



Presentation to:
Annual General Meeting

USCOM LIMITED
Level 7, 10 Loftus Street
Sydney NSW 2000

Monday, November 1, 2004

Mr Gary Davey Chief Executive

I would like to add my thanks to the shareholders who have empowered us to advance this business.

USCOM is unique. It is a Biotech company, but unlike many biotech start-ups we are not a highly speculative play, with a product still in development and no signs of a revenue stream. But nor are we at the other end of the scale, a mature business with a long trading record and a predictable growth curve. We are neither of these. We are somewhere in the middle, somewhat like the early days of other medical devices companies such as Resmed and Cochlear.

We are unashamedly proud of our achievements to date. As an Australian medical devices company with a proven product, with proven demand and a proven revenue stream. And we are committed to leveraging our early progress into building a great global company. The management and directors are more convinced than ever about the medium to long term prospects for the company.

As Rob mentioned earlier, we are now 10 months into our life as a company listed on the Australian Stock Exchange.

Your shares have traded in a range between \$2.11 and \$3.90.

We have generated a number of positive comments among analysts focused on the biotechnology sector. For example the Southern Cross Equities Biotechnology Buzz said USCOM was "one to watch" when reporting our 49% out-performance of the Southern Cross Biotech Index. And Price Waterhouse Coopers' Bioforum Report described USCOM as a "star performer", being among the top ten share price performers in the 4th quarter of the year.

Our financial performance for 2004 was in line with expectation. We concluded the financial year with \$13.3 million cash in hand, with a loss for the year of \$1.25 million. Cash outflow for the year was approximately \$1.5 million. We are happy with this outcome. There were no major capital requirements and no big surprises in constructing our core marketing infrastructure. We are on track and remain committed to our global roll-out plan.

Just last week, the company released its Quarterly Report for the quarter to September 30. The key points arising from this statement were cash receipts from customers of approximately \$262,000. With net out-going cash of \$571,000, we ended the quarter with \$12.7 million cash in hand.

I would like to take the opportunity to go into a little more detail of the operations of USCOM. It is probably appropriate to begin with a review of our sales and marketing activities.



USCOM operates through a network of distribution and marketing partners, covering Australasia, Asia, the Middle East and Europe.

Internally we have built an outstanding team of marketing professionals to support that global activity.

We are delighted with the initial progress we have made in securing sales of the USCOM device.

Here is the latest cumulative sales figure: 43 unit sales.

We have now sold products into 11 different countries: 14 in China, 7 in Japan, 6 in South Asia, 4 in South-East Asia, 4 in Australia, 3 in the UK, 2 in Taiwan, 2 in Korea and 1 in the Middle East.

Among the sales here in Australia, were 2 important sales in regional New South Wales at Broken Hill and Dubbo. This is a good way of illustrating the role of USCOM. Here is a TV news item about the Broken Hill installation.

Internationally, there are many exciting developments in both sales and research.

We recently announced the sale of an USCOM machine to Great Ormond Street Hospital in London, one of the world's most important sites for the management of sick children. The Intensive Care team there has hired a full time staff member just to work with USCOM. They have already presented their first research, based on USCOM's role in the retrieval of children in ambulances.

And similar work is being conducted in Germany, where Dr Karsten Knobloch of Hannover University Hospital has been using USCOM in rescue helicopters and in ambulances. Dr Knobloch has demonstrated the utility of USCOM in both emergency care and intensive care departments, as well as proving the accuracy of the USCOM method.

Paediatrics medicine is one of our key priority sectors. Not only do we provide a unique solution in this sector, offering us a great business opportunity, everyone in the company is highly motivated to making a real contribution to the better care of kids.

The company is bringing together a network of luminary researchers around the world to support the development and promotion of the science of USCOM. Among them is Dr Peter Lichtenthal, Associate Professor of Cardiathoracic Anaesthesia at the University of Arizona Health Sciences Centre. Dr Lichtenthal and his team are actively supporting the entry of USCOM into the US market. The Arizona site is truly a centre of excellence in medicine, having just received FDA approval for a brand new concept in artificial hearts. We are on track to initiate our commercial launch in the US during 2005.

The company has done some extremely good work in the evolution of its technology. As Rob mentioned, the USCOM monitor has undergone two software upgrades, a further advancement is planned for release in early 2005 and our engineering team has developed some exciting new developments in hardware.

In addition to some advanced new automation software, we hope to be releasing a new generation of transducers during 2005, providing improved performance, as well as user improvements with the addition of a clip-on handle. We are also looking to introduce a custom designed trolley for making the device more convenient and portable within the hospital.

In July this year, USCOM was able to host its first international sales and marketing conference, with 40 delegates from as far afield as the UK, Italy, India, China and Singapore. The USCOMone meeting, which was also attended by the staff the management and all the directors of the company, was held as a launch pad for this current financial year's sales activity.

And we are excited about the early signs from the market about the prospects for the year.



I should make it clear however, that our mission to change medical practice will not happen overnight. We have had an overwhelmingly positive response to the USCOM solution, but it does not automatically follow that this enthusiasm can be converted quickly into sales. The methods and protocols of medicine are deeply entrenched and they can only change over time, with a convincing scientific argument and a compelling product. We have both. And we are now working with some of the most influential figures in world medicine to assist in the adoption of USCOM.

So, we ask shareholders not to expect overnight transformations, but rather a progressive and professionally managed transition. We will not put at risk the longer term upside for the sake of unrealistic short term targets.

The company is investing in building a global market. We are adequately resourced, still committed to not needing a second round of financing and very much looking forward to delivering profitability to shareholders.

Our objective is to create shareholder value by building a truly great global business.

