
SPO MEDICAL FILES ANNUAL REPORT FOR FISCAL 2009

Overall improvement in operations with reorganization of Company

New York, NY – March 31 2010. SPO Medical Inc. ([SPOM](#)), a leading developer of biosensor and microprocessor technologies for use in portable monitoring devices announced that it filed on March 29, 2010 its Annual Report on Form 10-K for the year ended December 31, 2009.

Gross Revenues of \$1,047,000 were recorded in 2009 reflecting sales of PulseOx product line. The Company also generated a positive cash flow of \$132,000 in 2009 compared to a negative cash flow of \$1,158,000 in 2008, partly attributable to its restructuring program which was initiated in July 2008 and culminated in the license in January 2010 of its PulseOx product line. While revenues recorded in 2009 reflected a decrease from the revenues recorded in 2008, going forward the Company believes that its restructured operations now focused primarily on licensing its core technology for non-medical market applications, will better enable the Company to take advantage of several mass-market consumer related opportunities coming its way. The overall improvement in financial conditions was achieved through restructuring of the Company's operations and subsequent reductions in headcount and general overhead.

As previously announced, the Company has achieved several milestones since restructuring was completed; they include:

- Signing a licensing agreement for the existing SPO Medical PulseOx product line so that all worldwide sales, marketing and manufacturing of this line has been transferred to a licensee; in consideration, the Company received up-front payments and on-going license fees from future sales of the PulseOx product offering.
- Signing a Memorandum of Understanding (MOU) with MetroSleep Inc, a company specializing in products to diagnose and treat sleep apnea through at-home testing, enabling the integration of SPO' ASIC chip-set technology in a new product offering for the home-screening Sleep Apnea market. The terms include an advance licensing fee and subsequent royalty payments to SPO, once products are commercially available. Currently over 40 million people suffer from sleep disorders in the US alone making this a large commercial opportunity for the Company.
- Signing an MOU to integrate SPO' proprietary oximetry technology for heart-rate monitoring in consumer audio and leisure devices. Commercial terms include advance payments for development work to be performed by SPO and subsequent royalty payments once the developed products are commercially available.

- Granting of an innovative patent by the United States Patent and Trademark Office that focuses on commercial applications relating to the implementation of reflectance pulse oximetry for monitoring babies and infants, particularly from birth to 12 months. This patent enables the commercialization of pro-active monitoring devices that can help safeguard a baby during first-year critical months. The target market for the Company is focused on the annual 8.1 million births in Western countries.

Michael Braunold, President and Chief Executive Officer of SPO Medical commented: "The recent restructuring of Company operations that we initiated in July 2008 and which culminated in the license in January 2010 of the PulseOx product range, has enabled us to refocus our efforts and energies to non-medical market applications. During 2010 and beyond, we plan to embark on business development activities in various commercial applications relating to the implementation of reflectance pulse oximetry for non-medical markets. Applications include the consumer sports watch and associated wellness devices, a baby movement monitor and various other mass-market product opportunities that could use our proprietary pulse oximetry in a non-invasive, convenient manner enabling accurate and effective measurements of vital sign information. Commercially, we believe that our unique technology can attract interest from various non-medical corporations who are seeking commercial solutions for mass-market consumer markets; in addition, this strategy should further contribute to potentially increasing value for the SPO shareholders."

A more detailed description of the financial results and financial statements are contained in the Annual Report on Form 10-K filed with the SEC on March 29, 2010.

About SPO Medical:

SPO Medical ([SPOM](#)) a leading developer of biosensor and microprocessor technologies for use in portable monitoring devices to capture life-saving and life-enhancing information within four key markets: medical care; home and remote-care; sports and wellness; and safety and security. Its patented technology uses information gathered from the reflectance of light on the human blood stream, in a non-invasive manner, to monitor key vital signs. The Company licenses its technologies to appropriate client corporations for commercialization and distribution. For more information, visit www.spomedical.com and www.spobaby.com.

Forward Looking Statements:

This press release contains forward-looking statements that involve substantial uncertainties and risks. These forward-looking statements are based upon our current expectations, estimates and projections about our business and our industry, and that reflect our beliefs and assumptions based upon information available to us at the date of this release. We caution readers that forward-looking statements are predictions based on our current expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Our actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements as a result of a number of factors, including but not limited to, success of our restructured operations and plans, our ability to generate fees or raise capital to support our business operations and plan, the sufficiency and availability of working capital, changes in economic conditions generally and in more specifically, the introduction of competing products, changes in our operating strategy or development plans patent protection for our products and technologies, market acceptance of our products and new product applications, product performance, size of prospective markets, revenues assessments, changes in economic conditions generally and in more specifically, in the markets we operate, changes in technology, legislative or regulatory changes that affect us and the risks and uncertainties discussed under the heading "Risk Factors" in Item 1 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. We undertake no obligation to revise or update any forward-looking statement for any reason.

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