

Executive Summary – SPO Medical Inc ([SPOM](#))

SPO Medical ([SPOM](#)) is a leading developer of biosensor and microprocessor technologies for use in portable monitoring devices to capture life-saving and life-enhancing vital signs within four key markets: medical care; home and remote-care; sports and wellness; and safety and security. SPO Medical' patented technology uses information gathered from the reflectance of light from human blood (Reflectance Pulse Oximetry) to monitor oxygen saturation and heart rate, non-invasively. To date, the company has obtained 12 issued patents in this technology and has several additional patent applications pending.

SPO Medical introduced its first medically prescribed product, the PulseOx 5500™, a spot-check finger pulse oximeter which received approval from the FDA, CE and other countries' regulatory authorities in early 2005. Since this date, SPO introduced five additional products based on its proprietary oximetry technology. Commercially, the company has generated revenues close to US\$15 Million since it first introduced its products to the medical market and built a distribution network and OEM arrangements with strategic partners in over 40 countries. These achievements have been made in a relatively short period and have resulted in more than 200,000 SPO Medical oximetry units being sold with end-user market value in the region of US\$35-40 Million.

Previously the primary revenue resource to the Company had been sales in the medical market segment. Nevertheless, these revenues were adversely affected by the entry of lower-cost medical devices which caused a material disruption to the market and lowered product margins previously earned in the pulse oximeter market. As of January 2010, the Company redirected all development resources to consumer market applications through OEM/licensing arrangements to appropriate client corporations for commercialization and distribution of products that can benefit from the real added-value of the technology offer. The Company believes that the market appreciation of the technology in the wellness and consumer markets will be far greater than that of the medical market. As a result, SPO Medical has recently licensed all its medical product offering (the PulseOx range) so it can focus solely on non-medical consumer market applications going forward.

The uniqueness of the SPO technology has enabled the Company to apply its technology to non medical applications for large consumer markets. SPO recognizes that its strength in any commercial relationship is as the technology provider and hence the strategy moving forward is to obtain a licensing agreement with a partner that has both brand and strong distribution. Under the typical terms of agreements under discussion SPO will be the technology provider/licensor and the marketing, production and distribution will be lead by the marketing partner. Additional details of the Company's activities can be found on our web sites at: www.spomedical.com and www.spobaby.com.