



Value Appreciation Via Sound Asthma Management

Michael J. Thomas, CEO
General Meeting Presentation
July 2012

Disclaimer



- This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law. Persons needing advice should consult their stockbroker, bank manager, solicitor, accountant or other independent financial advisor.
- Certain statements made in this presentation are forward-looking statements. These forward looking statements are not historical facts but rather are based on iSonea's current expectations, estimates and projections about the industry in which iSonea operates, and its beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements. and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the endeavour of building a business around such products and services. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of iSonea, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. iSonea cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of iSonea only as of the date of this presentation. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. iSonea will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

What Does iSonea Do?



Developer, manufacturer and marketer of devices, software & mobile health applications for management of asthma and related chronic respiratory diseases.

- **Mobile Health App Development**
 - AsthmaSense™ Asthma Management Apps for iPhone & Droid
- **Acoustic Respiratory Monitoring (ARM™)**
 - SonoSentry™ Wheeze Monitoring Device
 - AirSonea™ Asthma Remote Security System
- First Generation products have regulatory clearance in US, EU, AU
- Strong Intellectual Property portfolio



Corporate HQ	Annapolis, Maryland
Manufacturing	Haifa, Israel
Head Office	Melbourne, Australia
Trading	ASX: ISN ; US OTCQX: ISOAY

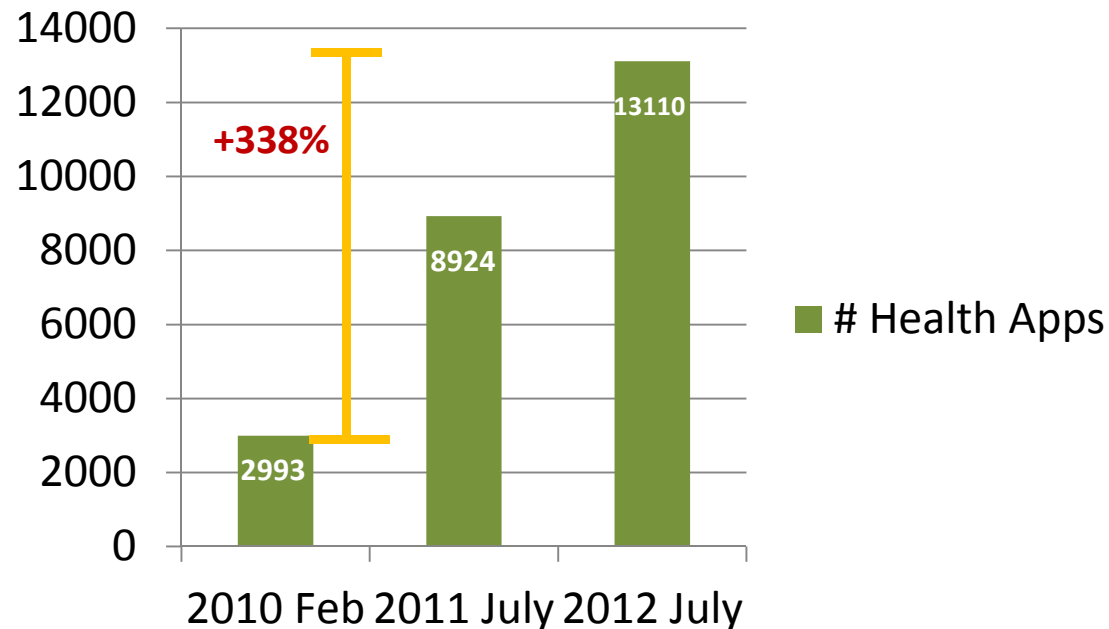
www.iSoneaMed.com ; www.SoundAsthma.com

Why Mobile Health? 247 Mil Users, \$1.3B Rev¹



- 40,000 mobile health apps generated \$718 million in revenue in 2011¹
- # people downloading a health app at least once this year will reach 247 million, up from 124 million in 2011¹
- 500M smart phones sold globally in 2011 – expected to be >1B phones annually by 2015.
- 7.4B mobile subscriptions projected by 2015.
- Number of health management apps for smart phones has grown **>4X** since 2010.
- Nearly 1/3 of US adults using apps downloaded health management apps in 2011.

iPhone Health Apps (Projected)



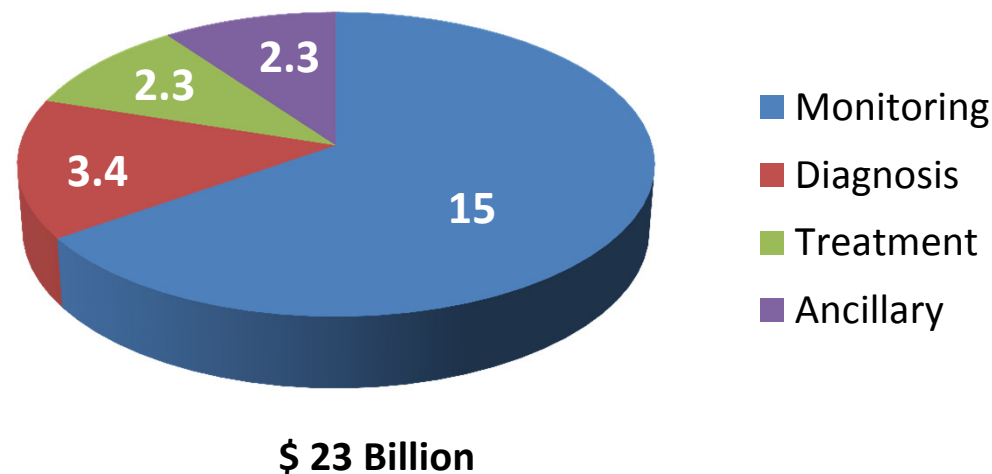
1. Research2Guidance
2. Source: Pew Research Center 2011

Global Mobile Health Revenue Projections



- Global mHealth market revenues are projected to reach **\$23B** by 2017.
- Monitoring services for chronic diseases are expected to account for **65%** or **\$15B**.
- Healthcare apps are expected to generate **\$2.4B** in revenues by 2017.

**2017 mHealth Services Revenue
US \$ Billions**



Physicians Advocate Patient Use of mHealth Tools



New market research from Float Mobile Learning reveals what physicians want from mHealth platform tools:

- **90%** *want patients to use mobile devices/apps to monitor health indicators*
- **40%** believe that mHealth apps can reduce patient office visits
- **56%** of physicians say their own use of mHealth devices expedites health decision-making
- **40%** say use of mobile devices increases administrative efficiency
- More than **80%** of physicians now use smartphones

“Wellness programs and at-home monitoring are just exploding right now. Mobile is with us all the time. It has facilitated ... bi-directional communication and it gives us constant connectivity in a very meaningful way.” Chad Udell, Float Mobile Learning

Published Studies Demonstrate mHealth Benefits



Recently published clinical studies demonstrate beneficial health outcomes of mHealth tools in the management of chronic diseases:

- Hypertension – K Jethwani et al, presented American Heart Assoc. May 2012
 - 219 hypertensive patients, 22-90 years old, on different medications
 - Significant reduction in systolic blood pressure
 - Web-based self management program for monitoring & data sharing
- Diabetes – WellDoc study, *Diabetes Care*, Sept 2011
 - Mobile Diabetes Intervention Study - RCT with 163 diabetes patients
 - Significant reduction in hemoglobin A1C for intervention group vs. control
 - Smartphone app for diabetes management
- Asthma – H Zhao et al, *Telemedicine Journal E Health*, June 2012
 - Asthma quality of life study – RCT with 150 asthma outpatients
 - Significant increase in QOL & perceived control measures after 12 weeks
 - Smartphone delivered SMS text reminders

Consumers Worldwide Confirm mHealth Impact



Widespread adoption of mHealth technology is viewed as inevitable, according to new study for Pricewaterhouse Coopers: Source: EIU for Pwc Healthcare, June 2012

- **~50%** of consumers predict that mHealth will improve convenience, cost & quality of healthcare in next 3 years
- **~50%** believe mHealth will change the way they manage chronic conditions (e.g., asthma), medication, and overall health
- **59%** expect mHealth to change the way they obtain health information
- **48%** expect mHealth to change the way they communicate with doctors
- **59%** of those already using mHealth claim it has replaced some doctor visits

Top 3 Reasons Consumers Want to Use mHealth:

- More convenient access to doctor
- Reduce out-of-pocket costs
- Assert greater personal control over health

Social Media Matters In Consumer Health



New research from Pricewaterhouse Coopers underscores the growing importance of social media in consumer healthcare: Source: PwC HRI Study June 2012

- 900 million on Facebook
- 300 million on Twitter
- 150 million on LinkedIn

- **40%** have used social media to find health-related consumer reviews
- **25%** have posted about personal health experiences
- **24%** have posted health-related videos on YouTube
- **20%** have joined a health forum or online community
- **41%** said social media will affect their choice of doctor or hospital
- **45%** said social media will affect their decision to get a second opinion

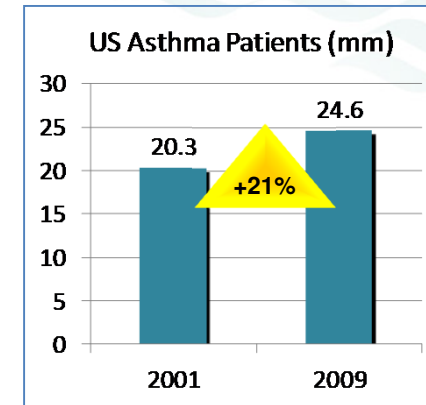
“The impact of social media will be huge on healthcare for a number of reasons. It increases patient engagement and involvement. It increases connectivity between individuals. It allows for much better flow of information.”

Harry Greenspun, MD
Deloitte

Asthma: A Costly, Global Epidemic



- Asthma & Chronic Obstructive Pulmonary Disease (COPD) affect an estimated **300,000,000** people worldwide. *Source: World Health Organization*
- >25 million in US have asthma, including 10% of children. *Source: CDC*
- The cost burden of asthma in the US alone exceeds **\$56 billion** annually. *Source: CDC*
- Traditional diagnostic tests (spirometry, auscultation) are appropriate in physician's office and clinics, but not for remote monitoring.
- CDC National Health Interview Survey underscores a great need for routine asthma monitoring in real life settings:
 - Only 40% of patients use peak flow meter
 - Only 33% of patients use long-term control medications
 - 26% report emergency department visits for asthma



Source: CDC, Data from National Health Interview Survey

Medical Expenses
Associated with Asthma
(Direct & Indirect Costs)

~\$3,300

Per Person/Year

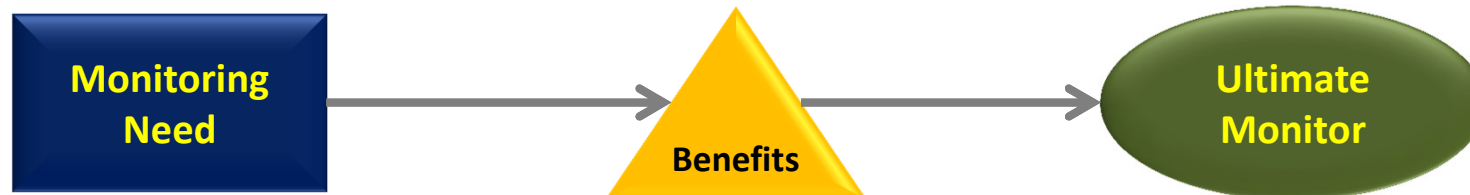
Source: NIH, NHLBI Data 2007

Daily Monitoring Improves Asthma Management

Asthma - Unmet Market Need



The principal unmet need is still routine, effective monitoring: breathing function, asthma events, and response to treatment in life's daily settings.



- Professional guidelines all recommend

But

- Patient adherence is unreliable
- Peak Flow Meters portable, but not pocket-sized
- Keeping a manual diary is “hassle”
- CDC study shows only 4 in 10 asthma patients trained on peak flow

- Better patient awareness
- Better med compliance
- More control
- Better outcomes
- Peace of mind

- Seamless, easy-to-use anywhere, anytime
- Small form factor – easy to carry, discrete to use
- Automatic diary entry
- Senses & alerts when risks for attack increase
- Automatic data transfer to MD & family
- “Pushes” weather, pollen count, pollution data to patient based upon GPS

iSonea is Harnessing the Mobile Trend “Tsunami”



Mobile devices provide the ideal platform for the ultimate asthma monitor.

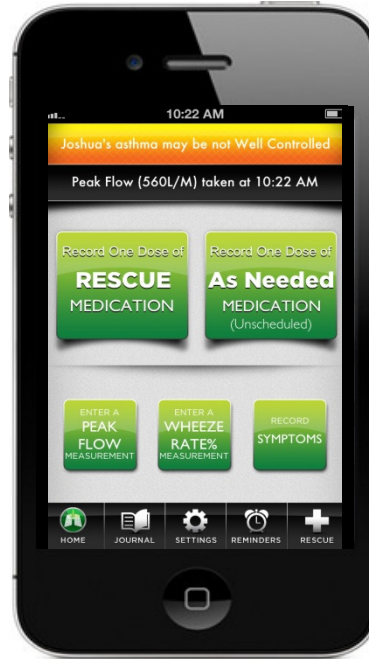
iSonea is applying its core DNA – Acoustic Respiratory Monitoring (ARM) technology, proprietary software and analytical algorithms – to the mobile health platform, developing apps and digital hardware to turn smart phones into monitoring devices.



OTC Development Rationale

- Shortest path to revenue
- Fewer regulatory challenges
- Reimbursement not needed
- Greater value creation
- Greater gross profit margins

AsthmaSense™ App: The Asthma “Security System”



- AsthmaSense™ v1.0 launched on May 31, 2012 for iPhones & Droid platforms
- Initial version is a comprehensive & easy to use journaling app that keeps track of and trends symptoms, lung function tests, medication usage
- Active medication & test reminders help busy people manage their asthma action plans without “getting in the way”
- Auto alerts when symptoms, med use, and lung tests suggest asthma risk is changing

Asthma Consumer Market Research – Phase I



A study was conducted with 300 asthma consumers, including 104 asthma app users, to determine app usage trends and value of iSonea monitoring products.

Source: Dectiva Research December 2011

Key findings:

- **86%** of current asthma app users and **72%** of all responders heard about asthma apps via word of mouth (in-person and online/social media)
- **71%** of app users also use asthma blogs and online support groups
- **71%** of app users and **60%** of all responders rated AsthmaSense valuable/useful
- ***The most important feature AsthmaSense offers is predictive risk technology***
- **78%** of asthma parents and **60%** of all responders indicated intent to acquire the wheeze monitoring technology

***There is a receptive consumer market for AsthmaSense™ apps
and the AirSonea™/SonoSentry™ devices***

Asthma Consumer Market Research – Phase II



A recent study of 200 asthma consumers with smartphones found that 65% of responders were aware of apps to help manage asthma and 50% were current users of an asthma app. *Source: Dectiva Research June 2012*

Current asthma app users are more likely to use all available tools to aggressively manage their condition:

- **94%** indicate that their app usage has made a significant impact on their asthma
- **90%** keep a daily journal to track asthma
- **82%** use peak flow meter to manage their asthma
- **85%** use their asthma app one or more times daily
- **85%** of current app users and **68%** of aware non-users* would purchase AsthmaSense

Asthma app users are most receptive audience for adoption of new technology for asthma management

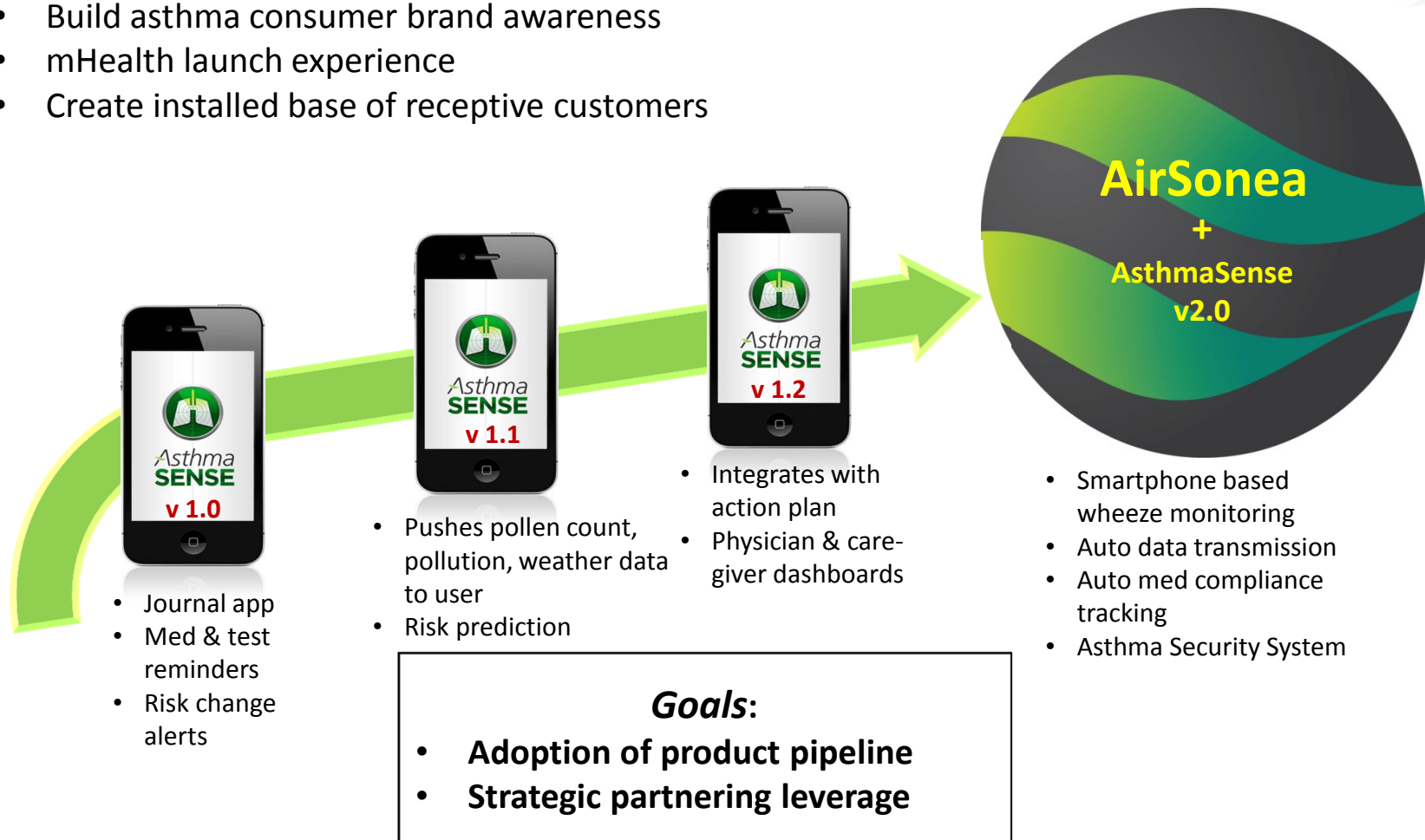
* Aware of asthma apps but have not yet tried

AsthmaSense™ App Pathway



AsthmaSense apps are paving the pathway to AirSonea.

- Generate revenue
- Build asthma consumer brand awareness
- mHealth launch experience
- Create installed base of receptive customers



AirSonea™ - The Asthma Operating System (aOS™)



Components of the ultimate Asthma Operating System:

Lung Function & Symptoms

- Wheeze Rate (ARM)
- Peak Flow

Data Entry

- Automatic
- Effortless
- Bluetooth from sensor

Action Alerts

- GPS location
- Environment
- Triggers
- Breathing symptoms



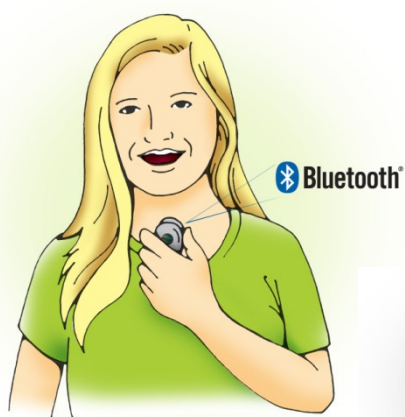
Asthma Risk Alerts

Data Transmission

- Data to cloud
- Personal dashboard
- Action plan
- Notify MD
- Alert family
- 911 message

Integrate with Action Plan

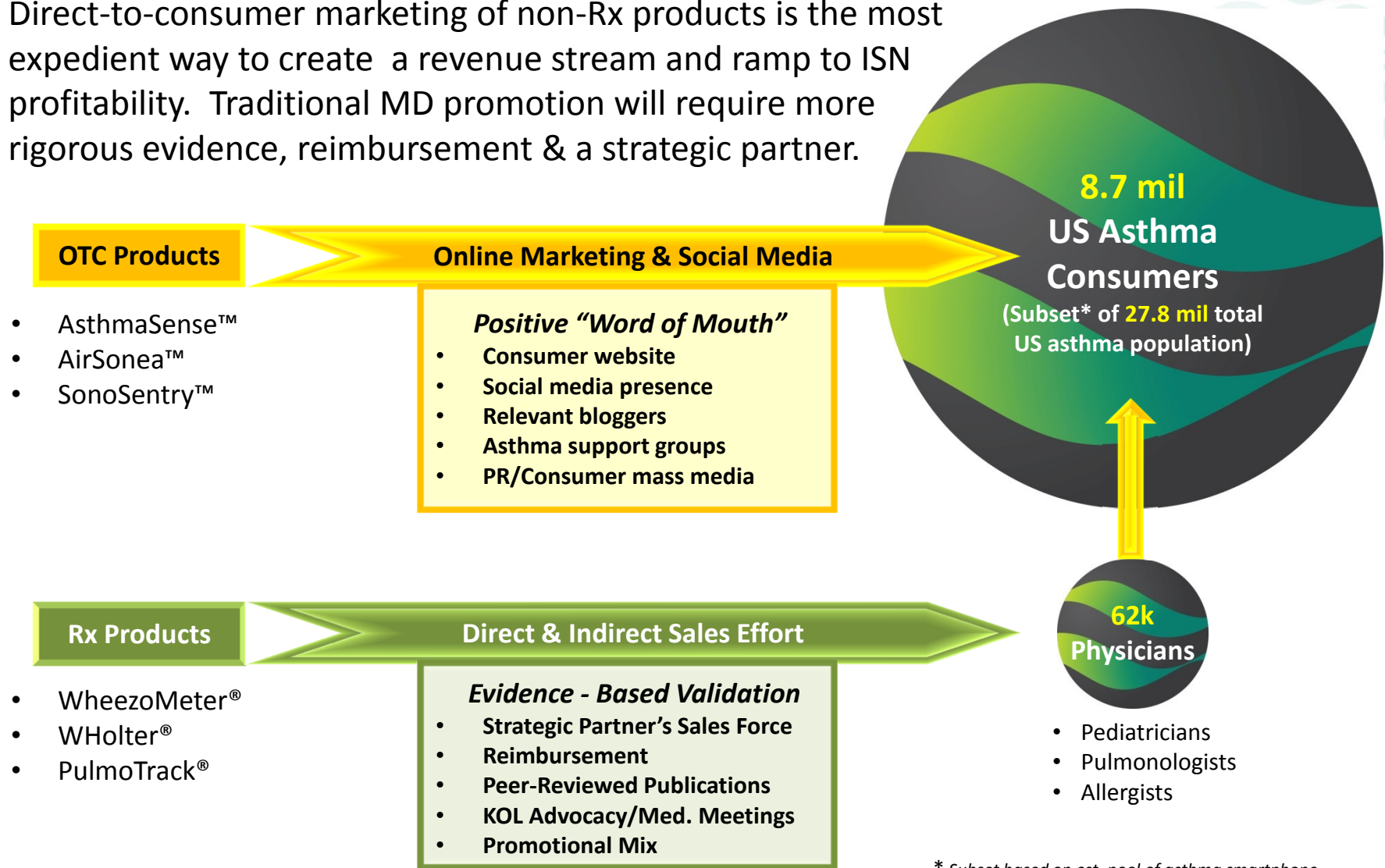
- Data trends
- Med adherence
- Trigger events
- Degree of control



ISN Marketing Strategy – US Market



Direct-to-consumer marketing of non-Rx products is the most expedient way to create a revenue stream and ramp to ISN profitability. Traditional MD promotion will require more rigorous evidence, reimbursement & a strategic partner.

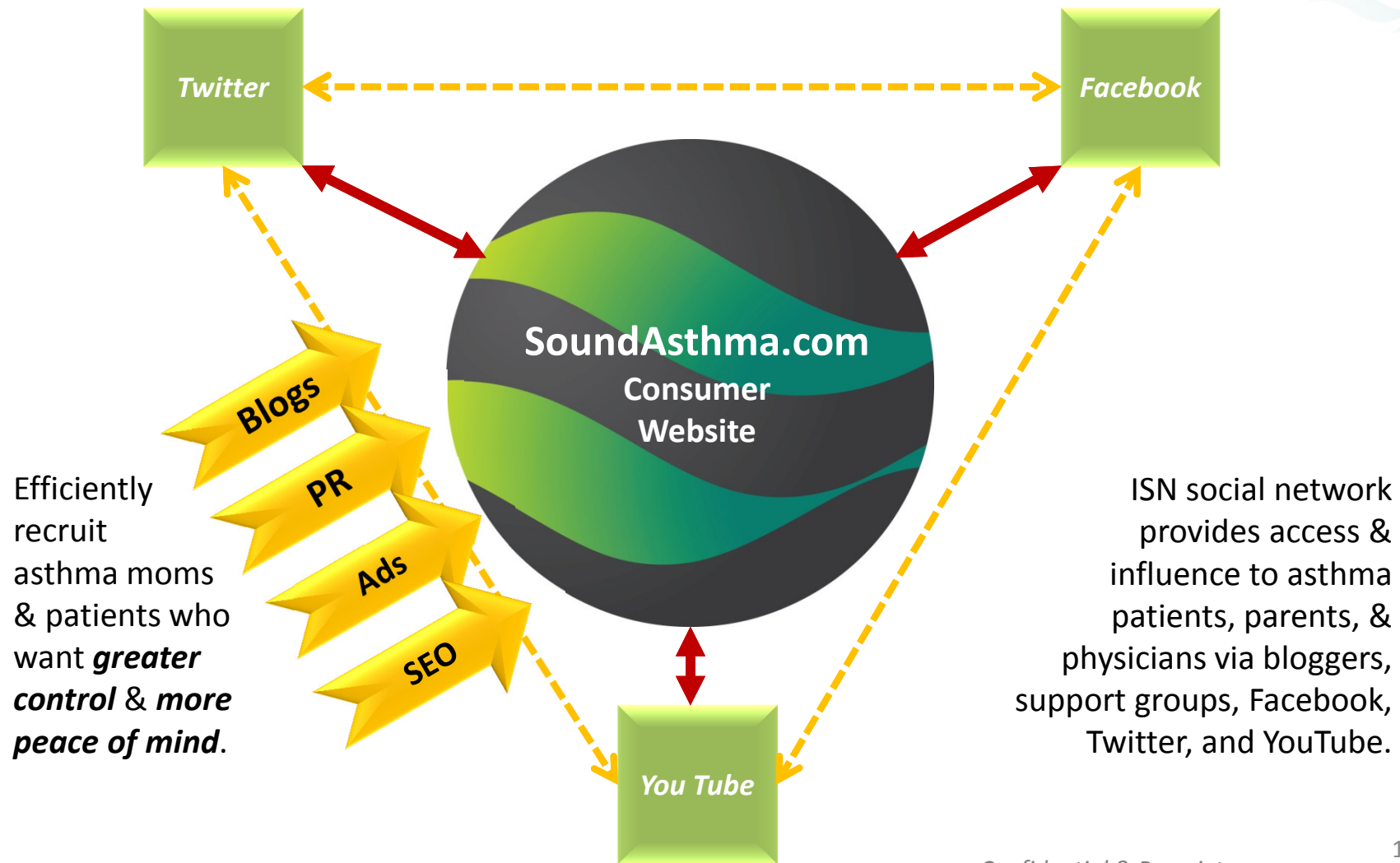


* Subset based on est. pool of asthma smartphone users, est. app adopters; also est. pool for OTC WheezoMeter adopters, based on market research.

Social Media Links With Website



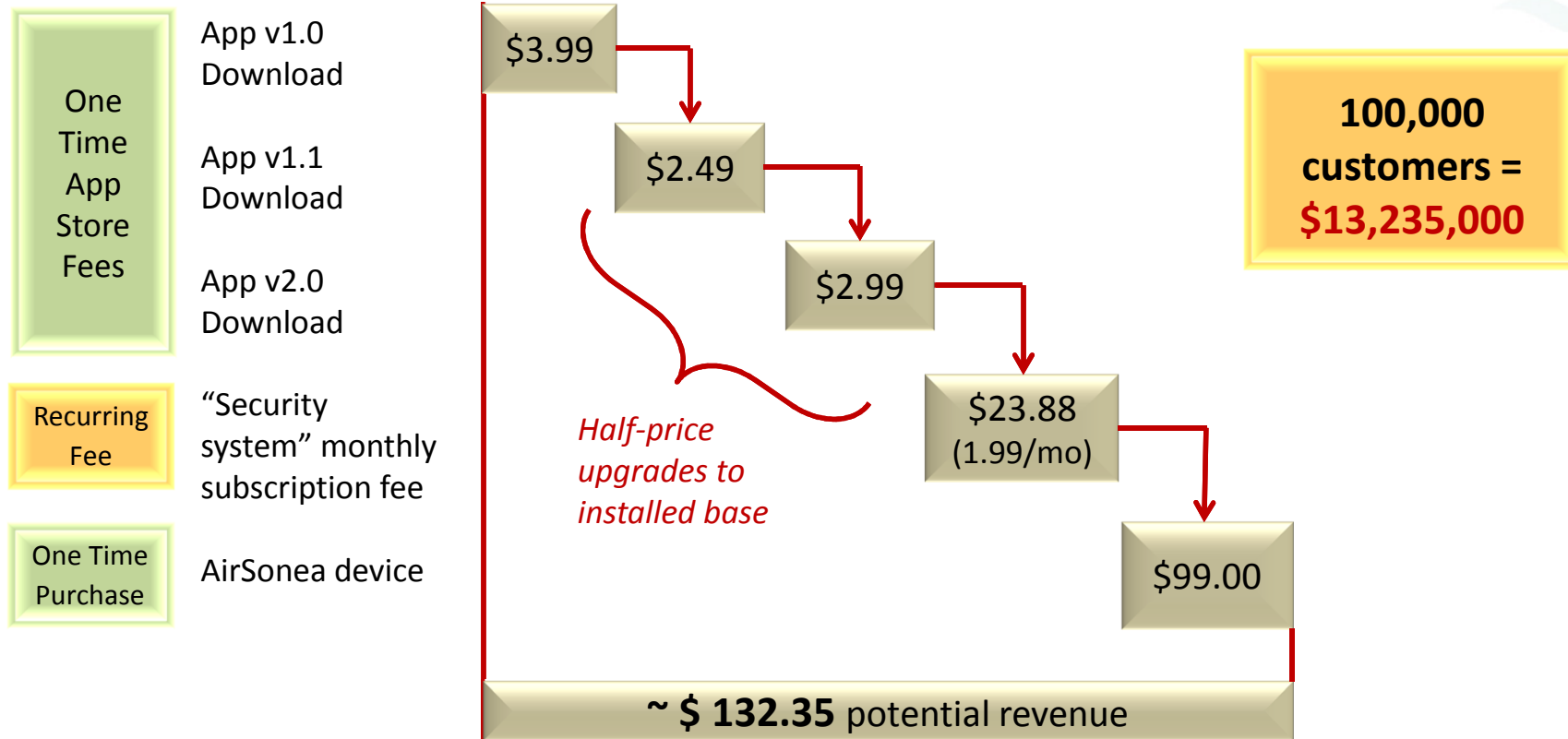
Social media and traditional media drive asthma consumers to **SoundAsthma.com** to create brand awareness & demand for AsthmaSense™, AirSonea™, SonoSentry™, etc.



Asthma Consumer Model: Aggregate Revenue



Example of revenue potential per loyal AsthmaSense customer:



Asthma Consumer Promotion Potential



Memphis was ranked the worst US city for asthma in 2012. AsthmaSense app was promoted via TV news and online to Memphis residents for 2 days.

Memphis TN: AsthmaSense Promotion Experiment				
Population	Asthmatic Population @ 8% Prevalence	Asthmatics with Smartphones @ 30% Penetration	Promotion Response (Early Adopter Pool)	Response Rate
652,000	52,160	15,648	1,800	11.5%

Apply this regional promotion experience to the US asthmatic market:

US Asthma Market Penetration: Early Adopter Potential Revenue						
Population	Asthmatic Population @ 8% Prevalence	Asthmatics with Smartphones @ 30% Penetration	Promotion Response (Early Adopter Pool)	Response Rate	Revenue from AsthmaSense App Series @ \$4 Average Price	Revenue from AirSonea @ \$99 Average Price
307,000,000	25,000,000	7,500,000	862,500	11.5%	\$3,450,000	\$85,387,500

Penetration will require adequate funding for aggressive promotion over 3 years.

New Product Development Timeline



Key Milestones for 2013:

- Launching successive AsthmaSense apps with predictive & data sharing capabilities
- Development of the AirSonea smartphone wheeze monitor

Significant Progress Since Restructuring



FY 2012 was a transition period. The new CEO and management team re-assessed the commercial status of products, developed a new business plan, and raised capital to execute that plan.

<i>Milestones Achieved – FY 2012</i>
New CEO – June 2011
Re-branded company - iSonea Limited
Reduced cash burn rate
Hired new management team
Raised \$5.6 million in new capital
New clinical development & launch strategies
Initiated re-engineering to lower COGS
New technology patents filed & issued
Listed ADRs on U.S. OTCQX
Initiated 1 st U.S. pediatric wheeze correlation study
Quantitative asthma consumer research including app usage & monitoring practices
Announced mHealth technology development collaboration with Qualcomm Life
Launched new consumer education website (SoundAsthma.com) & social media sites
Launched AsthmaSense app v1.0

Experienced Management Team



- Michael J. Thomas - new CEO with successful track record and in-depth knowledge of breathing disorder technologies & markets:
 - 3 VC start ups, 1 IPO (NASDAQ: PATI), 1 M&A (NYSE: GE)
 - ~\$100MM in growth equity raised
 - Former CEO roles: Appian Partners; Sleep Solutions, Inc.
 - Former AdvaMed BOD member

<p>Michael J. Thomas <i>Chief Executive Officer</i></p>	
<p>Steve Tunnell <i>SVP of Operations</i></p>	
<p>David Model <i>SVP of Finance</i></p>	
<p>Jonathan Freudman, MD <i>Medical Director</i></p>	
<p>Michael Cheney <i>VP, Marketing</i></p>	
<p>Jan P. Barker <i>VP, Business Development</i></p>	

Influential & Successful Board



<p>Mr. Ross Haghight <i>CEO, Triton Systems, Inc.</i></p>	<ul style="list-style-type: none"> • 25+ years of new venture creation and venture financing • 8 start ups, 3 M&As, \$1.9 B in shareholder value created • Member of 4 for-profit and 1 non-profit Board of Directors • Founder and CEO of Triton Systems – an full service business venturing company
<p>Mr. Jerry Korten <i>President, Medalex Inc.</i></p>	<ul style="list-style-type: none"> • 25 Years of private and public company executive, director • Former CEO of Versamed Inc. (acquired by GE Healthcare) • Former President of Vitaltrends Technology, Inc. • Life Science Mentor, NYC Investment Fund BioAccelerate Program
<p>Dr. David Dantzker, MD <i>General Partner Wheatley Partners, LP</i></p>	<ul style="list-style-type: none"> • 10+ years of medical technology portfolio management for venture capital fund and corporate board experience • Past President of North Shore- Long Island Jewish Health System • Former Vice Chairman, Dept. of Internal Medicine, University of Texas Health Science Center • Former Director of Pulmonary & Critical Care Medicine, University of Texas • Former Chairman, American Board of Internal Medicine, Pulmonary Disease Sub-specialty Board
<p>Dr. Stewart Washer <i>Investment Director Octa Phillip Bioscience Managers</i></p>	<ul style="list-style-type: none"> • 15+ years of CEO and Board experience in medical device, drug development, and agrifood companies • Venture partner with Inventages (a Nestlé fund) • Former CEO of Calzada Ltd; founding CEO of Phylogica Ltd; former CEO of Celentis Ltd • Director of Immuron Ltd; former Chairman of Resonance Health Ltd and Hatchtech Pty Ltd; former Director of iCeutica Pty Ltd and AusBiotech Ltd; former Senator, Murdoch University
<p>Dr. Ross Macdonald <i>CEO, Hatchtech Pty Ltd</i></p>	<ul style="list-style-type: none"> • 20+ years of experience in local & international biomedical companies, including general management, technology commercialisation, capital raising, and business development • Former CEO & Managing Director of Living Cell Technologies Ltd • Former VP Business Development for Sinclair Pharmaceuticals Ltd, VP Corporate Development for Stiefel Laboratories, Inc, and VP Business Development for Connectics Corporation; former VP Research & Development for F. H. Faulding & Co, Ltd • Member of Investment Committee for Uniseed Management Pty Ltd and Director of Telesso Technologies Ltd, a pharmaceutical development company

Why Invest Now?



The iSonea opportunity will create shareholder value appreciation over the next 24 months with substantive milestone achievements and increasing US investment.

- **First mover advantage** – the 1st convenient, *effortless* asthma monitoring system
 - Makes frequent asthma monitoring possible for any patient, anytime, anywhere
 - Better monitoring improves disease management
- **Innovative & Unique ARM Technology** – assets to leverage and monetize
- **Asthma Prevalence & Mobile Health Proliferation**
 - 300 million people worldwide affected by asthma & COPD
 - 25 million in the US have asthma
 - Mobile health app trends are skyrocketing
 - Monitoring services for chronic diseases are expected to account for \$15B globally in 2017
- **Low Valuation** – Company has substantial value creation potential
- **Delivery of Milestones** in 2013 – 2014 will drive significant shareholder value
- **New Management Team** – seasoned, successful team is in place, with experience commercializing medical devices and software
- Company trades on **ASX: ISN** and ADRs trade on **US OTCQX: ISOAY**