



USCOM
(ASX: UCM)
AGM Presentation
9th NOVEMBER 2010

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Rob Phillips

Chairman

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My name is Rob Phillips. I am the Chairman, Chief Executive Officer and Director of Clinical Science at Uscom and I'd like to welcome you to the 7th AGM of Uscom Ltd.



Introduction

Board of Directors:

**Mr Rob Phillips
Mr Bruce Rathie
Mr Roman Zwolenski**

Company Secretary – Mr Daniel Fah

Proxies Received:

**7,291,559 shares or approximately 17.4% of the
41,804,047 ordinary shares in Uscom Limited.**

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On behalf of my fellow directors, Mr Bruce Rathie and Mr Roman Zwolenski, I thank you for your attendance and register Mr Zwolenski's apology.

Prior to the meeting, we had received Proxies representing 7,291,559 shares, being approximately 17.4% of the ordinary shares in Uscom Limited. I would also note that the Uscom Auditors, PKF are in attendance.



Welcome

Agenda

- Update and Review of Operations
- Changes
 - Board and management
 - Operations
 - Capital
- Summary
- Financial Statements and Reports
- Resolutions
 - 1. Election of Directors
 - 2. Remuneration report
- General Discussion

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Today's meeting will begin with a Chairman's update and review of operations, changes proposed for Uscom in FY 2011, consideration of the financial statements and reports, followed by the presentation of the resolutions and then general discussion.



Chairman's Report

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Before proceeding with the Chairman's Report, I would like to express my sincere thanks to the directors, management and staff of Uscom who continue to work with commitment and enthusiasm to drive Uscom toward our goal of becoming an influential and profitable global medical device Company. Commitment and persistence remain critical characteristics of our Company, whether it be at a shareholder level, a Board level or staff level.



2010 Review

Global marketing partnerships impacted by

GFC

US healthcare reforms

Revenue down by 47%, costs down 9%

Science - Clinical Standards of Care Objectives

Fluid administration

Sepsis

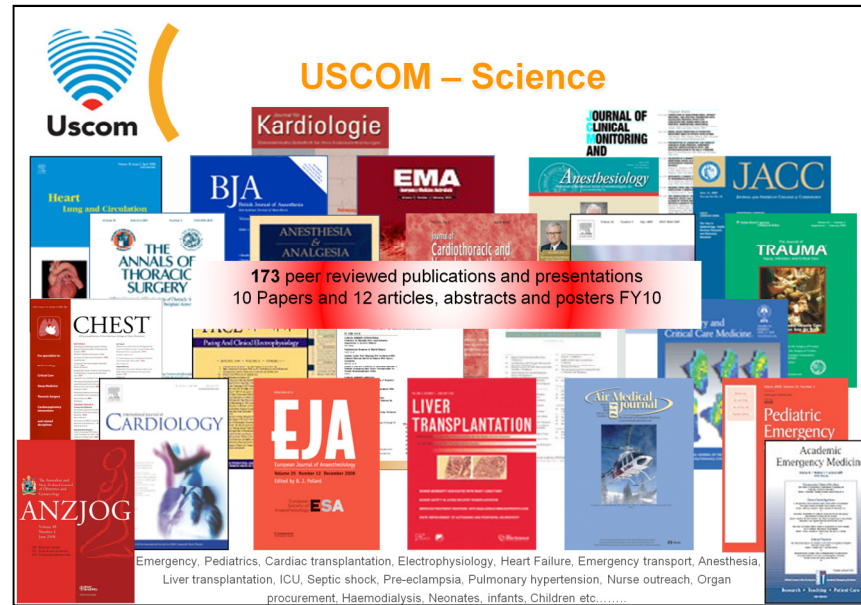
Pursue global adoption – 450 units worldwide

**Revised Strategy – Board/management, operations,
capital**

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For Uscom 2010 was disappointing and reflected the effects of the GFC and US healthcare reforms causing a revenue decrease of 47%, while our costs were reduced by 9%. Throughout the year we continued to receive extraordinary scientific endorsement of the USCOM device as we pursued more widespread global adoption. We now have approximately 450 USCOM installations worldwide. In response to the difficult post GFC commercial environment, the Board is now focused on implementing the changes required to transition Uscom from the R&D validation phase to the sales and marketing phase, and today we will define the changes to the Board and management, the Company operations and capital to achieve that outcome.



Uscom is a Company founded on science and this year saw the publication of 10 peer review papers and 12 articles and abstracts at international level taking to 173 the total number of USCOM publications.



USCOM – Science

35 papers, 1141 patients and 69703 measures

Reliability – Mean bias 0.6% with precision of 34.7%

Reproducibility – Intra and inter observer variability 92%

Feasibility – Signals feasible in 92% of all patients and 100% of children.

Validity – 92% of all studies were positive usefulness, 84% for reliability with 8% negative.

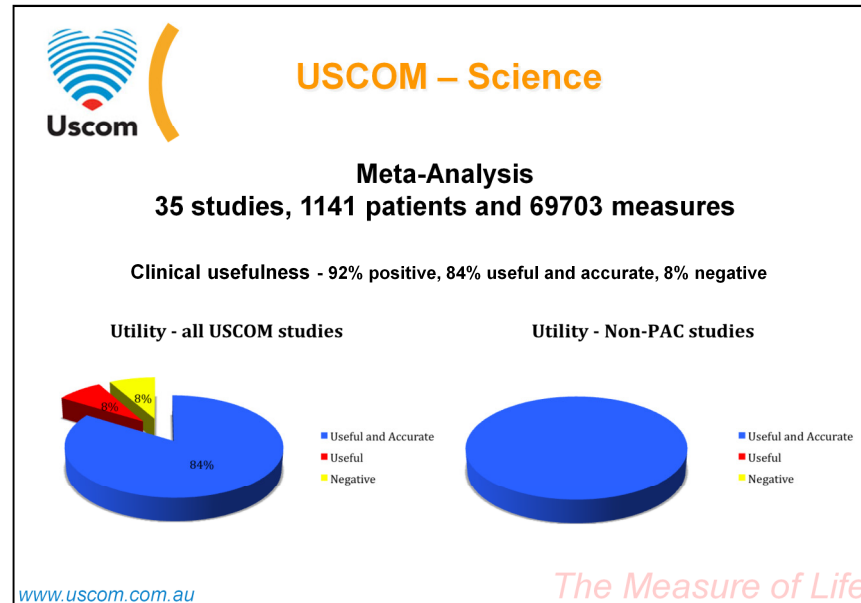
Training – Most studies identified USCOM as easy to use and quick to learn by doctors, nurses and technicians, with the number of studies required to achieve competence in the order of 20-30 USCOM examinations.

Conclusion - USCOM is an easy to use, quick to learn technology with excellent evidence supporting accuracy, reproducibility, feasibility and clinical applicability in a variety of clinical applications.

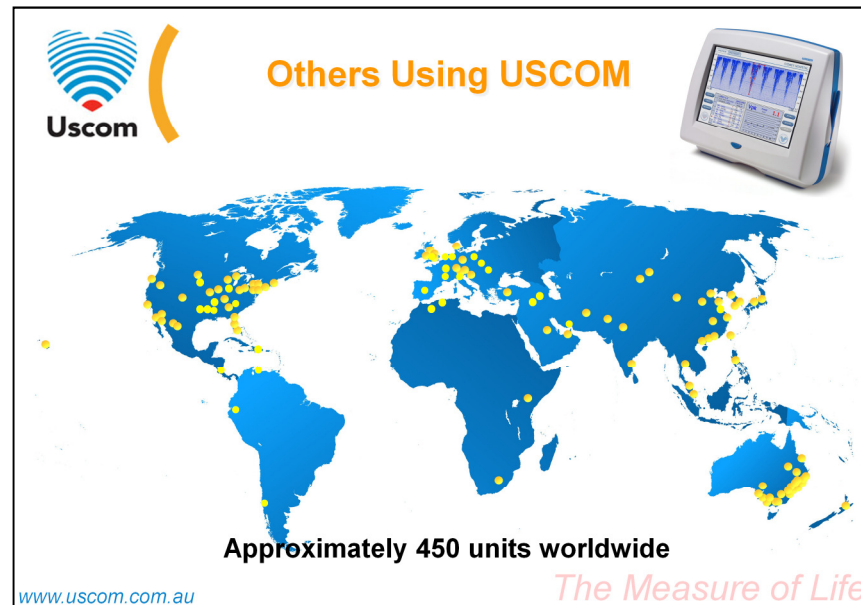
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USCOM now has 35 validation publications describing results from 69,703 measures on 1141 patients, and demonstrating substantially positive reliability, reproducibility, feasibility, validity and ease of use.



These studies have also proven USCOM to be overwhelmingly useful and accurate across many applications. This is the scientific validation we have all funded and which will be the springboard that will propel our renewed marketing drive and the push us towards re-imbursement and profitability.



As part of this validation phase we now have approximately 450 USCOM units distributed worldwide; a solid user base off which to drive global adoption.



USCOM – US Award

2010 Innovation and Technology award – MedAssets

- Criteria – “Most likely product and or service to improve patient care, and add efficiency to the healthcare delivery process and fulfill a need in the delivery of healthcare” (USA).
- Uscom no 3 (4th October).
- Currently negotiating to be added to MedAssets buying contract
- New distribution model for accessing US medical centres

MedAssets

- US Healthcare buying group
- \$1.2bn Cap
- Serving
 - more than 125 health systems,
 - 3,300 hospitals
 - 40,000 non-acute healthcare providers

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Because of this science Uscom is also getting noticed by health care buying groups in the US. USCOM was recently voted 3rd most likely product to improve patient care and add efficiency to the healthcare delivery process and fulfill a need in the delivery of healthcare by US MedAssets Corporation. MedAssets is a huge buying grouping acting to source new and cost-effective technologies for multiple healthcare institutions. Their size makes them influential and critical to effective marketing in the US, and we are actively pursuing partnerships with this group and others of similar size and reach.



IP - Adding value

USCOM has significant value in patent protected IP



21 granted patents
15 different applications
Uscom Patent Report

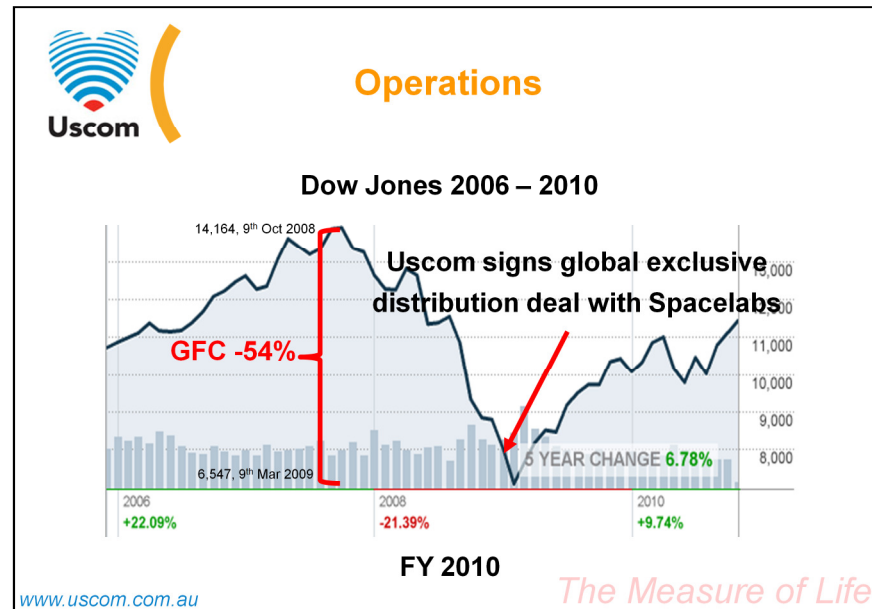


Building a product pipeline....

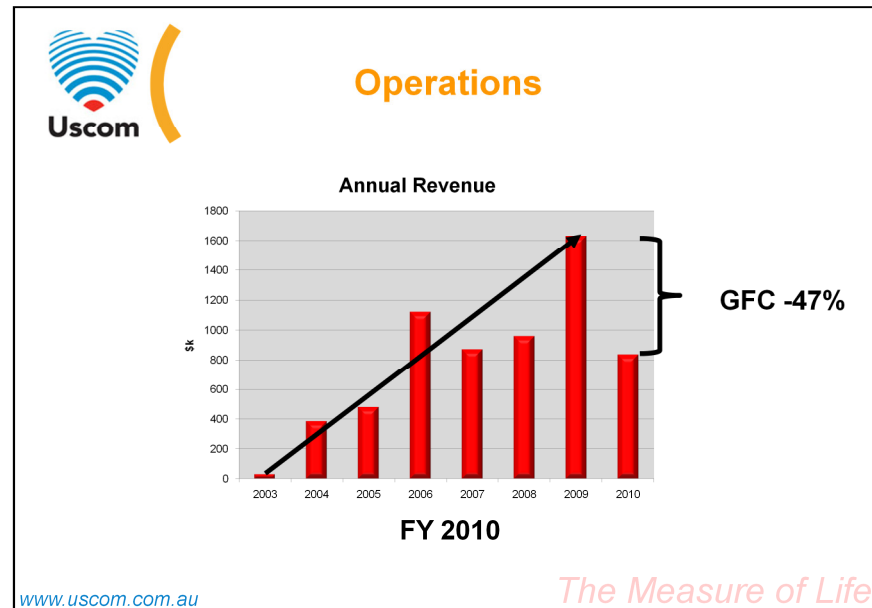
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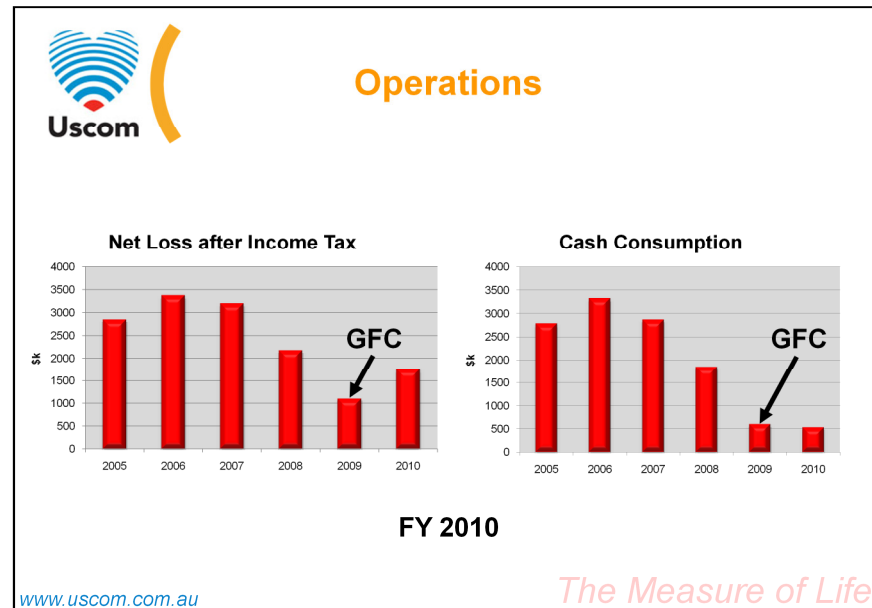
Uscom continues to build IP and now holds 21 granted patents and 15 applications in the field of cardiovascular physiology and monitoring. Protected IP provides the platform from which new products and devices can be developed and represents shareholder value not accounted for in balance sheets.



In December 2008 Uscom signed a near global, exclusive distribution deal with Spacelabs USA. The Dow Jones bottomed three months later in March 2009 after falling 54% from its peak.



The GFC and the subsequent US Healthcare reforms almost froze new capital spending in the US, dramatically impacting our US based global partner Spacelabs, and the global device market. This severely limited the opportunity for the full exploitation of the partnership and resulted in decreased Uscom annual revenues, with the fallout taking until 2010 to reach the Uscom balance sheet.



This decreased revenue further impacted our net loss after income tax and cash consumption. However it is clear from all graphs the 2010 results are in contrast to historical trend data and we look forward to resuming the trend increases in revenue and the trend decrease of loss and cash consumption.



Board Response

- **Management**

- Appointment of sales and business development Executive and potential Board member

- **Operations** - Revised distribution strategy:

- Spacelab replaced by a network of distributor reps with an orderly transition.
- Revised business model. Retail price reduced, transfer price and margin increased.
- Predicted profitability end 2012.
- Strategic partnerships development – US based executive appointed to explore specific strategic market and product opportunities. Discussions are on going.

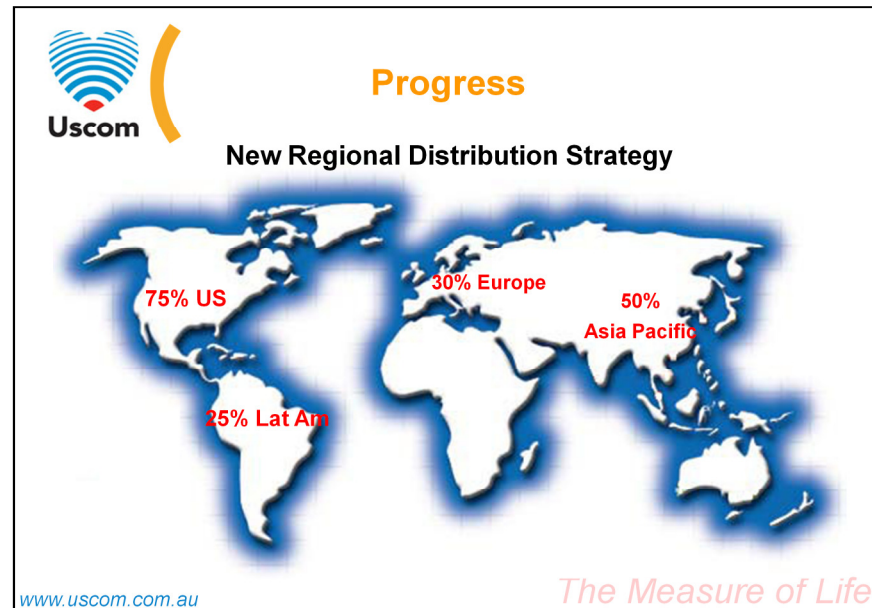
- **Capital - \$3m funding**

- Use of funds – Expand and support distributor network.

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In response to this new global environment the Uscom Board have adopted a revised strategy focusing on sales and business development with negotiations proceeding to appoint a globally experienced executive to the Company. In addition to this appointment we have planned a new distribution strategy to become effective 12th December 2010 on expiration of the current Spacelabs agreement. We have elected for a global network of distributor representatives as a more efficient and more certain path to market for the Company. In concert with this changed distribution, we have revised our business model reducing retail pricing, and increasing our transfer price and margins. This will allow, a return to upward revenue trends and anticipated profitability by end 2012. We are continuing our conversations with strategic partners to develop incremental business opportunities in new markets. As part of the new business plan we are currently finalising a \$3m capital raising. The Board is confident of a successful outcome from these discussions and shareholders will be notified as soon as they are completed.



As part of our revised business plan and in preparation for the expiry of the Spacelabs distribution agreement our new approach to distribution involves establishing a global network of distributor representatives. We currently have commitments from or discussions with distributors covering 74% of the USA, 25% of Latin America, 30% of Europe and 50% of Asia Pacific. Consolidating these distributors and developing new distributors which can feasibly be supported is an immediate and on going objective.



Operations

Cash position

As at 30 September the cash balance was \$0.88m

We are currently negotiating a \$3m capital raising

Budget 10/11

Revenue will be tight for Q2 and Q3 during SL transition and training of new distributors

Q4 2011 should see a recoil in revenue

Anticipated profitability end FY2012

On going profitability anticipated FY2013

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Cash at September 30th 2010 was \$0.88m, and we are currently finalising a \$3m capital raising to support the roll out of the new distributor network and cover the revenue hiatus the change of distributor models will cause in Q2 and Q3 of FY 2011. With the anticipated uptake in distributor orders in Q4 of FY 2011 there should come an increase in revenue and a decrease in cash consumption, leading to profitability towards the end of FY2012 and more generally in FY 2013.



Operations

Plan for FY2011

- Develop and train distributor network
- Focus on USA sales
- Support KOL
- Improve on-line education and support to reduce costs
- Develop sales and business development aspects of Uscom

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We are now working on establishing, developing, and supporting our new network of distributors, with management and training visits, clinical support and are firmly focused on the USA market. We will continue to support a KOL network and develop online education and sales monitoring tools.



Risks and Opportunities

- **Risks**
 - Uncertain global outlook – GFC
 - Recovery from GFC unpredictable particularly US
 - Timelines - US orders during distribution transition will be slow
 - Focus on current markets so new markets may be delayed
- **Opportunities**
 - Operations
 - Revenue growth from new distribution model
 - New business model with increased margins and profitability by 2012
 - China (Pacific Medical Systems) still in growth
 - Capital raising confidence
 - Improving global financial environment
 - Increasing clinical proof and global cost-effectiveness focus

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The Board believe they have optimised the commercial trajectory of the Company in response to changed global conditions and the year ahead for Uscom looks bright, however there are risks. The US recovery remains unpredictable, and while we are confident of our customer support, the time from order to receipt may be slower than anticipated. Additionally the opportunity for new sector partnerships may be damped as the global majors consolidate their balance sheets as they emerge from the GFC.

On the other hand USCOM is focusing on rapidly generating cash flow, and will benefit from the improving global financial outlook as world economies recover from the GFC. There is also a developing body of proof of the clinical usefulness of USCOM combined with a global shift to cost-effectiveness analysis which will result in our technology being recognised as an emerging standard of care. We are well positioned for significant organic growth from our global distributor network. Incremental growth opportunities with partnerships in market sectors such as Electrophysiology, Heart Failure, Hypertension and drug monitoring are also currently being evaluated.



Progress

Cash
 Since listing Dec 2003 we have spent \$16m

Achievements – Technology risks - Resolved

- Built the device
- Global regulatory
- Validation
- Global luminary support
- Standards of care for fluid and sepsis – adults and children
- Global seed adoption
- Developed an IP portfolio – supporting existing product, new products
- Survived GFC

The Future – Distribution risks - Outstanding
 Profitability anticipated end FY2012

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Although 2010 was a disappointing year for Uscom, we have achieved a lot. Since listing we have spent approximately \$16m solving the risks associated with developing the Uscom technology; we built the device, we attained global regulatory approval, validated the device, achieved global luminary support, achieved standards of care publications in fluid and sepsis management in adults and children, achieved global seed adoption, developed an IP portfolio to support the existing USCOM device and protect a number of new device concepts which represent a new product pathway, and we survived the GFC. We have effectively eliminated the technology risks of new product development. Throughout this process we have been frugal with the companies' funds. However while this process has been successful, it has been neither trivial nor as rapid as we had hoped and has not yet taken us to sustained profitability. As a company we are now firmly focused on crossing the final hurdle; converting the technology to profitability, and off the back of our revised business model this is anticipated for the end of FY2012.



USCOM – The year ahead

- Management and Board – sales business development focus
- Operations – New business model with profitability by end 2012
- Capital – Anticipated \$3m raising

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FY 2011 will be an exciting year for Uscom as we change the focus of the company to address the challenges of the recovering global economy, and the Board is confident that planned changes to the Uscom management, and to the company operations combined with a capital raising will drive our business towards profitability in FY2012.



USCOM – Summary

- Medical device Company with emerging “gold standard” heart monitor with multiple clinical applications
- Uscom is an excellent company, well managed with a debt free balance sheet and significant global commercial opportunity
- Rapid growth stymied by GFC
- Corporate response to Board, operations and capital designed to restore trend and delivery profitability
- GFC impact on end user hospital demand remains uncertain, but our new global marketing strategy will mitigate risks

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Uscom remains an important global medical device Company with an emerging gold standard product. Uscom is an excellent company with a debt free balance sheet and significant global opportunity. Our momentum was impeded by the GFC, however we have responded with proposed changes to management, operations and capital to generate a business model with an anticipated profitability towards the end of FY2012.

We thank shareholders for their patience and commitment through what has been an historically unequalled period of market uncertainty and contraction.



Rob Phillips

Chairman

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I would now like to move on to the next items on the agenda.



Accounts and Resolutions

Information relating to the Financial Accounts and Resolutions were included in the Notice of Meeting, dated 28th September 2010

Financial Accounts discussion and adoption

Resolution 1 – Re-election of Bruce Rathie

Resolution 2 – Remuneration report

QUESTIONS?

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Information relating to the Financial Accounts and the two resolutions were included in the Notice of Meeting dated 28th September 2010.

Discussion and adoption of Accounts.

The first resolution relates to the re-election of Bruce Rathie as a director.

And the second resolution relates to the remuneration report of the Company.

Followed by general discussion and questions.



Adoption of Accounts

Financial Accounts discussion and adoption

“Financial Statements and Reports To receive and consider the reports of the directors and of the auditors, the income statement, balance sheet and cash flow statement for the year ended 30 June 2010.”

QUESTIONS?

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The USCOM financial accounts were included in the Notice of Meeting dated 28th September 2010.
I would now like to open the floor for discussion of the accounts and respond to any questions.
If there are no further questions we can move to the resolutions.



Resolutions

ALLOCATION OF PROXIES:

The Chairman intends to vote in favour of all resolutions.

	FOR	AGAINST	OPEN
1. Re-election of Bruce Rathie	7,141,809(40)	5,117(3)	144,633(10)
2. Remuneration report	6,987,521(31)	154,317(9)	148,133(12)

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

1. Election of Bruce Rathie For 7,141,809(40)
Against 5,117(3) Open 144,633(10)
2. Remuneration report For 6,987,521(31)
Against 154,317(9) Open 148,133(12)



Resolutions

Resolution 1 – Re-election of Bruce Rathie

To consider and, if thought fit, to pass the following ordinary resolution of the Company:

‘Mr Bruce Rathie retires by rotation in accordance with Rule 6.4 of the Company’s Constitution, and, being eligible, offers himself for re-election.’

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Resolution 1 – Re-election of Bruce Rathie

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

‘Mr Bruce Rathie retires by rotation in accordance with rule 6.4 of the Company's constitution and, being eligible, offers himself for re-election.’



Resolutions

Resolution 2 - Remuneration Report

To consider and, if thought fit, to pass the following non-binding resolution of the Company:

'That the Remuneration Report be adopted'.

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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 Remuneration Report be adopted'.



Questions and Discussion?



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That finishes the formal agenda for this meeting and I would like to open the meeting for questions and any further discussion. If there are no further matters for discussion I would like to thank you all for your attendance and adjourn the meeting.