USCOM
ABN: 35 091 028 090

Annual General Meeting
Friday, 24 November, 2006

Presentation by Mr Rob Phillips,
Chairman

On behalf of the directors and staff of USCOM I would like to warmly welcome you all to our third annual general meeting of USCOM Limited.
My name is Rob Phillips. I am the Chairman and Director of Clinical Science at USCOM.
On behalf of my fellow directors, Mr Gary Davey and Mr Roman Zwolenski, thank you for your attendance.
Prior to the meeting, we had received Proxies representing 1,611,596 shares, being less than 5% of the ordinary shares in USCOM Limited.
The format for today's meeting is to begin with the Chairman's and Chief Executive's presentations to shareholders.
This will be followed by the meeting resolutions. We will then conclude with a more informal discussion along with questions from shareholders.
Before I go into the detail of the Chairman's Report, I would like to express my sincere thanks to the directors, management and staff of USCOM who have all worked so hard through what has been an extremely exciting and eventful year for all of us.
To begin this presentation I would like to review the achievements of USCOM since raising VC in 2002. We are proud of these significant achievements and grateful for your ongoing support in achieving these goals. However as management, we are also acutely aware of the responsibility of managing capital on behalf of investors or partners, and recognise that there is no formula for successfully managing this rapidly developing complex global business. We are continually focussed on aspects of the business that are under achieving. In our presentation today we intend to define our achievements and goals, identify some of our challenges, and demonstrate a strategic vision and plan to guide and drive our Company during this important transition from Australian start up to influential Global Medical Device Company.
First of all, we are extremely proud of our first product, the USCOM 1A cardiac output monitor.
We have now achieved critical mass of scientific evidence, proving the accuracy, reliability and usefulness of our technology.
We have achieved regulatory approval in all our target markets. With the exception of Canada, USCOM is cleared for marketing worldwide.
Our technology is being recognised. We were a finalist in the World Technology Awards.
And we have built working relationships with some of the most prestigious medical sites and opinion leading clinicians.
An asset which we believe to be grossly undervalued is our portfolio of intellectual property, with 24 patents now in various stages of execution around the world.
This has helped us secure an extremely powerful product pipeline with 5 major products in development. We are NOT a single product company.
Inside the company we have grown and developed a valuable range of skill sets in product development and commercialisation.
Although still at the early stages of marketing, we have achieved sales in all our key markets with extremely positive response from the paediatrics sector.
And as a result our revenue is growing. And with 6 million dollars cash on hand, we remain adequately resourced to see the company through to profitability.

Let me review what the company has achieved in delivering its message to the medical community.
Put simply, USCOM is a unique non-invasive solution for blood circulation management which we believe will change medical practice.
USCOM is a diagnostic tool and therapy guide for managing circulation.
And it is non-invasive.

USCOM is NOT a cardiology tool.
It is a comprehensive tool for managing circulation.
And this is important because improved hemodynamics results in improved patient outcomes.

One of the challenges for USCOM is to keep the company focused on core priorities.
It is challenging because USCOM has many application across a variety of clinical uses.
Our priority markets are Paediatrics and Emergency. However clinicians are identifying a growing list of roles for USCOM in Intensive Care, Anaesthetics, drug trials, all the way through to veterinary applications and sports medicine.
While not neglecting these opportunities, given the resources available, we remain focused on our core markets.

And events are moving rapidly.
USCOM is now at a significant inflexion point. We are poised to enter a new phase in the company's development, which will result in real structural change, and a major position on the world medical devices stage.
We have initiated discussion with a number of major international companies with the objective of establishing strategic marketing partnerships in both the United States and Europe.
In order to take full advantage of these strategic opportunities in the US, the company has incorporated USCOM INC. This is the company's first off-shore subsidiary and is an essential component of our strategic plan for the year ahead.
In addition, the company is currently recruiting 2 new independent non-executive directors, with international deal-making as key skill sets for these appointments.
The company is also in discussion with professional advisers in the United States to identify the company's strategic options and assist us to optimising these relatonships.
Like all of you, we were disappointed in not achieving our stated target of 100+ unit orders for FY 06.
This was partly due to weaknesses in some of our distribution arrangements internationally.
We are addressing these weaknesses and expect improved results in the medium term.
We make no apologies for our approach to marketing. While our global distribution network is not ideal, this is perfectly understandable for a company with a new product attacking a global market.
It has been extremely hard work managing distribution around the world in an intensive hands-on fashion, but we took the view that this was essential to establishing a network of Key Opinion Leader sites in all our key territories, where we have some of the world's smartest clinicians actively supporting our technology. This TOP DOWN approach is complex and takes time, but it is an essential foundation for the future. And it will pay tremendous dividends.
The success of USCOM, and indeed the value of the company, should not be determined by short term sales.
We are focused every day on converting new clinical sites. But the real value is much bigger than that.
The real value is in the next steps – clinical adoption and strategic partnerships.
We now have approximately 150 user sites worldwide. Sales are continuing. But the company is still at the very early stages of the technology adoption cycle.
At USCOM, we are not generally inclined to rely on marketing texts, but this chart from, "Crossing the Chasm" is an excellent summary of the process of adoption. And USCOM is at this stage, still at the "Innovator – Early Adopter" stage.

The most important parts of this graph are the gaps between the Innovators and the Early Adopters and then most importantly the gap between the Early Adopters and the Early Majority. This is where our profitability will come from.
With a recent flood of outstandingly positive scientific evidence, the active support of key luminary sites and a growing acceptance of the USCOM solution helps us bridge these gaps, or as the title would suggest, "Cross the Chasm"
As a result, we are more convinced than ever that USCOM will be adopted as a standard tool of medical practice.
For the year ending June 30 2006, USCOM achieved a number of important milestones.
There were 3 new technology advancements, expanding the accuracy, the range of parameters and improving ease of use.
The company's product pipeline has expanded with 5 new products now in various stages of development.
The company portfolio of Intellectual Property continues to grow with 24 patent applications at various stages of execution.
The company's technology has also reached a critical mass of scientific evidence, with numerous scientific studies confirming the accuracy of USCOM compared to alternative methods.
The company has initiated its marketing activities in the United States, having secured FDA clearance.
And regulatory approval was completed during the year in Japan, Korea and Taiwan.
USCOM is still evolving in its approach to selling. Different models have been applied in various territories. Being a small company, USCOM is limited in its capacity for direct selling. However, in mid 2005 the company initiated a direct selling model for its home market in Australia in the second half of the year, the Australian direct sales team of 3 salesmen secured 16 orders, a promising start.
The company believes it is very close to "the tipping point". We are gaining traction in sales and we have profitability within our sights.

The Financial position of the company is sound.
For the first time, we exceeded one million dollars in cash receipts from customers.
At the end of June 2006, the company still had A$7.2 million cash in hand. On the basis of average monthly cash consumption for calendar 2006, even with no improvement in current performance, the company would still have enough cash to operate for 2-and-half years. So shareholders ought to have no concerns about the company being adequately resourced.
As mentioned earlier, we are excited about the evolution and growth of the company's technology base.
We believe our intellectual property is an important asset which has not been valued at all by the market. This is an extract from a Patent Report by our Patent Attorneys, Shelston IP, which confirms the company now has 24 separate patent cases in progress, with 3 new cases this year.
This is an undervalued asset and essential to underpinning the company's exciting product pipeline.
Above all is our core patent, published by the US Patents Office in May 2003.
This broad patent covers the fundamental process of USCOM; i.e. the use of ultrasound for the non-invasive monitoring of cardiac flow.
The company now as 5 new products in development, a product pipeline that will ensure the company opens multiple streams of revenue and remains at the cutting edge of haemodynamics.
Each of these new products is supported by patent applications.
The first of the 5 is scheduled for commercial release during calendar 2007. The OxyCOM product is an important step forward in circulatory monitoring. By combining Cardiac Output with Oximetry, we will provide clinicians with OXYGEN DELIVERY. Not only will they know how well the blood is circulating, but also how well that circulation is delivering oxygen around the body. This is an important medical advancement!
As I mentioned earlier, the company is in the process of recruiting 2 new independent non-executive directors. We are extremely pleased with progress on this important task and we hope to be in a position to announce an outcome shortly.

I would like to take this opportunity to sincerely thank Dr Fred Berry and Mr Luke Fay who resigned as directors in September. Both Dr Berry and Mr Fay played a fundamental role in the creation and growth of our company.
In summary,
USCOM remains focused on its core priorities, carefully managing resources and poised for significant change in both its structure and operations.
We are determined to build a valuable global business with sound foundations such as universal regulatory approval and robust patent protection.
We have proven our technology against all our competitors and achieved early sales in all of our target markets.
We believe we are doing a good job of managing dynamic growth.
And heading towards break-even point with adequate cash reserves.
And as we get closer to profitability the apparent scale of the USCOM opportunity continues to grow.
I would now like to introduce my colleague, Mr Gary Davey to present the Chief Executive's report.

Presentation of Chief Executive's Report by Mr Gary Davey

Thank you Rob. First, I would like to present a brief review of the company's performance in FY 06.
We showed a 123% year-on-year improvement in sales volume with 67 units sold for the year, with the US, Asia and Australia each representing approximately one-third of volume.
This year, we have adopted a policy of shifting the focus to Profit & Loss and Cash Flow. As a result, we no longer publish a rolling count of unit orders. That particular number is no longer as relevant as it was, as a guide to outcomes or value.
We believe it is much more relevant to focus on profit & loss and cash flow.
Revenues from sales improved by 133% to A$1.1 million.
For the first quarter of FY 07, the company had net cash outflow of A$1 million. This is traditionally, the heaviest cash spend period of the year, with preparation for a busy Fall conference season and A$200,000 expenditure on inventory for the 2nd quarter (October to December).
The company spend $300,000 dollars less than the same period last year.
For the 11 months of 2006, we have an average monthly consumption rate of under $200,000, which when measured against the $6.1 cash resources means we would have in excess of 30 months resources, even at the current tragectory.
As mentioned earlier, the company undertook to build a direct sales organisation in Australia, with the appointment of sales and support personnel in 5 cities as well as the engagement of senior sales and marketing management.
The Australia team booked 19 orders in Australia, including many of the most prestigious sites in the country.
Among the objectives for the year ahead is the release of the company's second commercial product, the OxyCOM non-invasive oxygen delivery monitor.
While USCOM provides accurate assessment of flow, OxyCOM takes a major step further with the addition of oxygen saturation. By combining the 2 together, clinicians can assess not only how well the heart is pumping, but also hoe well it is delivering Oxygen around the body.
Among the company's other objectives for the year.
To advance our position for medical reimbursement. Consultants have been engaged in the key markets, especially the US to assist in this transition. Although this process may take up to 3 years, the company is confident it is achievable and will dramatically expand the scale of the USCOM opportunity from hospitals all the way to the GP's office.
The company has also set itself the task of being recognised by at least one international medical body as a standard of care.

The company continues to evolve its sales and marketing infrastructure. I n the US and Europe we are still a long way from an optimum model and this year will see significant changes, including discussions with potential strategic partners.
USCOM will change shape as a company over the coming 12 months. And the board and management structure of the company will have to change. This is an important priority.
While the company will still show a loss for FY 07, we have set ourselves the task of reaching the turning point during 2007.
And of course, this will lead to the company being cash flow positive. This is our TARGET for FY 07.

One of the challenges of USCOM is to keep our relatively limited resources focused on priorities.
As Rob menioned, the company has focused on 2 priority sectors, Emergency Care and Paediatrics.
In emergency, the company is working closely with a global network of collaborators, including Dr Emanuel Rivers at the Henry Ford Hospital in Detroit, the birthplace of Early Goal Directed Therapy, a ground-breaking advance in emergency care.
In paediatrics, the company also collaborates with a number of centres of excellence, including the Great Ormond Street Hospital in London, considered the most prestigious children's hospital in the world.

To put our role at Great Ormond Street into perspective, here is an authorised quote from Dr Joe Brierley at the hospital who has stated that no other method of measuring cardiac output has been used at the Hospital in the past 2 years. We are very proud of that statement and it serves us extremely well in our broader paediatrics campaign.
USCOM has already made important in-roads in the sector, having sold USCOM machines at some of the world's leading paediatrics centres.
We are passionate about paediatrics.
We believe USCOM will be embraced as a standard of care in this sector. Currently, clinicians treat their patients without measuring hemodynamics as current methods are too dangerous or inaccurate. USCOM is changing this!

The scientific validation of USCOM has already achieved critical mass.
More than 50 studies have been presented and peer-reviewed papers published in 7 important medical journals.
In the past 4 months, 26 new studies have been presented or published.
What is most exciting about this new evidence is that it IS NOT ABOUT SCIENCE.
It's about people....people using USCOM.
As an example of the kind of data being produced, this presentation was made to the Australia & New Zealand Intensive Care Society conference in October 2006, demonstrating both the accuracy of USCOM and also the ability of nurses to use the technology.
The study showed almost perfect agreement between USCOM and 2 invasive "gold standard" methods; the Pulmonary Artery Catheter and the Fick method.
The study found USCOM to be reliable and accurate, with the learning curve being satisfactorily short to enable nursing staff to non-invasively measure Cardiac Output.
As a demonstration of the learning curve, the average time it took to operate USCOM declined, during the course of the study, from 25 minutes to 5 minutes in what the study described as a difficult patient population.
This study is significant because it reflects our view that the change in practice which USCOM is leading will be driven by nurses.

As recently as this week the company received news of a peer-reviewed paper in the American Journal of Emergency Medicine with truly remarkable evidence about USCOM in the Emergency department.
Dr Bryant Nguyen at Loma Linda University Hospital tested more than 200 people after just 5 to 10 minutes training to assess the reliability of USCOM, even with almost no training.
Dr Nguyen found that for most patients there was a variation between users of less than 10%.

This compares to up to 25% variation for the gold standard Pulmonary Artery Catheter method.
This is an extremely important outcome, which we believe is a crucial step towards wide adoption of USCOM in emergency care.
And just last night we received news of yet another milestone study presented at the annual scientific meeting of the Australasian College for Emergency Medicine in Sydney. Clincians led by Dr Paul Middleton at Prince of Wales Hospital at Randwick used USCOM as a means of assessing patients with sepsis in the emergency department. The study concludes, "Doppler ultrasound derived variables indentified underlying pathophysiological patterns in cardiovascular disfunction and also showed marked benefit in monitoring response to therapy."

And finally, I would like to take this opportunity to advise shareholders that during December, the company will be making changes to the visual presentation of the company.
The USCOM logo, which has served us well since 1999 is being subtley changed for a more contemporary look.
The new logo will be accompanied by a marketing strap-line: The Measure of Life. We believe that effectively describes what we do.

Mr Rob Phillips
Chairman

Thank you Gary.
We would now like to move in to the next items on the agenda, including 3 resolutions.
We now move on to the meeting resolutions. Information relating to each of the three resolutions was included in the Notice of Meeting dated 25 October 2006.
The first resolution relates to my election as a director.
The second concerns the directors' remuneration report.
And the third seeks permission for a change to the constitution of USCOM to provide for the sale of non marketable parcels of shares by the Company in the manner described in the appendix to the notice convening this meeting.

The following is the allocation of Proxies relating to each of the resolutions.

1. Election of Mr R. Phillips	**For: 1,224,690**	**Against: 24,000**	**Abstain: 312**
2. Adoption of Remuneration Report	**For: 1,210,002**	**Against: 36,000**	**Abstain: 3,000**
3. Constitution Amendment	**For: 1,073,213**	**Against: 5,789**	**Abstain: 0**

Resolution 1 - Election of directors
To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

For the purposes of Resolution 1, I will stand down and ask Mr Davey to act as Chairman.

'That Mr Rob Phillips who retires by rotation in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company'.

Resolution 2 - Remuneration Report
To consider and, if thought fit, to pass the following non-binding resolution as an ordinary resolution of the Company:

'That the Company's Remuneration Report which is set out on pages 26 to 29 of the 2006 annual report be adopted'.

Resolution 3 - Constitution amendment
To consider and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

'That the Company's Constitution be amended to provide for the sale of non marketable parcels of shares by the Company in the manner described in the appendix to the notice convening this meeting'.

That concludes the formal part of the Annual General Meeting.
We would be delighted to now take any questions from shareholders.