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MARKET ANNOUNCEMENT

Quarterly Report to 30 June 2014

Continuing sales growth, up 148% on corresponding period

SYDNEY, Australia, 28th July 2014: Uscom Limited (ASX code: UCM) (the **Company** or **Uscom**), a revenue stage, cardiovascular medical devices company, today released its Appendix 4C – Quarterly Cashflow report for the quarter ended 30 June 2014 (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 **rose 148%** (on corresponding period) to \$0.26m
- **Operating cash flows improved** from (\$0.37M) in the March 2014 Quarter to **(\$0.07m)**
- The first **manufacturing** run of **180 Uscom BP+ devices** was begun with units now being shipped
- **New distributors were appointed** for BP+ in UK and USCOM 1A in the United States
- **\$1.3m capital raising** completed, including new institutional and sophisticated investors
- The Company had approximately **\$1.6m in cash on hand** at the end of the Quarter.

Business Review

The Company made considerable progress during the Quarter with commercialisation and scale up activities of its lead products the USCOM 1A, which is FDA, CE Mark and TGA approved, and the newly developed Uscom BP+, with FDA, CE Mark and pending TGA.

In relation to the USCOM 1A cardiac output monitoring product, sales continued to grow through the existing sales channels in the USA, China, and the EU and United Kingdom.

As part of its growth strategy, in recent months, Uscom appointed a number of new, highly qualified USCOM 1A distributors in a number of key markets in Europe. These include SMT Medical which was appointed for the German market, the largest healthcare market in Europe and the third largest market in the world, servicing some 82 million people. In Sweden and Norway, a market which services approximately 15million people, the Company has appointed Avalon Medical.

In June 2014, the Company appointed Unetixs Vascular, Inc. as non-exclusive distributors for the USCOM 1A product in the US market. Unetixs specialises in distribution of cardiovascular assessment devices and is a subsidiary of Opto Circuits of India, a global leader in medical devices for the acute and critical care markets.

The Company has also progressed the commercial launch of the Uscom BP+ device, intended for the third quarter of this year. In June 2014, the Company announced that the first run of 180 Uscom BP+ devices was being manufactured in Uscom's Sydney facility. This also completes the transfer of IP, technology and processes associated with the acquisition of assets from Pulsecor last year. We are now preparing to ship orders for these Uscom BP+ units in the coming months.

ASX Announcement

To further our sales pipeline for the Uscom BP+ device, three new UK distributors have been appointed during the Quarter. These included MediMax Global and Healthwatchers in England and Castleback Health in Ireland.

The Company also presented at a number of global healthcare conferences during the Quarter including the 7TH World Congress on Paediatric and Intensive Care, in Istanbul Turkey. Importantly the USCOM 1A was a featured technology and the subject of a sold out workshop, with standing room only for attendees.

The Company also received notice during the Quarter that a key U.S. patent for the Uscom BP+ device was granted a notice of allowance by the U.S. Patents Office.

Executive Chairman of Uscom, Dr Rob Phillips said *"We are very pleased with our progress, particularly our increased revenue and our increased distribution which will support our drive for profitability. The growing commitment from new distributors in our key markets underpins our belief in the increasing commercial strength of the Company."*

We ended the Quarter at close to cashflow breakeven, and with USCOM sales increasing and the first Uscom manufactured Uscom BP+ device shipped, and an expanding distribution, we remain positive for our financial performance in the coming quarters. We also bolstered our working capital during the Quarter which will be used to support our new distributors and our increased commercial activities.

Uscom now has significant global revenues and great growth opportunities off the back of two practice leading, breakthrough cardiovascular products."

About Uscom

Uscom Limited (UCM) is an ASX listed cardiovascular medical device company. Uscom is an innovative developer and manufacturer of premium cardiovascular devices and has two practice leading technologies in the field of cardiovascular monitoring, the USCOM 1A and the Uscom BP+. Devices are clinically validated with FDA, CE and TGA regulatory approval, and are currently being marketed into global distribution networks.

The USCOM 1A is a simple, cost-effective and non-invasive device that measures heart function, detects irregularities and guides 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, and for the guidance of fluid therapy.

The Uscom BP+ is a supra systolic Central Blood Pressure monitor and replaces older and more widespread BP sub systolic Blood Pressure monitoring technology. Central Blood Pressure is becoming the new standard of care measurement in hypertension and heart failure. 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 cardiology, intensive care, general practice and home care.

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

Uscom Contacts

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+ See chapter 19 for defined terms.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

USCOM LIMITED

ABN

35 091 028 090

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (12 months) \$A
1.1 Receipts from customers	262,762	829,424
1.2 Payments for		
(a) staff costs	(186,907)	(675,012)
(b) advertising and marketing	(178,952)	(482,909)
(c) research and development	(102,606)	(396,503)
(d) leased assets	-	-
(e) other working capital	(235,849)	(891,110)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2,533	8,090
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund	372,208	372,208
1.7 Other (provide details if material)	-	74
Net operating cash flows	(66,811)	(1,235,738)

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A	Year to date (...12... months) \$A
1.8 Net operating cash flows (carried forward)	(66,811)	(1,235,738)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(29,545)	(87,726)
(d) physical non-current assets	(2,126)	(2,908)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(31,671)	(90,634)
1.14 Total operating and investing cash flows	(98,482)	(1,326,372)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,388,001	2,513,207
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Private placement proceeds received in advance	-	-
Share issued costs	(75,893)	(145,196)
Net financing cash flows	1,312,108	2,368,011
Net increase (decrease) in cash held	1,213,626	1,041,639
1.21 Cash at beginning of quarter/year to date	369,208	541,195
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,582,834	1,582,834

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	102,086
1.25	Aggregate amount of loans to the parties included in item 1.11	NIL

1.26 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A	Amount used \$A
3.1	Loan facilities	NIL	NIL
3.2	Credit standby arrangements	NIL	NIL

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
4.1 Cash on hand and at bank	742,078	323,582
4.2 Deposits at call	-	5,208
4.3 Bank overdraft	-	-
4.4 Other (provide details) Term Deposits	840,756	40,418
Total: cash at end of quarter (item 1.23)	1,582,834	369,208

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: _____
 (Director)

Date: 28 July 2014

Print name: Rob Phillips

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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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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