



Uscom

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Appendix 4C Results and Update Quarter ended 31 December 2017

Cash flow positive operations

Record orders in the period – backlog to be filled in Q3

Growth capital raising of \$3.02M completed with addition of international cornerstone investor

Cash on hand of \$3.49M

SYDNEY, Australia, Wednesday 31st January 2018: Uscom Limited (ASX code: UCM) (the **Company** or **Uscom**) today released its Appendix 4C – Quarterly cash flow report for the period ended 31 December 2017 (the **Quarter**). The results disclosed in the Appendix 4C are in Australian dollars and where relevant compared to the prior corresponding period (pcp).

Highlights

For the Quarter, we note the following:

- **Cash flow positive from operations - \$0.04M** (up from \$0.11M loss in pcp)
- **Customer receipts - \$0.47M** (down from \$0.70M in pcp)
- **R&D grants - \$0.62M**
- **Cash on hand \$3.49M** (up from \$1.92M in pcp)
- **Record quarterly orders for 68 USCOM 1A units** (up 24% on prior quarterly record of 55)
- **Chinese cornerstone investor takes 13.1% of Uscom** in \$3.02M raising and equity purchase

The Uscom 4C results for the quarter demonstrate a net positive operating cash flow of \$0.04M, improved from a loss of \$0.11M for the pcp. Receipts for the period included cash from customers of \$0.47M (down 34% from \$0.70M pcp), and \$0.62M in R&D grants. The Company completed a capital raising during the period with the placement of 22,222,221 shares at \$0.135 per share, raising \$3.02M. Cash on hand at the end of the period was \$3.49M up 82% from \$1.92M in the pcp.

Business Review

Business activity for the quarter was very strong with a record 68 unit orders for the quarter; a 24% increase over the prior record of 55. Thirty seven units were delivered while the outstanding orders for 31 units will be delivered and reported as activity in Q3.

Total incoming cash for the quarter was \$4.11M from sales, R&D and capital raising. The Company raised \$3.02M in an equity placement and, significantly, the cornerstone investor was Mr Stephen Meng, an experienced international bioscience executive and investor from China. While initially taking a near 10% stake in Uscom in the placement, Mr Meng has since purchased a further 5M shares in market and now holds a 13.1% stake in the Company. Mr Meng, currently Vice President of Sihuan Pharmaceutical Holding, a 28B HK listed, Beijing based pharma company, will bring to Uscom not only strong capital support but also 20 years of experience in medical sales, distribution and



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marketing management in China, as well as a personal enthusiasm and commitment to grow the Uscom business.

Importantly for Q2 the Uscom BP+ was released and received European CE mark. This approval was complemented by remarkable new research demonstrating the utility of the BP+, and the device remains on the International Space Station. We are now driving the China (CFDA) and the USA (FDA) applications for the seven new BP+ and SpiroSonic products. In anticipation of these approvals we are in discussion with significant distributors of scale for regional distribution, and we are working on rapidly finalising these relationships.

Uscom CEO Associate Professor Rob Phillips said, *“We now have \$3.5M in the bank, are intermittently cash flow positive and debt free, have record orders for the period, and have prepared our seven new products for market and revenue in 2018. We have spent five years investing in high quality assets, having acquired two international medical device companies and have expanded global operations while growing revenue by 32% per year (CAGR). We now have an experienced China partner with a 13% personal interest in the company and established bona fides in Chinese distribution, while also refreshing the shareholder register. Uscom has invested in the future and is well poised to drive our investments to revenue and profit.”*



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About Uscom

Uscom Limited (UCM) is an ASX listed innovative medical technology company specialising in development and marketing of premium non-invasive 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 in the field of cardiac, vascular and pulmonary monitoring; the USCOM 1A advanced haemodynamic monitor, Uscom BP+ central blood pressure monitor, and the Uscom SpiroSonic digital ultrasonic spirometers. Uscom devices are premium resolution, noninvasive devices which deploy innovative and practice leading technologies approved or submitted for FDA, CE, CFDA and TGA regulatory approval and marketing 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 irregularities and is used to guide treatment. 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, inotropes and vasoactive cardiovascular therapy.

The Uscom BP+ is a supra-systolic oscillometric central blood pressure monitor which measures blood pressure and blood pressure waveforms at the heart, as well as in the arm, information only previously available using invasive 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. The Uscom BP+ is supported by the proprietary BP+Reporter, an innovative stand alone software solution that provides a digital platform to archive patient examinations, trend measure progress over time, analyse pulse pressure waves and generate a summary report.

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 provide research quality pulmonary function testing in small hand held devices that can be used in research, clinical and home care environments. The devices can be coupled with mobile phone applications and proprietary SpiroSonic software platforms with wireless interfacing to provide remote tele-monitoring of pulmonary disease. The devices are specialised for assessment of COPD, sleep disordered breathing, asthma, industrial lung disease and monitoring of pulmonary therapeutic compliance. The SpiroSonic devices are supported by the proprietary SpiroReporter, an innovative stand alone software solution that provides a digital platform to archive patient examinations, trend measure progress over time, analyse spirometry outputs and generate a summary report.

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")

31 Dec 2017

| Consolidated statement of cash flows | Current quarter \$A | Year to date (6 months) \$A |
|-----------------------------------------------------------|--------------------------------|--------------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 465,281 | 846,522 |
| 1.2 Payments for | | |
| (a) research and development | (154,518) | (313,004) |
| (b) product manufacturing and operating costs | (112,779) | (282,974) |
| (c) advertising and marketing | (106,473) | (208,773) |
| (d) leased assets | (49,972) | (91,181) |
| (e) staff costs | (449,069) | (865,115) |
| (f) administration and corporate costs | (178,622) | (464,964) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | (100) | 1,600 |
| 1.5 Interest and other costs of finance paid | (1,596) | (1,596) |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | 624,583 | 624,583 |
| 1.8 Other (provide details if material) | 1,203 | - |
| 1.9 Net cash from / (used in) operating activities | 37,938 | (754,902) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (171,347) | (172,033) |
| (b) businesses (see item 10) | (60,000) | (60,000) |

| Consolidated statement of cash flows | Current quarter \$A | Year to date (6 months) \$A |
|-----------------------------------------------------------|--------------------------------|--------------------------------------------|
| (c) investments | | |
| (d) intellectual property | (13,847) | (18,046) |
| (e) other non-current assets-term deposit | (41,888) | (41,888) |
| 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 | (287,082) | (291,967) |

| | | |
|---------------------------------------------------------------------------------|------------------|------------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | 3,024,900 | 3,030,800 |
| 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 | (158,688) | (162,364) |
| 3.5 Proceeds from borrowings | | |
| 3.6 Repayment of borrowings | | |
| 3.7 Transaction costs related to loans and borrowings | | |
| 3.8 Dividends paid | | |
| 3.9 Other (provide details if material) | | |
| 3.10 Net cash from / (used in) financing activities | 2,866,212 | 2,868,436 |

| | | |
|---------------------------------------------------------------------------------|----------------|------------------|
| 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 | 868,859 | 1,663,565 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 37,938 | (754,902) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (287,082) | (291,967) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 2,866,212 | 2,868,436 |

| Consolidated statement of cash flows | | Current quarter \$A | Year to date (6 months) \$A |
|---------------------------------------------|----------------------------------------------------|--------------------------------|--------------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | 1,717 | 2,512 |
| 4.6 | Cash and cash equivalents at end of quarter | 3,487,644 | 3,487,644 |

| 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 | 687,644 | 868,859 |
| 5.2 | Call deposits | | |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details) – Term Deposit | 2,800,000 | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,487,644 | 868,859 |

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 | 150,000 |
| 9.2 Product manufacturing and operating costs | 180,000 |
| 9.3 Advertising and marketing | 110,000 |
| 9.4 Leased assets | 40,000 |
| 9.5 Staff costs | 440,000 |
| 9.6 Administration and corporate costs | 220,000 |
| 9.7 Other (provide details if material) | |
| 9.8 Total estimated cash outflows | 1,140,000 |

| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|--------------------------------------------------------------------------------------------|----------------------------|------------------|
| 10.1 Name of entity | Thor Laboratories | |
| 10.2 Place of incorporation or registration | Hungary | |
| 10.3 Consideration for acquisition or disposal | 1,000,000 | |
| 10.4 Total net assets | 248,376 | |
| 10.5 Nature of business | Medical Device Manufactory | |

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: 31 December 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.