

# iSonea Monitor

Newsletter

Edition 05

July 2013

## Letter from CEO

Dear Shareholders,

In recent days your Company has finalised a \$13.5 million private capital raising which will ensure the successful launch of our flagship AirSonea™ device in Australia this September and in the USA early next year.

This private placement in a challenging market indicates a high level of investor confidence in our technology, which capitalises on global mobile health trends and will enable wheeze rate monitoring via smartphones for the first time.

Among those taking further advantage of the opportunity was well-known Australian businessman Bruce Mathieson, who has increased his stake in the company to 18.6%.

Mr Mathieson became a cornerstone investor in August last year, taking 17,500,000 shares at \$0.06 per share.

He recognised the “enormous potential”, noting that your Company was strongly positioned in the new area of digital health.

His foresight has been solidly rewarded: the eight weeks from April to early June 2013 saw a spectacular rise in the company share price – up 600% from 7 cents to 42 cents. This has seen the company’s market capitalisation move from around \$15 million to \$92 million.

Several factors have contributed to the dramatic share price appreciation, which occurred following a very positive Australian investor road show by the CEO (Mike Thomas) and the Chairman (Dr. Stewart Washer).

The turnaround rapid share price appreciation can be attributed to investors recognising the near term opportunity presented with the Australian launch of our sophisticated AirSonea™ device.

As shareholders, you know that this device enables objective, rapid wheeze rate monitoring via smartphone and will be available for the first time in Australia. It will completely transform the way a common and chronic disease – asthma – can be efficiently and simply managed by a cost effective, easy, and ubiquitous manner anywhere in the world.

For some time now we have been engaging with key opinion leaders in respiratory medicine in the U.S. and Australia to inform and educate them about our technology.

Their response to our endeavour is extremely positive. They, too, know it is timely for conditions like asthma to be managed more efficiently and cost-effectively, with the advent and advantages provided by our cutting edge AirSonea™ and

AsthmaSense mobile health technologies.

As we diligently and methodically hit key milestones on the path to commercialise the AirSonea™, investors are recognising the fundamental value of this proprietary platform technology. In the near term, investors can expect to see enhancements to our AsthmaSense apps with the addition of clinically validated technologies which improve patient outcomes. At this point, we have a first mover advantage in the global asthma space, and we are well positioned to capitalise on the opportunity presented.

### AirSonea™ Research

A recent, independent comprehensive survey of 100 Australian doctors, including 50 GPs and 50 paediatricians demonstrated overwhelmingly positive support for a better personal monitoring system that measures wheeze, a primary symptom of asthma.

In addition, we have also surveyed a total of nearly 650 asthma consumers, including parents of asthmatic children. Both areas of research have clearly demonstrated the need for an easy to use monitoring system that will help patients better understand the factors – symptomatic, environmental, and behavioural – which can impact more successful management of asthma. The combination of AirSonea™, with its ability to objectively detect and measure wheeze, and the AsthmaSense app, with its ability to record and analyse data related to risk factors, will provide the ideal product for helping people adhere to their treatment plans.

In the online consumer study, 95% of all respondents indicated interest in purchasing AirSonea™, with 98% of the cohort designated “Asthma Mums” declaring their interest in purchasing the device. Studies have confirmed that a retail price of \$150 is reasonable.

This was consistent with another key finding of the survey, which was that 97-100% of responders agreed that the AirSonea™ wheeze monitor would be easy to use, practical and result in better asthma control.

The physicians’ survey was conducted by independent US based research specialists Dectiva LLC, and focused on 100 Australian



## iSonea in the News

iSonea is attracting media interest globally. Here are some of the clips which have prominently featured your company. For full media clips please go to: [www.iSoneaMed.com](http://www.iSoneaMed.com)

### Australian Financial Review 11 June, 2013

This article featured an interview with our chairman Dr Stewart Washer. The article notes that a trial pitting our device against eight US pulmonologists listening to sixty sound files received a zero false negative rate “which means the device never missed a wheeze that was heard by the doctor”.

### Trials of digital health

Apps and devices Give your health a tech boost

Jessica Gardner

To read out among Facebook billion... The team is now part way through a... chief executive Michael Thomas hope... body challenges and questionable... randomised controlled trial, which... claims from wearable device makers... compares the effect of Sonea against... the New Yorker realised he would have... a control group. They have signed up 80... number of asthma attacks and... speak the language of the medical... and people over 16 weeks. The trial will... review every year, but they are... “In the medical realm, the answer to... avoid the participants after six months... cautious with their claims. “We’re just... doing something new” is every word... Crocker is already confident that... going to say they think we can detect... and you’ve done a randomised control... Sessions will show increased levels... of wheeze when compared to the... “trial”. Crocker is already confident... that we could predict an... asthma attack and we’ve provided... currency of doctors to share their... parameters, such as weight and mood... the evidence that we could then... pressure, the trial will be able to show... obviously we’d have a medical legal... Crocker has been invited to name... in more users, but crucially to also per... discovery app. We’re focused on TV... users by partners, such as insurance... getting the device against eight US... meaning it’s a company move... but... parties or large employers, that the app... monologues listening to 60 sound files... and received a zero false negative rate... to his own name but through these... works. “The trial really surprised

### Herald Sun 25 April, 2013

We retained a “speculative buy” rating from this well-respected columnist, who also recognised our first mover advantage and major cornerstone investor.

### IN THE BLACK

with John Beveridge

Green light for treatment on the tip of their tongue



It is a really smart way... of finding them as an... affordable child’s symptoms... and treatment options, with... the ability to replay the... breathing sounds for a... doctor a great solution for... those children who approach a... doctor a stigma. A... symptoms always disappear... the asthma that they approach a... By integrating warnings... of high peak counts... and crowd-sourced data on... attacks, prototypes of the... device are getting a good... reaction from asthma... groups and most... importantly parents of... children. “The... Thomas said iSonea was... aiming to revolutionise... its numerous applications... so that it built a large group... of customers, which was the... best way to reduce a fast... mover advantage. “We... working with investors... providing good and positive... Billieanne Bruce Mathieson

## Letter from CEO (Continued)

physicians involved in asthma treatment, including 50 paediatricians.

Researchers found that 80% of GPs and 62% of paediatricians involved in the study would recommend the AirSonea™ to all asthma patients based on the information provided.

They regard this kind of mobile wheeze monitoring device as most suitable for unstable asthma patients, who represent the majority of their asthma practice and will benefit the most from daily monitoring. They also believe monitoring will benefit approximately half of all stable asthma patients. They did note that having access to additional scientific data on the technology, which was not included in the market research survey, would increase recommendations.

Ultimately, the product was perceived as an important management tool. While the name of your Company and the product were blinded to survey participants to guarantee impartiality, we have been left in little doubt that our device offers monitoring benefits for patients and physicians and will be eagerly anticipated.

### Global Need for New Technologies

These surveys not only help us to ensure the optimal product is ultimately provided to the marketplace, they also underpin the need for new technologies and solutions to everyday problems for asthmatics. Investors should note that until the AirSonea™ is launched, the current standards of care available to measure wheeze monitoring in asthmatics remain sub-optimal for several decades.

While asthma experts universally agree monitoring is essential to prevent asthma attacks (and the high cost of hospitalisation), in practise it is seldom carried out.

At the moment, lung function can be monitored via spirometry which is expensive (US \$1,500 to \$2,500 per test), uncomfortable, difficult to use and not easily portable.

An at-home alternative that has been available for several decades is the peak flow meter. While inexpensive, patient compliance is known to be very poor and patient self-interpretation and data recording are unreliable. This outdated technology also requires uncomfortable patient effort and is not suitable for young children.

The AirSonea™ will change all of this. Not only will it be able to be used anywhere and at any time, it is also suitable for the youngest patients – from 2 years old. Their mothers or caregivers can simply hold the device to the base of their throats, and the wheeze rate recorded can be immediately accessed on smartphone. It can also seamlessly upload the information to physicians for interpretation as required.

### Next Key Milestones

As we near our critical launch date for the AirSonea™ device, we have one final key milestone to achieve.

With the consumer accessible Internet portal AsthmaSense™ Cloud now in place, we will introduce AsthmaSense™ Prime during Q3 2013. This is the final app milestone before the AirSonea™ device is launched.

AsthmaSense Prime™ builds on the existing AsthmaSense app technology and automatically integrates environmental conditions with the individual's asthma profile information contained in his or her smartphone to provide early alerts about changing risk factors for an attack. For example, the smartphone's GPS capabilities will tune in to high pollen counts being recorded in any particular area.

By increasing a person's awareness of the risk, AsthmaSense Prime™ can improve adherence to treatment plans.

To sum up, AirSonea™ will provide the wheeze detection and measurement capability, while AsthmaSense Prime will incorporate the neural network (a form of artificial intelligence) component to aid in predicting the change in risk for any patient in any location around the world. Over time, it is this function that we expect will be able to predict when a patient's risk profile is changing (worsening or improving). There is no asthma monitoring technology available in the world today that can accomplish this.

### Housekeeping

While launching AsthmaSense Prime is our next key milestone before AirSonea™ launch, there have been several other 'housekeeping' matters to attend to that will enable a seamless path to market.

We recently appointed a high-calibre Hong Kong based manufacturing partner to scale up production of the AirSonea™ technology, and we are currently finalising the custom engineered components. Our partner is Refined Manufacturing Ltd, which specialises in high volume, precision production of electronic, optical, and computer related products for health and consumer markets.

Refined's wide-ranging capabilities cover industries including electronic controls, telecommunications, recording devices, and electro-mechanical consumer products. We are confident this extremely capable partner is the right fit for our product. It has built all prototypes to date, and we are satisfied with the results. Production is now being scaled up to accommodate expected interest on the AirSonea™ product launch.

### Market Launch

The successful transition of iSonea into a revenue generating company will begin with the first sales of AirSonea™ in September in Australia followed by the North American launch in early in 2014.

In addition to manufacturing scale up, we have a solid communications strategy in place to maximise the opportunity in Australia presented by this important product launch. We have engaged an Australia based consumer PR specialist to assist driving consumer awareness of the AirSonea™ to consumers as well as to the broader Australian medical community.

We look forward to reporting our first AirSonea™ sales in the next edition of the ISN Monitor and thank you for your continued support.

Yours Sincerely,

Michael J Thomas, CEO

## iSonea in the news (continued)

### Northern Territory Business Review May, 2013

This comprehensive article in the Northern Territory Business Review focused on mobile health technologies and noted that "digital technologies, including ubiquitous mobile devices, can play a key role in transforming health care into a more efficient, patient-centred system ..."

### Mobile health devices ring in changes for patient care



#### TAKING STOCK

JAMIE MYERS

This month I am looking into the evolving sector of mobile health and a recent Q&A I had with the CEO of Australian based Sonea Limited, Mike Thomas.

The disruptive power of mobile technology is fueling innovation in the healthcare industry.

In its Open Mobile Survey 2012, the accounting consulting firm Deloitte concluded that healthcare/ life sciences is one of the "top three fields likely to propel mobile device growth over the next five years".

In particular, factors such as an aging population, increasing prevalence of chronic illness, ballooning healthcare costs, and increasing consumer demand for self-care, are creating a fertile ground for mobile-based health solutions.

Digital technologies, including ubiquitous mobile devices, can play a key role in transforming health care into a more efficient, patient-centred system of care in which individuals have instant, on-

demand access to their medical records and powerful clinical decision support tools that empower them to actively participate in their treatment plans. Says the report, *Analyst's View: Healthcare in 2012*.

A key benefit of mHealth solutions is that they allow mass customisation of healthcare services, by facilitating individualised monitoring and treatment plans, behavioral modification and support, and measurement of individual treatment response.

Mobile health can allow a small company with innovative monitoring or treatment technology to efficiently reach a global population, and it is the worldwide proliferation of smartphones and tablets that makes this possible.

Deloitte forecasts a billion smartphones will be sold in 2012 and Cisco Systems estimates that there will be 10 billion such mobile devices in worldwide use by 2016.

As a result, the global mHealth market is expected to experience a 30 per cent Compound Annual Growth Rate between 2011 and 2016.

And the market for wireless monitoring devices is expected to triple from \$7.1 billion in 2012 to \$22 billion in 2016.

In a report published in April 2013, German research firm Research2Guidance further predicted revenue from mobile health sensors – those that communicate with a smartphone app – will grow from \$407 million in 2013 to reach \$5.6 billion in 2017, at a compound annual growth rate of 48 per cent.

These trends affirm the strategic product development direction that Sonea is taking with AirSonea and AsthmaSense, which will help people with asthma to better monitor their symptoms and reduce their awareness of changing risks for an attack. The apps will also improve asthma patients' adherence to treatment plans.

### The Australian 25 April, 2013

This piece by well-read Australian business columnist Tim Boreham rated our stock a "spec buy".

### Isona (ISN) 8c

SPEAKING of asthma, the Bruce Mathieson-backed iSonea is about to launch the world's first smartphone-based asthma diagnosis, to help manage the common affliction.

An exemplar of digital health management, the AirSonea device (about the size of a 1980s mobile phone) is placed against the throat and sends data via Bluetooth connection about wheeze levels to a mobile phone.

The user, typically a parent, can then get a better idea of the conditions (such as pollen levels) amenable to an asthma attack.

Chief executive Michael Thomas estimates an addressable market of 25 million sufferers in the US and 2.3 million locally. But, in terms of smartphone takeup, there are five million potential users.

The cost, seeing as you asked, is \$150 for the device and a \$2-a-month subscription that delivers the gee-whiz functionality.

iSonea shares have wheezed up to 7c since we rated them a **spec buy** at 5c last November.

We retain the call. The key to AirSonea's success is spreading the message through mummy bloggers, rather than your wizened columnist.



## May, 2013: Interview with iSonea CEO, Michael Thomas



Your Company is on track for a September/October launch of the sophisticated AirSonea™ device. Visitors to our website will notice two new video links have been uploaded. One is a link to an interview with our CEO Mike Thomas which appeared on the CBS-affiliated WBTV news program in Charlotte, North Carolina. This kind of media coverage is vital in our endeavour to promote our products in preparation for the September 2013 Australian launch. We expect to launch in the US in the first half of 2014, where consumers are rapidly embracing emerging mobile health technologies. Data from a recent Pew Research Centre report in the US noted

that 19% of smartphone owners in America had downloaded an app specifically to manage or monitor their health. We have a first mover advantage in the asthma and respiratory space and remain determined to capitalise on this opportunity.

The second link (below) provides a light hearted, step by step guide to the AirSonea™ product. Detail in this video should assure parents and caregivers of the health management advantages provided by AirSonea™. We expect it will be similarly useful to investors seeking an overview of exactly why our technology will transform the management of asthma and other respiratory disorders.



## March, 2013: AirSonea™ Introduction Video

## iSonea in the news (continued)

### The Australian 12 June, 2013

Only weeks after the previous piece (above) Tim Boreham advised readers to HOLD iSonea stock following the spectacular share price rise as the market recognised the mobile health opportunity and its near term potential.

### iSonea (ISN) 35c

YOUR columnist baulks at “nine out of 10 breeders recommend it” yarns, but in this case we’ll happily report that eight out of 10 GPs advocate iSonea’s iPhone-based wheeze monitoring system for asthma sufferers.

The straw poll, based on 100 medicos, comes ahead of the September launch of iSonea’s AirSonea device.

Our reason for bending the rule is simple: we rated the stock a spec buy at 8c on Anzac Day and haven’t had many 337 per cent winners of late.

The company’s premise — the digital management of a common affliction — is a no brainer. The challenge is to convert take-up of the device into rivers of cash for investors that include pokies king Bruce Mathieson. **Hold.**  
borehamt@theaustralian.com.au

### The Age and Sydney Morning Herald 9 July, 2013:

This piece followed our successful capital raising, with one biotech observer recognising the “remarkable” increase in iSonea’s market capitalisation.

## Pokies king in winning streak

**T**he kerfuffle over a second gambling palace for Sydney may be distracting others, but it has not stopped pokies king **Bruce Mathieson** extending his winning streak at that other big casino, the stock exchange.

Mathieson’s latest punt is a stake in biotech outfit iSonea, where his company Investment Holdings has snapped up 18.59 per cent.

iSonea, which is developing a mobile phone app for monitoring asthma, has been for a bit of a run since April, with its share price soaring from under 10c to close at 49c on Thursday.

By CBD’s calculations, that puts Mathieson \$7.42 million ahead on his stake, which was disclosed to the ASX on Monday. Part of that profit comes courtesy of a capital raising last week in which he spent \$7 million to buy 20 million shares at 35c each. But Mathieson’s real jackpot comes from his decision to outlay just \$525,000 and snap up 10.5 million shares at just 5c each in a November rights issue.

iSonea’s bull run has onlookers marvelling. “It’s the most remarkable increase in market cap I have seen in a long time,” *Biotech Daily* editor **David Langsam** told CBD.

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