CHAIRMAN'S ADDRESS

Ladies and Gentlemen,

Thank you for your attendance today. I am pleased to update shareholders on progress since our last meeting.

A COMPANY TRANSFORMED - NEW NAME RECOMMENDED

When your new Board was appointed in February 2014, it recognised that the company had strong patented core algorithm technology to detect and measure wheeze, a major symptom of asthma. However, the company was in poor shape, especially with an unusable IT architecture and infrastructure.

As with the commercial turnaround of many start-ups, and their subsequent iterations, this past 12 months has not been plain sailing and we appreciate the patience of shareholders during this time.

A new skilled, primarily outsourced management team has been progressively appointed to bring in the best available skills. Most importantly, a stable and scalable technology platform was built from scratch to house our proprietary ARM™ algorithm. This platform now underpins our consumer friendly app.

Accordingly, the Board has recommended a name change to **Respiri Limited** to reflect this fundamental transformation and the company as a respiratory health business.

VALUATION UPSIDE

Your Board has consistently expressed its confidence in the potential for valuation upside. Market sentiment and valuations can change rapidly once technology foundations and appropriate research studies have been completed.

Four business drivers can deliver revenue and profit more quickly than most biotech and medtech companies.

1. A quickly scalable consumer business for home and nocturnal monitoring of wheeze. This differentiates iSonea from most biotech and medtech companies as it can use omni-channels to sell and market the product. It is not reliant on doctor prescriptions and the company does not need to have large sales and distribution teams marketing to primary care practitioners. Our consumer model will be supplemented by clinical product sales to hospitals and the pharmaceutical industry.
2. A primary target market of parents and carers of children who wheeze but cannot use lung function tests and accurately describe their symptoms. About half of pre-school children will experience wheeze and the highest prevalence rate for asthma in Australia is reported amongst males between 5-9 years at 14.6%.
3. Provide physicians with objective home monitoring data to assist adjusting drug therapies that will achieve the best possible control of asthma symptoms such as wheeze and avoid flare ups.
4. Despite the need, there is still no known competition in the objective detection and measurement of wheeze. Outdated technology such as peak flow meters are rarely used.

Relevant transactions are now occurring in asthma digital health in Australia and globally. For example, the recent float of Adherium Limited, a company with prescription medication adherence devices for asthma and COPD, was recently valued by broker analysts at $169 million (8x forecast FY17 revenues of $17.3 million plus cash).

CAPITAL MANAGEMENT

As shareholders will be aware, the Board continually monitors its funding requirements including the timing and form in which funding may be required or desirable. However, at the current time no definitive decisions have been taken by the Board on any specific fundraising plan.

MILESTONES UPDATE

AIRSONEA RESEARCH STUDY APPROVED BY INSTITUTIONAL REVIEW BOARD AT THE UNIVERSITY OF CHICAGO

iSonea is pleased to advise that Institutional Review Board (IRB) approval has been received to conduct a research study of our home monitoring device, AirSonea, at the prestigious University of Chicago in the division of Medicine & Biological Sciences.

The Principal Investigator will be Professor Edward T Naureckas, MD, Professor of Medicine and Director of the Pulmonary Function Laboratory and the Adult Cystic Fibrosis Program. Dr. Naureckas is an expert in pulmonary conditions including asthma, adult cystic fibrosis and chronic obstructive pulmonary disease (COPD). He specialises in pulmonary function testing to determine the cause and severity of complex lung disorders.

This study will collect and record breath sounds data using AirSonea platform from patients in all age groups (infants to geriatrics) under realistic ambient conditions. The study hypothesis is that the AirSonea is at least as accurate (sensitive and specific) in detection and quantifying wheeze as the consensus of: (a) physicians and (b) a panel of technical experts who evaluate these recordings.

This study will commence soon and will include 90 subjects. The duration of the study will be determined shortly.

CONSUMER MARKET PILOTS

As soon as the Chicago research study is completed the company is well positioned to conduct a market pilot in Australia with a major pharmaceutical chain. Further, the opportunity exists in the UK to conduct a similar market pilot with the NHS in various discreet markets.

GLOBAL OR COUNTRY PARTNERSHIPS

iSonea continues to undertake commercial-in-confidence discussions with potential partners in parallel with the above steps. The Board believes that iSonea has a strong and attractive portfolio for technology based firms and major disease management companies. The company has already received interest from China and Taiwan and has also participated in the China Hi-Tech Fair in Shenzhen, China. Other market opportunities in Europe and North America are currently being explored.

SUMMARY

iSonea, soon to be named Respiri, is now well positioned with a scalable technology platform housing our core ARM™ technology. We remain agile and alert to continuing technological advances for our sensor devices that capture and transmit breath sounds.

We look forward to positive results from our research study and our ongoing discussions with our potential partners to commercialise our technology.