005 for gross proceeds of A\$100,000.

(500,000 shares) at A\$0.01 per share privately placed on May 16, 2005 for gross proceeds of A\$5,000.

(2,637,500 shares) at A\$0.01 per share privately placed on May 16, 2005 for gross proceeds of A\$26,375.

(16,000,000 shares and 16,000,000 free attaching options) privately placed on Sept. 11, 2006 for gross proceeds of A\$800,000.

CAPITAL HISTORY — In accordance to the Company Law Review Act of 1998, all nominal par value were abolished. Effective July 1, 1998, share capital does not have a nominal par value.

RIGHTS ISSUE — On Feb. 4, 2002, Co. issued a 1-for-4 rights issue of approximately 11,641,667 new shares at an issue price of A\$40.70 per new share to raise approximately A\$8,150,000.

On May 16, 2005, Co. issued 5,896,548 shares at A\$0.01 per ordinary share for proceeds of A\$58,965 pursuant to rights issue.

2. iSonea Ltd partly paid ordinary; no par.
OUTSTANDING — June 30, 2010, 27,465,000 shs; no par. (Converted as at June 30, 2011)

3. iSonea Ltd A class; no par.
OUTSTANDING — June 30, 2006, 5,000,000 shs; no par. (Cancelled as per Deed of Cancellation December 24, 2006)

OPTIONS — June 30, 2006, outstanding, 2,250,000.

4. iSonea Ltd B class; no par.
OUTSTANDING — June 30, 2006, 5,000,000 shs; no par. (Converted on January 23, 2007)
OPTIONS — June 30, 2006, outstanding, 2,250,000.

5. iSonea Ltd D class; no par.
OUTSTANDING — June 30, 2008, 30,000,000 shs; no par. (Converted on April 20, 2009)

6. iSonea Ltd E class; no par.
OUTSTANDING — June 30, 2008, 30,000,000 shs; no par. (Converted on July 31, 2008)

7. iSonea Ltd G class; no par.
OUTSTANDING — June 30, 2009, 12,500,000 shs; no par. (Redeemed on Dec. 17, 2009)

8. iSonea Ltd H class; no par.
OUTSTANDING — June 30, 2009, 12,500,000 shs; no par. (Redeemed on Dec. 17, 2009)

9. iSonea Ltd American Depositary Receipt; no par.
One American Depositary Receipt equals one Common share.

DEPOSITARY — Bank of New York Mellon, New York, NY
PRIMARY EXCHANGE — National Bulletin Board (NBB): ISOA Y