



# ASX ANNOUNCEMENT

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## Uscom Half Yearly Report

- First Half Sales Revenue \$475k
- Improving profitability
- Gain realised on the sale of Coefficient Systems \$454k
- Solid cash position of \$5.58m

Wednesday, 21st February 2007: Uscom (ASX Code: UCM) today released its Appendix 4D Half Yearly Report to the Australian Stock Exchange. The report shows total revenue of \$1,183,116, while expenses associated with normal activities had decreased slightly.

These results indicate healthy revenue, a strengthening of the operational integrity of the business with the preservation of cash reserves.

The sale of Uscom's share in Coefficient Systems was also completed in the half year to 31 December. As indicated in the annual report, Uscom recognised \$554,202 of revenue against an initial outlay of \$100,000. There is the potential for a subsequent payment however this is dependent on the trading performance of Coefficient Systems Pty Ltd and other factors that will only be known with certainty at a future point in time.

Paul Butler, Uscom's CEO said, *"While the first half was somewhat below expectations, our current position remains strong given we have had a very positive start to the second half of the year. While absolute numbers are still low and having introduced a combined capital sale, rental and lease revenue model, predicting revenue remains difficult. However as our total revenue grows this should become easier."*

Paul Butler added, *"This is an important stage in the company's transition from start up to a profitable business. Much of our current effort is directed at developing strategic market relationships, particularly in the US, to ensure that our technology is adopted and our revenue growth increases in line with our own and shareholder expectations."*

### About Uscom

Uscom Limited is an Australian medical device company, listed on the Australian Stock Exchange since December 2003. Uscom has developed a device for the safe and accurate measurement of cardiac output, a non-invasive alternative to the current invasive methods. Uscom offers a completely safe, painless and quick method of accurately measuring how well the heart is pumping. With its real-time beat-to-beat information across multiple parameters of cardiac function and advanced serial measurement capabilities, clinicians can accurately quantify the impact of therapy. The device is ideally suited to the Emergency Care setting where it is critical to monitor changes in cardiac output as fluids are applied.



The Company has secured regulatory approval for sale of the Uscom Monitor in Australia, Europe and a number of Asian markets, including Japan, China and Taiwan. Uscom also has a CE Mark certification for Europe and a license from the State Food & Drug Administration for China. The Company received the necessary regulatory clearance for the United States market in February 2005 with the receipt of a 510K Pre Market Notification from the US Food & Drug Administration (FDA).

### **Uscom Contacts**

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Chief Executive Officer  
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Executive Chairman  
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*Rules 4.1, 4.3*

# Appendix 4D

## Half yearly report

Introduced 1/1/2003.

<b>Name of Entity</b>	USCOM LIMITED
<b>ACN</b>	091 028 090
<b>Financial Period Ended</b>	31 DECEMBER 2006
<b>Previous Corresponding Reporting Period</b>	31 DECEMBER 2005

### Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
<b>Revenue from ordinary activities</b>	1,183,116	34%
<b>Profit / (loss) from ordinary activities after tax attributable to members</b>	(1,480,596)	21%
<b>Net profit / (loss) for the period attributable to members</b>	(1,480,596)	21%
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	N/A
<b>Interim Dividend</b>	Nil	N/A
<b>Previous corresponding period</b>	Nil	N/A
<b>Record date for determining entitlements to the dividends (if any)</b>		
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		
Refer Directors' report in Attachment 1.		

**The half-yearly report it is to be read in conjunction with the most recent annual financial report.**

+ See chapter 19 for defined terms.

### **Dividends**

<b>Date the dividend is payable</b>	N/A
<b>Record date to determine entitlement to the dividend</b>	N/A
<b>Amount per security</b>	N/A
<b>Total dividend</b>	N/A
<b>Amount per security of foreign sourced dividend or distribution</b>	N/A
<b>Details of any dividend reinvestment plans in operation</b>	N/A
<b>The last date for receipt of an election notice for participation in any dividend reinvestment plans</b>	N/A

### **NTA Backing**

		<b>Current Period</b>
<b>Net tangible asset backing per ordinary security</b>		18 ¢

### **Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position**

Refer Attachment 1.

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+ See chapter 19 for defined terms.

## Commentary on the Results for the Period

**The earnings per security and the nature of any dilution aspects :**

Refer Statement of Financial Performance in Attachment 1.

**Returns to shareholders including distributions and buy backs :**

Not Applicable

**Significant features of operating performance :**

Refer Attachment 1.

**The results of segments that are significant to an understanding of the business as a whole:**

Refer to Note 5 in Attachment 1.

**Discussion of trends in performance :**

Refer Attachment 1.

**Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:**

None.

### **Control Gained Over Entities Having Material Effect**

Name of entity (or group of entities)	Not Applicable
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

### **Loss of Control Gained Over Entities Having Material Effect**

Name of entity (or group of entities)	Not Applicable
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	

### **Details of Associates and Joint Venture Entities**

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
Not Applicable				
<b>Aggregate Share of Net Profits</b>				

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+ See chapter 19 for defined terms.

### Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited		The accounts have been subject to review	<b>*</b>
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
<b>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</b>			
Not Applicable			
<b>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</b>			
Not Applicable			

#### Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

<b>Signed By Director</b>	
<b>Print Name</b>	Paul Butler, Director and CEO
<b>Date</b>	21 February 2007

+ See chapter 19 for defined terms.

## **DIRECTORS' REPORT**

Your directors submit the financial report of Uscom Ltd for the half-year ended 31 December 2006.

### **Directors**

The names of directors who held office during or since the end of the half-year:

Mr Rob Phillips	
Mr Gary Davey	(Resigned on 9 January 2007)
Mr Roman Zwolenski	
Mr Bruce Rathie	(Appointed on 1 December 2006)
Mr Luke Fay	(Resigned on 7 September 2006)
Dr Fred Berry	(Resigned on 8 September 2006)
Mr Paul Butler	(Appointed on 30 January 2007)

### **Shareholdings of directors as at 31 December 2006**

<b>Name of directors</b>	<b>Balance 31 December 2006</b>
Mr Rob Phillips	16,850,000 <sup>1</sup>
Mr Gary Davey	6,259,000 <sup>2</sup>
Mr Roman Zwolenski	225,000 <sup>3</sup>
Mr Bruce Rathie	-
<b>Total</b>	<b>23,334,000</b>

<sup>1</sup> 60,000 of these ordinary shares are held by Northern Cardiac Sonography Pty Ltd. Mr Phillips is a Director and controller of this company.

<sup>1</sup> 200,000 of these ordinary shares are held by Northern Cardiac Sonography Pty Ltd as trustee for the Phillips Family Superannuation.

<sup>2</sup> 180,000 of these ordinary shares are held by Davey Superannuation Nominees Pty Ltd. Mr Davey is a trustee, but not a beneficiary.

<sup>3</sup> 76,364 of these ordinary shares are held by Guardian Trust Australia Limited (as trustee of the Bell Medical Innovation Trust). Mr Zwolenski holds units in this trust indirectly through Z-link Pty Ltd Super Fund.

<sup>3</sup> 148,636 of these ordinary shares are held by Z-link Pty Ltd Super Fund, Mr Zwolenski is a trustee of this fund.

### **Review of operations**

In the first half of the 2007 financial year, Uscom has been working closely with our global distribution channels to further develop the market for the Uscom technology. This has resulted in achieved sales revenues of \$474K. This revenue is down on the same period last year, which is in part explained by the number of rentals that have been initiated during this period and also reflects the lumpiness of sales and the high value associated with individual sales.

The board and management recognize that it is essential to develop strategic alliances with major medical device distribution organizations in order to achieve the level of revenue growth that is necessary for Uscom to be widely used in the market. As indicated at the recent annual general meeting, Uscom has initiated several conversations with potential partners and these are progressing. We will keep shareholders up to date with any progress in this area.

+ See chapter 19 for defined terms.

## **DIRECTORS' REPORT (continued)**

Uscom is still building important relationships with key clinicians around the world who are working with us and have a strong belief in the technology and in the product. This has resulted in a wave of important papers that discuss the vast utility that the device can offer. These papers have taken a significant amount of effort and are having a positive impact on the sales opportunities that we are working on.

The sale of the investment in Coefficient Systems was completed and resulted in cash inflows of \$554K. This has contributed to our cash position and we remain well funded and we continue to have good control over cash outflows.

The development team have continued to improve the product and respond to feedback from the market on items that will broaden the acceptance of the technology.

There have been sales in Australia, USA, Japan, North Asia and Europe. We are very pleased with the progress that is being made in Europe which is showing strong prospects for the second half. This is a big turnaround from last year when we underperformed in this sector.

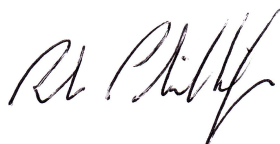
In January 2007, the board accepted the resignation of Gary Davey as a director and CEO of the company and acknowledged the contribution he made to the development of the business.

Paul Butler was subsequently appointed a director and the CEO of the company.

### **Financial highlights**

for the 6 months to 31 December 2006

• Revenue from sale of goods	\$474,347
• Cash receipts from sales	\$456,509
• Proceeds on disposal of investment	\$554,202
• Government grants and income tax credit	\$176,589
• Interest received	\$178,008
• Costs	\$2,763,712
• Loss	\$1,480,596
• Cash on hand at 31 December 2006	\$5,582,593



**Rob Phillips**

**Director**



**Paul Butler**

**Director and CEO**

Sydney, 21 February 2007



Chartered Accountants  
& Business Advisers

**Lead auditor's independence declaration  
Under section 307C of the Corporations Act 2001**

To the Directors of Uscom Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2006, there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

PKF

**Tim Sydenham  
Partner**

**Sydney  
21 February 2007**

**Uscom Limited and its controlled entities**

**Condensed Income Statement**  
**for the half year ended 31 December 2006**

Continuing operations	<i>Note</i>	31 Dec 2006 \$	31 Dec 2005 \$
Revenues	2	1,183,116	882,451
Raw materials and consumables used		(69,824)	(106,705)
Expenses from ordinary activities	3	(2,693,888)	(2,726,301)
<b>Loss before income tax credit</b>		<b>(1,580,596)</b>	<b>(1,950,555)</b>
Income tax credit		100,000	85,000
<b>Loss after income tax credit</b>		<b>(1,480,596)</b>	<b>(1,865,555)</b>
Earning per share (EPS)			
Basic earnings per share (cents per share)		(3.9)	(4.9)
Diluted earnings per share (cents per share)		(3.9)	(4.9)
Dividend per share		-	-

This Condensed Income Statement is to be read in conjunction with the annual financial report for the year ended 30 June 2006 and the attached notes.

**Uscom Limited**

**Condensed Balance Sheet**  
**as at 31 December 2006**

	<i>Note</i>	<b>31 Dec 2006</b> \$	<b>30 Jun 2006</b> \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,582,593	7,222,322
Trade and other receivables		456,414	441,592
Inventories		265,753	224,962
Tax assets		369,343	269,343
Other current assets	5	108,907	221,515
<b>TOTAL CURRENT ASSETS</b>		<b>6,783,010</b>	<b>8,379,734</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		31,750	23,350
Financial assets		-	100,030
Plant and equipment		308,734	355,529
Intangible assets		297,164	291,929
<b>TOTAL NON-CURRENT ASSETS</b>		<b>637,648</b>	<b>770,838</b>
<b>TOTAL ASSETS</b>		<b>7,420,658</b>	<b>9,150,572</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		182,489	467,208
Short term provisions		120,713	119,025
Lease incentives		-	6,469
<b>TOTAL CURRENT LIABILITIES</b>		<b>303,202</b>	<b>592,702</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term provisions		57,403	48,603
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>57,403</b>	<b>48,603</b>
<b>TOTAL LIABILITIES</b>		<b>360,605</b>	<b>641,305</b>
<b>NET ASSETS</b>		<b>7,060,053</b>	<b>8,509,267</b>
<b>EQUITY</b>			
Issued capital		16,644,265	16,644,265
Options reserve		655,328	636,422
Translation reserve		12,476	-
Accumulated losses		(10,252,016)	(8,771,420)
<b>TOTAL EQUITY</b>		<b>7,060,053</b>	<b>8,509,267</b>

This Condensed Balance Sheet is to be read in conjunction with the annual financial report for the year ended 30 June 2006 and the attached notes.

+ See chapter 19 for defined terms.

**Uscom Limited**

**Condensed Statement of Changes in Equity**  
**for the half year ended 31 December 2006**

	Ordinary share capital \$	Options reserve \$	Translation reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2005</b>	16,644,265	499,752	-	(5,397,210)	11,746,807
Loss from continuing operations	-	-	-	(1,865,555)	(1,865,555)
Share-based payments	-	70,305	-	-	70,305
<b>Balance at 31 December 2005</b>	16,644,265	570,057	-	(7,262,765)	9,951,557
<b>Balance at 1 July 2006</b>	16,644,265	636,422	-	(8,771,420)	8,509,267
Loss from continuing operations	-	-	12,476	(1,480,596)	(1,468,120)
Share-based payments	-	18,906	-	-	18,906
<b>Balance at 31 December 2006</b>	16,644,265	655,328	12,476	(10,252,016)	7,060,053

This Condensed Statement of Changes in Equity is to be read in conjunction with the annual financial report for the year ended 30 June 2006 and the attached notes.

+ See chapter 19 for defined terms.

**Uscom Limited**

**Condensed Cash Flow Statement**  
**for the half year ended 31 December 2006**

	<b>31 Dec 2006</b>	<b>31 Dec 2005</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	456,509	247,912
Grants received	76,589	77,705
Payments to suppliers and employees	(2,886,690)	(2,726,765)
Interest received	205,942	143,922
Insurance recovery	-	1,250
<b>Net cash used in operating activities</b>	<b>(2,147,650)</b>	<b>(2,255,976)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(21,877)	(54,288)
Purchase of patents and trademarks	(24,404)	(26,469)
Dividends received	-	10,000
Proceeds from disposal of equity investment	554,202	-
Other non-current assets	-	-
<b>Net cash provided by / used investing activities</b>	<b>507,921</b>	<b>(70,757)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	-
Share issue cost	-	-
Repayment of non interest bearing liabilities	-	-
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,639,729)</b>	<b>(2,326,733)</b>
Net cash and cash equivalents at the beginning of the period	7,222,322	10,545,218
<b>Net cash and cash equivalents at the end of the period</b>	<b>5,582,593</b>	<b>8,218,485</b>

This Condensed Cash Flow Statement is to be read in conjunction with the annual financial report for the year ended 30 June 2006 and the attached notes.

+ See chapter 19 for defined terms.

**Uscom Limited**

**Selected Explanatory Notes to the Condensed Financial Statements  
for the half year ended 31 December 2006**

**Note 1 – Accounting Policies**

(a) Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2006 annual financial report for the financial year ended 30 June 2006.

(b) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

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+ See chapter 19 for defined terms.

	31 Dec 2006 \$	31 Dec 2005 \$
<b>Note 2 – Revenue</b>		
<u>Sale of goods</u>	474,347	537,687
<u>Other income</u>		
Interest received	178,008	249,856
Dividends	-	10,000
Grants received	76,589	77,705
Insurance recovery	-	1,250
Gain on disposal of investment	454,172	-
Exchange gains	-	5,953
Total other income	<u>708,769</u>	<u>344,764</u>
 Total revenue	 <u>1,183,116</u>	 <u>882,451</u>

**Note 3 – Expenses from ordinary activities**

Depreciation and amortisation expenses	92,243	51,582
Employee expenses	1,109,995	1,139,046
Research and development expenses	244,975	383,109
Advertising and marketing expenses	848,524	859,614
Occupancy expenses	64,947	97,701
Regulatory expenses	30,710	5,792
Administrative expenses	271,038	189,457
Exchange losses	31,456	-
Total expenses from ordinary activities	<u>2,693,888</u>	<u>2,726,301</u>

**Note 4 – Segment information**

Primary Segment information

Uscom Ltd operates in the global health and medical products industry.

Secondary Segment information

Geographic segment revenues – sale of goods

Australia	155,405	94,182
North Asia	79,645	117,348
South Asia	-	2,640
Europe	53,689	82,023
USA	185,608	228,494
Others	-	13,000
Segment total	<u>474,347</u>	<u>537,687</u>

	31 Dec 2006 \$	30 Jun 2006 \$
<b>Note 5 – Other current assets</b>		
Accrued interest income	24,524	52,457
Prepayments	68,601	158,895
GST receivable	15,782	10,163
Total other current assets	<u>108,907</u>	<u>221,515</u>

+ See chapter 19 for defined terms.

**Note 6 – Contingent assets**

During the half year Uscom Ltd has recognised a gain of \$454K on the sale of its 10% ownership in Coefficient Systems Pty Ltd. Further consideration could be received depending on the trading performance of Coefficient Systems Pty Ltd and other factors in Financial Year 2007. To date the certainty and the amount are unknown therefore no asset is recognised.

**Note 7 – Contingent liabilities**

There were no contingencies as at 31 December 2006.

**Note 8 – Events after Balance Sheet date**

There were no events subsequent to 31 December 2006 that are required to be reported in this note.

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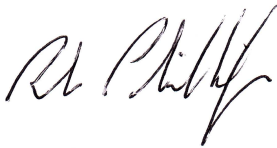
+ See chapter 19 for defined terms.

## **DIRECTORS' DECLARATION**

The directors of Uscom Ltd declare that:

- 1 the financial statements and notes of Uscom Ltd are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance as represented by the results of its operations, changes in equity and cash flows for the half year ended on that date; and
  - (b) complying with Accounting Standards, the Corporation Regulations 2001 and other mandatory professional reporting requirements.
  
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the board of directors.



**Rob Phillips**  
**Director**



**Paul Butler**  
**Director and CEO**

Sydney, 21 February 2007



Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Uscom Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Uscom Limited and controlled entities, which comprises the consolidated condensed balance sheet as at 31 December 2006, and the consolidated condensed income statement, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half-year ended on that date, a description of accounting policies on page 13, other selected explanatory notes and the directors' declaration as set out on pages 6 and 7.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Uscom Limited are responsible for the presentation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporation Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of Uscom Limited's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*. As the auditor of Uscom Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporation Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Uscom Limited is not in accordance with the *Corporation Act 2001* including:

- (a) giving a true and fair view of the Uscom Limited's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporation Regulations 2001.



**PKF**



**Tim Sydenham**

**Partner**

**Sydney, 21 February 2007**