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Quarterly Report to 30 September 2017

Strong sales pipeline, impending new revenue streams and distribution agreements imminent despite global headwinds

SYDNEY, Australia, Friday 27th October 2017: Uscom Limited (ASX code: UCM) (the **Company** or **Uscom**) today released its Appendix 4C – Quarterly cash flow report for the period ended 30 September 2017 (the **Quarter**). The results disclosed in the attached Appendix 4C are in Australian dollars.

Highlights

During the Quarter, we note the following:

- **Receipts** from customers for Q1 FY 2018 **\$0.38M**
- **Q1 receipts down \$0.03M from record 2017** after correction for \$0.13M late cash receipt
- **Cash on hand \$0.87M**
- **New products, new revenue streams and new distribution imminent**

The Uscom 4C for Q1 FY 2018 reports cash receipts of \$0.38M, down from the record levels of the same period in FY 2017. \$0.13M cash, due in Q1, was received from our European partners immediately after close of Q1. Adding this payment back to reported receipts results in receipts for the quarter being \$0.51M, down \$0.03M YOY. Operational costs were increased as we finalised preparation of the BP+ and SpiroSonic devices for global approval and distribution. Cash on hand at the end of the period was \$0.87M, plus the \$0.13M European payment received 12th October, while an additional \$0.5M R&D cash rebate is expected within the next 6 weeks making \$1.5M cash available for the quarter before any sales or cash receipts or expenses in the current period.

Business Review

Business activity for Q1 FY 2018 has been focused on preparing the release of BP+ and BP+ Reporter. Further focus has been on establishment of a regional distribution network for the new BP+ and SpiroSonic series of devices. As part of this global rollout we have established a new sales, marketing and distribution division within the Company to ensure effective promotion, sales and support for our 7 new products being currently being released. New distribution and partnership agreements are being negotiated

Our USCOM 1A sales growth in China have been affected by the uncertainty surrounding the National Congress in Beijing and the establishment of our new dual distribution pathway, and these sales are expected to flow now the Congress is complete. In the USA budgetary uncertainty has effected US orders, but we have a strong order pipeline awaiting sign off. Additionally Brexit, North Korea and the South China Sea dispute have also impacted international business confidence.

Uscom CEO Associate Professor Rob Phillips said, *“Adding back the \$0.13M cash received in Q1, and despite the significant global commercial headwinds, we were \$0.03M short of the record receipts of last year. Importantly our business activity and sales pipelines continue to grow, supporting future*



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revenue expectations for 1A sales. Additional distributors are being appointed and partnerships negotiated as the 7 new BP+, SpiroSonic products are being rolled out into global markets as the regulatory approvals are received. It's a time of great opportunity for Uscom with strong demand for the USCOM 1A, and with 7 additional products being released into the China, Europe and USA market over the next 12 months, and the scale and speed of the revenue growth is difficult to predict."

About Uscom

Uscom Limited (UCM) is an ASX listed innovative medical technology company specialising in development and marketing of premium cardiovascular and pulmonary medical devices. Uscom has a mission to demonstrate leadership in science and create noninvasive devices that assist clinicians improve clinical outcomes. Uscom has three practice leading suites of devices; the USCOM 1A advanced haemodynamic monitor, Uscom BP+ central blood pressure monitor and the Uscom SpiroSonic ultrasonic spirometers. All Uscom devices are premium resolution, and deploy innovative and practice leading technologies, with FDA, CE, CFDA and TGA regulatory approval granted or in application, and which are currently being marketed into global distribution networks.

The USCOM 1A is a simple to use, cost-effective and non-invasive advanced haemodynamic monitor that measures cardiovascular function, detects circulatory irregularities and is used to guide cardiovascular therapy. The USCOM 1A device has major applications in Paediatrics, Emergency, Intensive Care Medicine and Anaesthesia, and is the device of choice for management of adult and paediatric sepsis, hypertension, heart failure and for the guidance of fluid, inotrope and vasoactive therapy.

The Uscom BP+ is a supra systolic oscillometric Central Blood Pressure monitor which measures blood pressure and blood pressure waveforms only previously available using cardiac catheterisation. The Uscom BP+ replaces conventional and more widespread sub systolic blood pressure monitors, and is the emerging standard of care measurement in hypertension, heart failure and vascular health. The Uscom BP+ provides a highly accurate and repeatable measurement of central and brachial blood pressure and pulse pressure waveforms using a familiar upper arm cuff. The BP+ is simple to use and requires no complex training with applications in hypertension, heart failure, intensive care, general practice and home care.

Uscom SpiroSonic digital ultrasonic spirometers are high fidelity, digital, pulmonary function testing devices based on multi path ultrasound technology. They are simple and accurate to use and disinfect, don't require calibration, and provide research quality pulmonary function testing in small hand held devices that can be used in research, clinical and home care environments. The devices are specialised for assessment of asthma, COPD, sleep disordered breathing, occupational lung diseases and monitoring of pulmonary therapeutic compliance.

For more information, please visit: www.uscom.com.au

Uscom Contacts

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

USCOM LIMITED

ABN

35 091 028 090

Quarter ended ("current quarter")

30 Sep 2017

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	381,241	381,241
1.2 Payments for		
(a) research and development	(158,486)	(158,486)
(b) product manufacturing and operating costs	(170,195)	(170,195)
(c) advertising and marketing	(102,300)	(102,300)
(d) leased assets	(41,209)	(41,209)
(e) staff costs	(416,046)	(416,046)
(f) administration and corporate costs	(286,342)	(286,342)
1.3 Dividends received (see note 3)		
1.4 Interest received	1,700	1,700
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	(1,203)	(1,203)
1.9 Net cash from / (used in) operating activities	(792,840)	(792,840)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(686)	(686)
(b) businesses (see item 10)		

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
(c) investments		
(d) intellectual property	(4,199)	(4,199)
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(4,885)	(4,885)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	5,900	5,900
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	(3,676)	(3,676)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	2,224	2,224

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,663,565	1,663,565
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(792,840)	(792,840)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4,885)	(4,885)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,224	2,224

Consolidated statement of cash flows		Current quarter \$A	Year to date (3 months) \$A
4.5	Effect of movement in exchange rates on cash held	795	795
4.6	Cash and cash equivalents at end of quarter	868,859	868,859

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Previous quarter \$A
5.1	Bank balances	868,859	1,663,565
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) – Term Deposit		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	868,859	1,663,565

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A
72,270

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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A
9.1 Research and development	170,000
9.2 Product manufacturing and operating costs	180,000
9.3 Advertising and marketing	110,000
9.4 Leased assets	45,000
9.5 Staff costs	420,000
9.6 Administration and corporate costs	270,000
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,195,000

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 27 October 2017.

Print name: Rob Phillips

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.