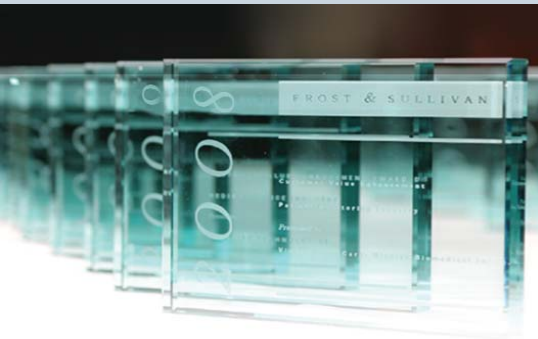




Integrity Applications Ltd.: Recipient of the  
2008 North American Biosensors  
Product Innovation Leadership of the Year Award



*From left to right: Avner Gal, Integrity Applications Ltd., Co-Founder, CEO, Managing Director, Art Robbins, Frost & Sullivan, President, North America*

*“Partnering with clients to create innovative growth strategies”*

## 2008 North American Biosensors Product Innovation Leadership Award

### Award Description

The Frost & Sullivan Award for Product Innovation is presented each year to the company that has best demonstrated the ability to develop and/or advance products with more innovative capabilities than competing vendors and products. This Award recognizes the company's successful adoption of new or existing technology that has become a part of its well-designed product family. Such innovation is expected to significantly contribute to the industry in terms of product performance and degree/rate of technical change.

### Research Methodology

To choose a recipient of this Award, the analyst team tracks all new product launches, product differentiation strategies, R&D spending, products in development, and new product features and modifications. This is accomplished through interviews with the market participants and extensive secondary and technology research. The data compiled through this research is analyzed based upon specific measurement criteria for this Award. Participants are then ranked with respect to the measurement criteria. Frost & Sullivan then presents the Award to the company that received the number one rank.

### Measurement Criteria

In addition to the methodology described above, there are specific criteria used to determine final competitor rankings in this industry. The recipient of this Award has excelled based on one or more of the following criteria:

- Significance of new product(s) in its industry
- Competitive advantage of new product(s) in its industry
- Degree of differentiation innovation compared to other market participants
- Benefits to end-users due to product differentiation
- Effect of product differentiation on ease of adaptability for new end-user applications
- Product innovation in terms of unique or revolutionary technology
- Product acceptance in the marketplace
- New product value-added services provided to customers
- Number of competitors with similar product(s)



### Key Innovation Focus

Integrity Applications has been developing the products by focusing on three important perspectives:

- Product applications

- Product Functions
- Improving customer value

Integrity Applications production innovation has adopted a focused plan towards achieving technological excellence. The in-house design team strengths were fully exploited by Integrity Applications to overcome the drawbacks current existing glucose meters that require piercing, limited accuracy to quality of strips (analytes) and limited analyte life, all of which have warranted the need of a non-invasive design and dispense the use of expensive strips.

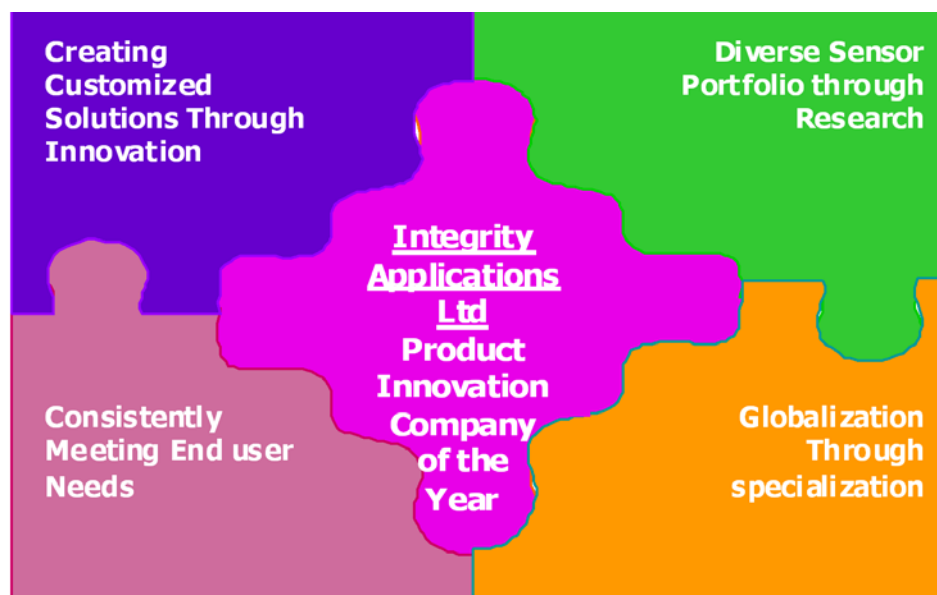
As a strategy to expand its technological excellence, Integrity Applications after intensive in-house research has indigenously developed GlucoTrack. This glucose monitoring device uses three independent, simultaneous technologies namely ultrasound, conductivity, and heat capacity. Measurements produced by the three technologies are fed into a proprietary algorithm. The use of the three technologies and the algorithm is the primary innovation of this system. GlucoTrack is a user-friendly application that can be used by the diabetics themselves. It requires recalibration only once a month. This large interval between recalibrations is a unique feature of this non-invasive device.

### Simple Design & Technology

While developing GlucoTrack meter, Integrity Applications paid special attention to its ease of use by its end-users. With this emphasis, GlucoTrack design has a very simple pushbutton start. It comprises of portable main monitoring unit that includes a display and is about the same size and weight as an iPod, and a small sensor that contains the sensors and calibration electronics which clips onto the earlobe like a clip-on earring. This is fully adjustable so fits without any difficulty. The ear clip is attached painlessly to the ear, and users can measure blood glucose levels as many times a day as they require.

The users input their data into the machine, and can then, after a short calibration process, start using the battery-operated device. The combined result is displayed on a digital screen. If blood glucose exceeds too high or too low level predetermined by the user, an automatic visual and audible alarm is triggered.

This was done with a view to integrate the acoustic and ultrasonic technologies within its legacy of design capabilities. Integrity Applications has put its application engineering expertise to precisely use the patented integrated technology to design and develop this non-invasive blood glucose monitoring device.



## Meeting Strong Challenge

To meet the strong technological challenges Integrity Applications intelligently overcame its drawbacks as shown in Chart 1.2. One of the challenges that lead to the development of this product is the need for higher accuracy overcoming frequent calibrations needed in both Diabetic Type I and Type II applications. The user needs a high level of performance with multiple uses that is very important where more than one user uses it, especially in a family where the diabetes is hereditary. Combating technology challenge, only the ear clip needs calibration for each individual user. This is a unique superiority over its competitor products where frequent calibration is required every few hours. Since the integration of three diverse technologies is a challenge to match signals, a higher accuracy is offered through signal processing. The matching is very important to be able to get a very high accuracy.

## Major Benefits

The major benefits achieved by developing GlucoTrack by Integrity Applications are its:

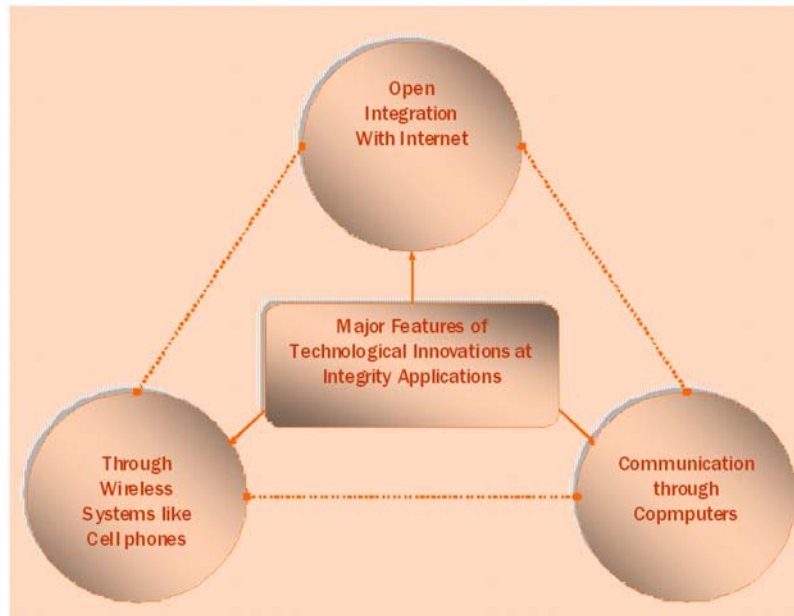
- Painless Testing
- High Accuracy
- Once a Month Calibration
- Redundancy
- Self-diagnostic features - spot & continuous measurement
- Supports Multiple Users
- Highly Economical Testing

This new technology amalgam glucose meter has successfully resolved the calibration and safety issues related to the diabetic test market. Redundancy is important for some critical applications in especially while conducting surgeries and other invasive procedures with the point of care applications. The amalgamation of three technologies in the form of GlucoTrack has a good redundancy concept, which is its unique feature. To ensure implementation of flawless communication and back up storage of data GlucoTrack is fitted with a USB and infrared communication capabilities. The usage of USB port has given this product the flexibility to allow the user to download data for off-line analysis, as well as an infrared interface for downloading data to portable hand held computers and PDA's.

The measurements produced by the three technologies are fed into a proprietary algorithm, and the final result is displayed to the patient on a wide screen. History data, in either list or graph is available for the users and their physicians.

## Product Differentiation

GlucoTrack has the unique distinction of seamlessly communicating the data directly to a master system located within a clinic premises. In case of home diagnostic applications it can easily be hooked to a cell phone for conveying the data to physician's computer. The patient data is stored for a prolonged period that can be retrieved at anytime. This instrument can be easily connected to the internet for data retrieval. GlucoTrack excels over its competing products as it is the only instrument of its type from which the data can be downloaded both through the wired and wireless communication techniques. This unique differentiation gives Integrity Applications another overriding advantage over its competitors. Please refer to illustration on the following page.



### Unique Attributes

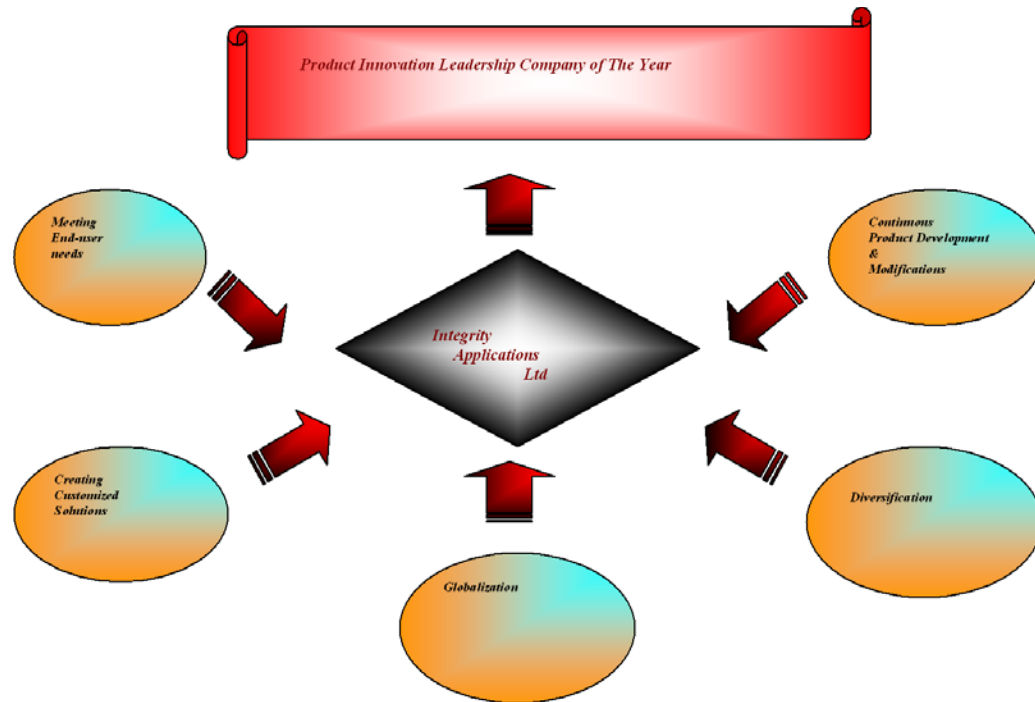
This unique technology amalgam of ultrasonic, conductivity and heat capacity technologies based product enables a large number of features including a self-diagnostic feature. The simultaneous operation of all these technologies enables the user to preset GlucoTrack to issue sound and /or visual alerts in the situations where the glucose measurements reach or surpass predetermined values. The body data parameters picked through the three technologies is processed through proprietary algorithms and final result is shown on the screen through its digital display in real time. This displayed measurement of glucose levels goes through a comparison with the predetermined values and accordingly visual and sound alerts are triggered. Any corrupted data can be detected as well as corrected by doing a final Cyclic Redundancy Check (CRC).

Integrity Applications has made a user-friendly product by the usage timer (clock), which gets the sensor in the reset mode and restarts again in the case of continuous checks. To avoid any complexity Integrity Applications has used the most general firmware. The other self-diagnostic features are spot, continuous, trend analysis, periodic calibration and single device support that can be personalized too.

### Leading Competition

Integrity Applications has been exhibiting a high acceptance and is leading the market in this type of non-invasive glucose meter. It is only because of its ability to change constantly according to the needs of the market. This is expected to spur the growth of Integrity Applications and increase its turnover in both the point of care and home diagnostic biosensor and sensors market globally. The sales of the GlucoTrack are expected to reach mammoth proportions as it spreads markets globally.

Please refer to illustration on the following page.



### Unique Market Position

The conventional diabetic biosensor based diabetic monitoring devices that are currently restraining the market growth of other participants are not a threat to Integrity Applications as the GlucoTrack meets all the demands of the target market and much more. Integrity Applications has been successful in overcoming the challenges posed from the global technological arena including measurement accuracy and ease of use.

The key benefits of the GlucoTrack, which makes it the technology of the year, are its high accuracy, three matched technology points for the data processing, fully programmable main processor, absolute, non-invasive, compact digital, cost-effective solution, and versatility through three technologies amalgam. For developing a technology that encompasses numerous advantages and offers a world of opportunities to explore, Integrity Applications is the recipient of the Frost & Sullivan Product Innovation Leadership of the Year Award for the year 2008.

#### About Frost & Sullivan

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