Value Appreciation
Via
Sound Asthma Management

Michael J. Thomas, CEO

December 2011

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Agenda

- Who is iSonea?
- Asthma Market & iSonea Opportunity
- Product Road Map
- Value Creation & Key Milestones
- The New iSonea Team

Why Invest In iSonea Now?

iSonea has been restructured since June 2011 under new leadership with the vision and experience to commercialise the ARM™ technology in the US and other key asthma markets.

- Innovative & unique technology assets to leverage and monetize
- Harnessing organic global growth trends: asthma prevalence, mobile health app proliferation
- Company has significant value creation potential – share price at nadir
- Seasoned sucessful management team is in place
- Raising capital to enable execution of commercialisation plans
- Delivery of milestones in 2012-2013 will drive significant shareholder value
- Creating foundation for $1 BB market cap company

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What Does iSonea Do?

Acoustic Respiratory Monitoring (ARM™)

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

- Asthma
- COPD (Chronic obstructive pulmonary disease)
- Sleep Disorders

- Regulatory clearance in US, EU, AU
- IP strongly protected

- Corporate HQ: Annapolis, MD, USA
- Manufacturing: Haifa, Israel
- Head Office: Sydney, Australia

- ASX: ISN
- US OTCQX: ISOAY (2 January 2012)
- **www.iSoneaMed.com**

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KarmelSonix Evolved Into **iSonea Limited**

Significant changes occurred in company leadership since June 2011. The new team has restructured the company, re-assessed the commercial status of products, and has been raising capital to carry out its new vision and plan.

KarmelSonix → iSonea Sound Asthma Management

Milestones Achieved	Opportunities
Unique technology	High manufacturing COGS
Attained FDA clearance	Rx only – not OTC
Products to sell	Limited physician awareness; little KOL advocacy
Wheeze monitoring proof-of- concept clinical studies conducted / published	Limited studies conducted in US; no studies to establish equivalence to spirometry (reference standard)
CPT Cat III codes in US	Temporary codes are not sufficient for insurer coverage /reimbursement
Regional distributors	No support or training
Non-binding MOUs with potential global distribution partners	Agreement on collaboration & terms never finalized

ISN Milestone Achievements
New CEO – June 2011
Re-branded company - iSonea Limited
Reduced cash burn rate
Replaced management team
New medical advisory board
Re-assessed clinical development & launch strategies
Formulated new vision
Initiated re-engineering to lower COGS
Filed new technology patents
First US institutional investment
Listed on ADRs on U.S. OTC QX
Expanded strategic partner discussions

iSonea Investment Thesis

The iSonea opportunity will create shareholder value appreciation over the next 12 -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 control
- **Huge, unmet medical need** for better chronic asthma management
  - $56BB problem in US alone
- **Next generation product** development uniquely meets consumer needs
  - OTC products provide shorter path to revenue generation, higher gross profit
- **Three Rx medical devices** with regulatory approval in US, EU and Australia
- **Strategic partners** will provide parallel focus for physician promotion in US, Japan, other key markets
- **Reimbursement** foundation is being laid in US
- **IP portfolio** is strong and protective of iSonea advantages
- Company approved to trade **ADRs on US OTCQX** beginning 2 January 2012

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ASTHMA MARKET & ISONEA OPPORTUNITY

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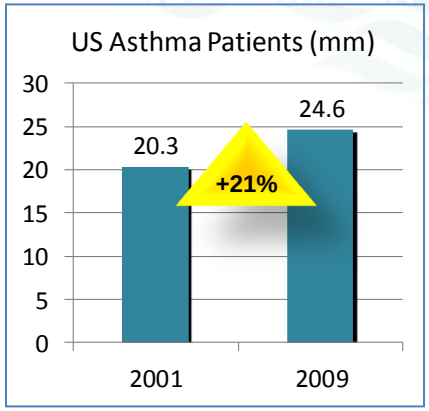
Disordered Breathing: A Global Epidemic

- Asthma, Sleep Apnea, & Chronic Obstructive Pulmonary Disease (COPD) affect an estimated ***500,000,000*** people worldwide. *Source: World Health Organization*

- 25 million in US have asthma, including 10% of children – growth to >40 million expected by 2016. *Source: CDC*

- The cost burden of asthma in the US alone exceeds ***$56 billion*** annually. *Source: CDC*

- Traditional diagnostic & management tools do not help ***20%*** of the asthma patient population:
  - Patients non-compliant with therapy
  - Young children, infants, toddlers
  - Elderly & frail
  - Patients with nocturnal asthma
  - Patients with occupational 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

iSonea ARM® Technology Helps 100% of Asthma Patients

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Gaps With Traditional Asthma Technology

Traditional asthma diagnosis & monitoring techniques leave major gaps in patient utilization and chronic management.

- Stethoscope auscultation is subjective & depends on MD skill
- Spirometers & peak flow meters require patient effort
- Spirometry is not suitable for portable monitoring
- Patient compliance with peak flow meters is unreliable
- Patient/parent reporting of symptoms often inconsistent & inaccurate
- Frequent monitoring in life's settings is difficult, yet crucial for successful Asthma Action Plans (e.g. GINA, NAEPP)

"A difficulty with diagnosing asthma in children is that the lung function measurements that are key to diagnosis in older children and adults are not reliable in this group." *Global Initiative for Asthma (GINA) 2009*

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iSonea ARM™ Technology Meets Physician Needs

Business Model

	Spirometry	Peak Flow Meter	ARM™ Diagnostic & Management Tools
Management **CONTROL**	✗	✗	✓
Process **EFFICIENCY**	✗	✓	✓
Incremental **REVENUE**	✓	✗	✓

- ARM® enables better control of asthma:
  - Empowers the patient
  - Improves doctor/patient feedback loop
- Procedural codes will provide revenue from intermittent & continuous asthma assessment

High-Value, Differentiated Solution for Physicians

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Value Creation Through Better Business Model

PHYSICIANS

- Specialists: greater accuracy & flexibility in diagnosis & monitoring
- Primary Care: new asthma patients
- Expedited, patient-friendly pathway to improve therapy outcomes

PATIENTS

- Objective symptom evaluation
- Effortless monitoring
- Real-time treatment assessment
- Improvement in asthma management & success of Asthma Action Plan

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PAYERS

- Accurate diagnosis across all patient age groups
- Significant test cost reduction
- Healthcare utilization savings
- Enables asthma management success

THERAPY COMPANIES

- Improve pharmaceutical revenue via improved compliance
- Build PCP/specialist relationships
- Expand patient pipeline for treatment
- Monitor therapy effects & guide dosing

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ACOUSTIC RESPIRATORY MONITORING (ARM™) PLATFORM PRODUCT SUITE

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ARM™ Suite of Rx Asthma Monitoring Products

Acoustic Respiratory Monitoring platform uses acoustic sensors & novel signal processing software to establish presence, frequency & severity of wheeze and cough.

1

Personal WheezoMeter™
For General Practice and Consumer Use at Home

- Only point-of-care bronchial sound measurement device
- Effortless, instant measurement, anytime, anywhere
- Monitoring improves control

2

WHolter™
For Ambulatory Monitoring Of Lung Function

- First nocturnal asthma monitor
- 24-hour ambulatory recorder for respiratory symptom assessment
- Use like home cardiac or sleep monitoring devices to improve diagnosis & treatment outcomes

3

PulmoTrack®
For Continuous, Real-Time Monitoring in Lab or Hospital

- Continuous monitoring of wheeze & cough, with no patient effort
- Graphical display & acoustic play-back allow secondary data analysis
- Ideal for broncho-provocation tests

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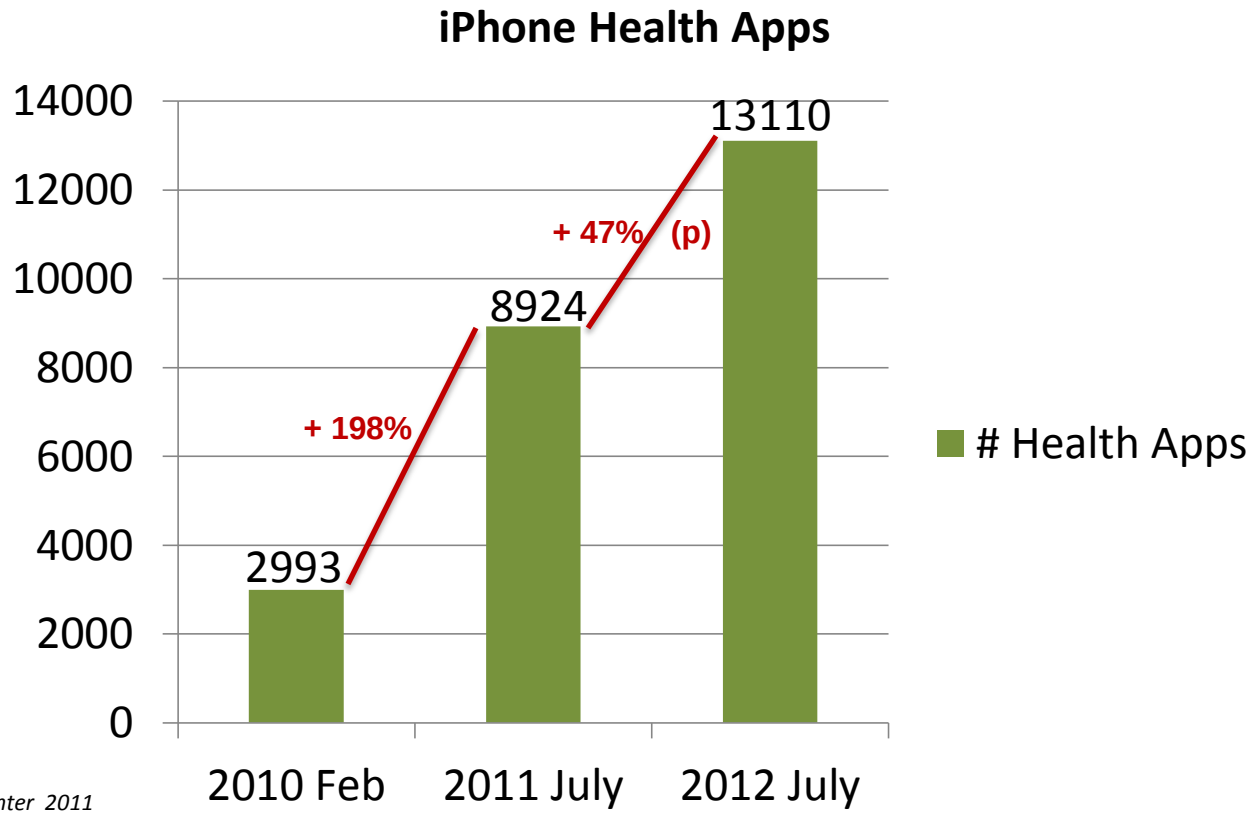
Mobile Health Trends in Disease Management

- 500MM smart phones sold globally in 2011 – expected to be >1BB phones annually by 2015
- Health management apps for smart phones are skyrocketing.
- Nearly 1/3 of all adults in US downloaded health management apps in 2011.
- Consumer appetite for mobile monitoring devices provides a growing, receptive customer base and momentum for adoption of new, better apps.



Source: Pew Research Center 2011

Harnessing the Mobile Trend “Tsunami”

Mobile devices provide a ubiquitous platform for innovative Mobi-ARM™ technology – making asthma monitoring possible for anyone with a smart phone.

iSonea is applying its core strengths – Acoustic Respiratory Monitoring technology, proprietary software and analytical algorithms – to the mobile health platform, developing apps and digital monitoring hardware to integrate with smart phones.

OTC Development Rationale

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

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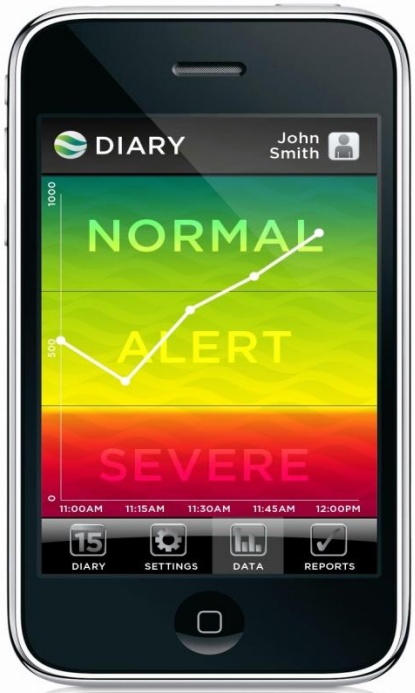
Next Generation iSonea Mobi-ARM™ Products



Unique algorithm enables smart phone app for real-time, GPS-enabled, patient monitoring of asthma symptoms.

- Integrating the iSonea wheeze monitoring device with mobile apps will provide the most convenient and effortless method for frequent asthma monitoring.
- Unique product – no direct competition exists
- Enables patients and physicians to accurately and effortlessly adhere to global disease management guidelines

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VALUE CREATION & MAJOR MILESTONES

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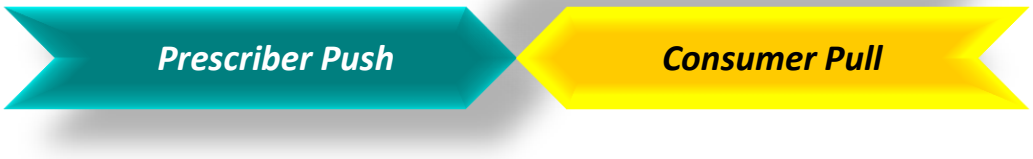
Market Penetration: 2 Prong Strategy

Development of the next generation OTC Acoustic Respiratory Monitoring products and asthma tracking apps will enable a 2-pronged “push/pull” strategy for a US launch.



Creating awareness & demand for ***better monitoring devices*** to improve patient vigilance & asthma control

- ✓ KOL advocacy
- ✓ Prescribers educated on value proposition
- ✓ Brand preference for iSonea monitoring devices
- ✓ Product availability
- ✓ Evidence basis for reimbursement
- ✓ Easy, relevant data portal

- ✓ Educated, motivated asthma consumers
- ✓ Brand preference for iSonea apps & products
- ✓ Positive user experience with asthma apps
- ✓ Expectantly awaiting OTC wheeze monitor
- ✓ Equipped to discuss with physician

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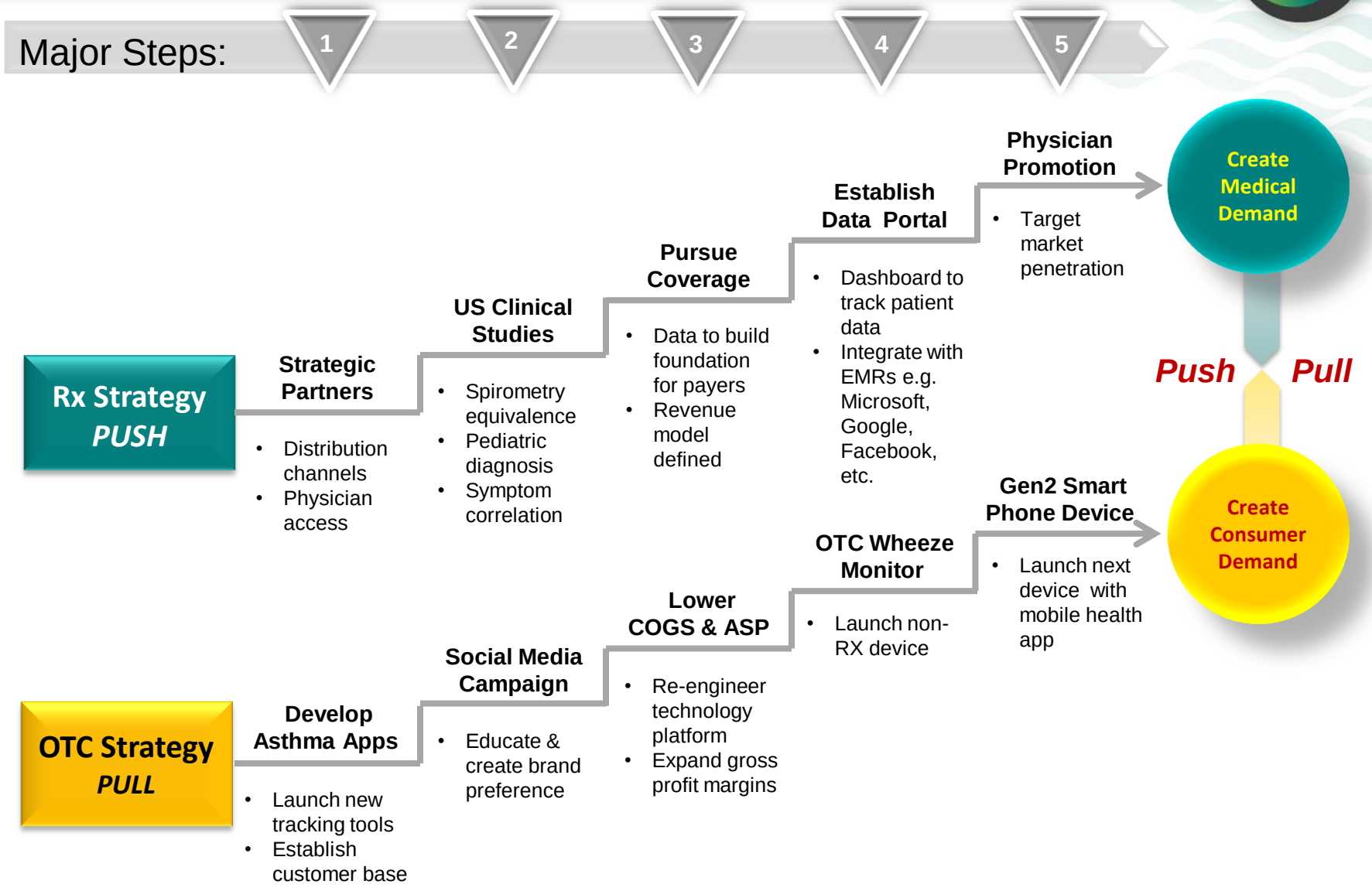
Key Milestone Steps – 2012-2013



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Milestone Value Creation – Rx Physician Push

Milestone	Value Impact
Strategic Partners	• US & global distribution channels • Established access to target physicians • Critical mass for market penetration
US Clinical Studies	• Establish clinical equivalence to standard • Gain KOL “top/down” advocacy • Create required data for payers/reimbursement
Pursue Payer Coverage	• Obtaining coverage is complex, lengthy process • Data requirements are well-established • Opens door to physician prescribing & usage
Physician Data Portal	• Real-time patient status & trending • Easy management of Asthma Action Plan • Alerts for attacks, medication changes
Target Physician Launch	• Demand creation among pulms, peds, etc. • Establish wheeze monitoring in clinical practice • Ideal choice for remote patient monitoring

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Milestone Value Creation – OTC Consumer Pull

Milestone	Value Impact
Develop Asthma Apps	• Immediate revenue from OTC App downloads • iSonea brand awareness & consumer demand • Create customer base for OTC & Gen2 devices
Social Media Campaign	• Create educated, motivated asthma consumers • Cost efficient means of launching asthma apps • Brand recognition with support groups & blogs
Lower COGS & ASP	• Increase profit margins • Improve price for OTC consumer sales • Increase installed customer base
OTC Wheeze Monitor	• Quicker revenue than traditional Rx path • Widespread access via pharmacies, internet • Consumer testimonials for promotion
Launch Gen2 Device	• Easiest system enables frequent monitoring • Automatic reporting to family & physician • Establishes ISN as leader in asthma monitoring

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Use of Proceeds - >$4 Million New Capital

Proceeds from fund raising will be used to:

- Advance the steps necessary to commercialize ARM devices into US, Asian Pacific, and other key asthma markets
- Provide operating runway to achieve specific milestones on top strategic priorities

1 Product Development

- ❑ FDA Clearance for OTC WheezoMeter (Non-Rx personal monitoring device)
- ❑ Re-engineer product platform for lower COGS/higher margin
- ❑ Submit to FDA next generation OTC product: compact personal wheeze monitor with smart phone apps

2 Business Development

- ❑ Complete strategic collaboration agreements with global distribution partners
- ❑ Strengthen distribution channels in US, EU & Asian Pacific markets

3 Clinical Development

- ❑ Bench tests to support FDA submissions for OTC conversion & next generation product
- ❑ Begin short duration studies to build foundation for US reimbursement & CPT code conversion

4 Sales & Marketing

- ❑ Customer market research in US , including beta tests of new app products
- ❑ Internet-based consumer education & demand creation

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THE NEW ISONEA TEAM

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New CEO – Michael J. Thomas

- New CEO with proven track record of success and in-depth knowledge of breathing disorder technology

- 3 VC start ups, 1 IPO (NASDAQ: PATI), 1 M&A (NYSE: GE)
- ~$100MM in growth equity raised
- Former CEO Appian Partners
- Former CEO Sleep Solutions
- Former BOD member AdvaMed

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Experienced Management Team

Michael J. Thomas *Chief Executive Officer*	
Steve Tunnell *SVP of Operations*	
David Model *SVP of Finance*	
Paul Eisen *Director, Asian Pacific Sales*	
Jonathan Freudman, MD *Medical Director*	
Michael Cheney *VP, Marketing*	
Jan P. Barker *VP, Business Development*	

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Influential & Successful Board

Ross Haghighat *Executive Chairman*	• 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
Paul Hopper *Managing Director* *Cappello Group*	• 20+ years experience in international public companies focusing on biotechnology, nutraceuticals, and medical & healthcare services. • Currently focused on start-up and rapid growth companies in US and Australia. • Experience in IPOs, public company mergers and extensive capital markets in both debt and equity raisings.
Fabio Pannuti *CEO, Consegna Ltd*	• Formerly MD Hybrid Card – JV w/ Zion Bank - Utah for financial product • Co-investing in $24bn Copper and Gold resource in Chile with partners responsible for Tullow Oil • Mobi Ltd - ASX telecommunications company M • Polonius Ltd – Guernsey based £100 million debt acquisition fund • OME Ltd UK listed Outdoor Media Company – acquired by News Ltd. in 2000
Jerry Korten *GM, Business Development* *GE Healthcare*	• 25 Years of private and public company executive, director • CEO Versamed Inc. (acquired by GE HC) • President Vitaltrends Technology, Inc. • Director Product Development, Spacelabs Medical

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24 Month Evolution of iSonea

$300K in revenue
3 monitoring products – Rx only
Robust IP portfolio
FDA, CE, TGA regulatory clearance
CPT Category III (temporary) codes
Market test pilots in EU, US via regional distributors
MOUs with 2 strategic partners

Platform built for $100M revenue in 5 years
Foundation for $1B market cap company
Launch of OTC & Rx monitoring products
US payer reimbursement underway
Strategic partners driving global medical promotion

iSonea: Perfectly Positioned For Growth

1 BROAD, DEEP PATENT PORTFOLIO

- Broad coverage of sound analysis – initially applicable to asthma, sleep apnea and COPD

2 PIPELINE OF STRATEGIC PARTNERSHIPS

- Medical device manufacturer
- Pharmaceutical manufacturer
- Distributor
- Wireless chip/technology developer

3 INNOVATIVE TECHNOLOGY PLATFORM

- Unique ARM product suite FDA approved for asthma management
- Can be used for management of other breathing disorders with further studies

4 IDEAL FOR PATIENT- CENTERED MEDICAL HOME

- Major insurer trends in US toward home testing for sleep apnea (e.g., United Healthcare) bodes well for other chronic respiratory disorders
- ARM technology perfect for efficient and cost-effective self administration by patient in the home

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Why Invest Now?

iSonea has been restructured since June 2011 under a new CEO with the vision and experience to commercialise the ARM technology in the US and other key asthma markets.

- Innovative & unique technology assets to leverage
- Harnessing organic global growth trends: asthma prevalence, mobile health app proliferation
- Company is undervalued – share price at nadir
- Right management team is in place
- Raising capital to enable execution of commercialisation plans
- Delivery of milestones in 2012-2013 will drive significant shareholder value appreciation
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Agenda - Addressed

- Who is iSonea?
  Core value proposition realised.
- Asthma Market & iSonea Opportunity
  Large, rapidly growing and not yet met.
- Product Road Map
  Internet appliance and the Cloud.
- Value Creation & Key Milestones
  Shareholder value now.
- The New iSonea Team
  Demonstrated success.

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QUESTIONS?