



MARKET ANNOUNCEMENT

Half Yearly Report

Tuesday, 26 February 2008: Uscom (ASX Code: UCM) today provided its half yearly report for the period ending 31 December 2007.

Highlights from the report include;

- Revenue from Sale of Goods of \$437 thousand compared to \$474 thousand in the same period last year. The previous year total revenue included \$454 thousand from the sale of the investment in Coefficient Systems.
- There was product revenue growth in all regions except the USA. The sales in the USA were down due to a restructuring of that business and the pursuit of a distribution relationship in that market as opposed to direct sales.
- A reduction in expenses of \$950 thousand over the same period last year.
- \$3 million in cash reserves.

Commenting on the results, Uscom CEO, Paul Butler said, "The result shows that we are making positive progress against the strategy implemented last year. We have growing product sales in most sectors with a significantly reduced cost base. At the same time we are making real progress in establishing a strategic alliance for the USA which remains our priority for this market."

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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Rob Phillips
Executive Chairman
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Rules 4.1, 4.3

Appendix 4D

Half yearly report

Introduced 1/1/2003.

Name of Entity	USCOM LIMITED
ACN	091 028 090
Financial Period Ended	31 DECEMBER 2007
Previous Corresponding Reporting Period	31 DECEMBER 2006

Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	555,407	(53%)
Profit / (loss) from ordinary activities after tax attributable to members	(1,157,109)	22%
Net profit / (loss) for the period attributable to members	(1,157,109)	22%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	N/A
Interim Dividend	Nil	N/A
Previous corresponding period	Nil	N/A
Record date for determining entitlements to the dividends (if any)		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer Directors' report in Attachment 1, and Note 2 on page 14 for details on the change in revenue.		

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

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

NTA Backing

	Current Period	Corresponding Period
Net tangible asset backing per ordinary security	10 ¢	13 ¢

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

Refer Attachment 1.

+ 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 4 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				
Aggregate Share of Net Profits				


+ See chapter 19 for defined terms.

Audit/Review Status

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

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By Director	
Print Name	Paul Butler, Director and CEO
Date	25 February 2008

+ See chapter 19 for defined terms.

DIRECTORS' REPORT

Your directors present the financial report of Uscom Ltd for the half-year ended 31 December 2007.

Directors

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

Mr Rob Phillips
Mr Roman Zwolenski
Mr Bruce Rathie
Mr Paul Butler

Shareholdings of directors as at 31 December 2007

Name of directors	Balance 31 December 2007
Mr Rob Phillips	16,850,000 ¹
Mr Roman Zwolenski	225,000
Mr Bruce Rathie	5,000
Mr Paul Butler	275,000
Total	17,355,000

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

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

Review of operations

For the first half of the 2008 financial year, Uscom has been focusing its efforts on key distribution channels to reduce costs whilst maintaining revenues and further proving the market for the Uscom technology. We have continued to focus on the paediatric market and have built a strong base in this sector. This has resulted in sales revenues of \$437K which is in line with last year. We have also achieved a reduction in costs of nearly \$1M compared to the same period last year. This has significantly reduced our cash consumption and positioned us for long term growth and profitability.

With the USCOM1A being a capital sale item we continue to face a long sales cycle which results in inconsistent month to month revenues, however there is a growing prospect pipeline and there is a greater understanding of what needs to be done to achieve sales success. Our focused marketing strategy has resulted in better serviced accounts and a reduced total cost of completing a sale.

Importantly, Uscom is progressing opportunities to partner with major medical device groups in North America. This has been the focus of management throughout this period and the board is confident that it will be able to achieve a positive result. Uscom's CEO has relocated to the USA to work with potential partners and to restructure the US entity to be aligned with establishing a major distribution partner. Our focused marketing approach is a template for potential partners and they value the traction that has been achieved in target markets

The clinical utility of Uscom continues to grow and we are garnering support from clinicians around the world who are working with us and maintain a strong belief in the technology and in the product. There has been continued presentations at major conferences that show the benefit of using the USCOM 1A in clinical practice.

The Technology group has continued to add extra functionality to the USCOM 1A whilst also ensuring that the product is current, compliant and identifying cost reducing opportunities. Additionally the team has been working on adapting the technology for specific applications that could expand our market opportunity and make the Uscom technology more accessible to potential partners. We have also significantly added to the training and education materials that are an integral part of the product offering.

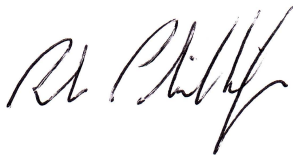
+ See chapter 19 for defined terms.

Uscom continues to sell into Australia, USA, Japan, North Asia and Europe. Management is confident that we are making progress in key markets and that the second half of the financial year will see sales volumes growing in all sectors. Uscom is maintaining its presence at the major healthcare conferences where we are receiving growing recognition and increased interest and we have also revamped our website which provides comprehensive product materials and reflects our corporate identity.

Financial highlights

for the 6 months to 31 December 2007

• Revenue from sale of goods	\$436,791
• Costs	\$1,744,315
• Loss after income tax	\$1,157,109
• Cash receipts from sales	\$337,844
• Interest received	\$118,902
• Cash on hand at 31 December 2007	\$3,006,136



Rob Phillips

Director



Paul Butler

Director and CEO

Sydney, 25 February 2008



Chartered Accountants
& Business Advisers

**Auditor's Independence Declaration
Under section 307C of the Corporations Act 2001**

As lead auditor for the review of Uscom Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Uscom Limited and the entity it controlled during the half-year.

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PKF

A handwritten signature in black ink, appearing to read 'Tim Sydenham'.

**Tim Sydenham
Partner**

**Sydney
25 February 2008**

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Uscom Limited and its controlled entities

Condensed Income Statement
for the half year ended 31 December 2007

Continuing operations	<i>Note</i>	31 Dec 2007 \$	31 Dec 2006 \$
Revenues from ordinary activities	2	555,407	1,183,116
Raw materials and consumables used		(68,201)	(69,824)
Expenses from ordinary activities, excluding finance costs	3	(1,744,315)	(2,693,888)
Loss before income tax credit		(1,257,109)	(1,580,596)
Income tax credit		100,000	100,000
Loss after income tax credit		(1,157,109)	(1,480,596)
Earning per share (EPS)			
Basic earnings per share (cents per share)		(3.0)	(3.9)
Diluted earnings per share (cents per share)		(3.0)	(3.9)

This Condensed Income Statement is to be read in conjunction with the annual financial report for the year ended 30 June 2007 and the attached notes.

+ See chapter 19 for defined terms.

Uscom Limited

Condensed Balance Sheet
as at 31 December 2007

	<i>Note</i>	31 Dec 2007 \$	30 Jun 2007 \$
Current assets			
Cash and cash equivalents		3,006,136	4,360,102
Trade and other receivables		395,982	296,845
Inventories		177,222	239,237
Tax assets		406,414	306,414
Other assets	5	74,175	98,389
Total current assets		4,059,929	5,300,987
Non-current assets			
Trade and other receivables		7,109	10,109
Plant and equipment		203,468	246,399
Intangible assets		423,215	377,152
Total non-current assets		633,792	633,660
Total assets		4,693,721	5,934,647
Current liabilities			
Trade and other payables		108,332	244,009
Short term provisions		127,210	126,620
Lease incentives		8,701	8,701
Total current liabilities		244,243	379,330
Non-current liabilities			
Long term provisions		66,893	54,701
Lease incentives		-	4,350
Total non-current liabilities		66,893	59,051
Total liabilities		311,136	438,381
Net assets		4,382,585	5,496,266
Equity			
Issued capital		16,644,265	16,644,265
Accumulated losses		(13,125,353)	(11,968,244)
Options reserve		807,440	755,687
Translation reserve		56,233	64,558
Total equity		4,382,585	5,496,266

This Condensed Balance Sheet is to be read in conjunction with the annual financial report for the year ended 30 June 2007 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 2007

	Ordinary share capital \$	Accumulated losses \$	Options reserve \$	Translation reserve \$	Total \$
Balance at 1 July 2006	16,644,265	(8,771,420)	636,422	-	8,509,267
Loss from continuing operations	-	(1,480,596)	-	-	(1,480,596)
Share-based payments	-	-	18,906	-	18,906
Exchange differences	-	-	-	12,476	12,476
Balance at 31 December 2006	16,644,265	(10,252,016)	655,328	12,476	7,060,053
Balance at 1 July 2007	16,644,265	(11,968,244)	755,687	64,558	5,496,266
Loss from continuing operations	-	(1,157,109)	-	-	(1,157,109)
Share-based payments	-	-	51,753	-	51,753
Exchange differences	-	-	-	(8,325)	(8,325)
Balance at 31 December 2007	16,644,265	(13,125,353)	807,440	56,233	4,382,585

This Condensed Statement of Changes in Equity is to be read in conjunction with the annual financial report for the year ended 30 June 2007 and the attached notes.

+ See chapter 19 for defined terms.

Uscom Limited

Condensed Cash Flow Statement
for the half year ended 31 December 2007

	31 Dec 2007	31 Dec 2006
	\$	\$
Cash flows from operating activities		
Receipts from customers	337,844	456,509
Grants received	2,103	76,589
Payments to suppliers and employees	(1,732,226)	(2,886,690)
Interest received	118,902	205,942
Insurance recovery	604	-
Net cash used in operating activities	(1,272,773)	(2,147,650)
Cash flows from investing activities		
Purchase of plant and equipment	(9,847)	(21,877)
Purchase of patents and trademarks	(70,367)	(24,404)
Proceeds from disposal of equity investment	-	554,202
Net cash provided by / used investing activities	(80,214)	507,921
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Share issue cost	-	-
Repayment of non interest bearing liabilities	-	-
Net cash provided by financing activities	-	-
Net decrease in cash and cash equivalents	(1,352,987)	(1,639,729)
Net cash and cash equivalents at the beginning of the period	4,360,102	7,222,322
Exchange rate adjustments to cash and cash equivalents at the beginning of the period	(979)	-
Net cash and cash equivalents at the end of the period	3,006,136	5,582,593

This Condensed Cash Flow Statement is to be read in conjunction with the annual financial report for the year ended 30 June 2007 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 2007**

Note 1 – Statement of significant accounting policies

The half-year consolidated financial report was approved by the Board of Directors on 31 January 2008. This half-year consolidated financial report has been prepared in accordance with Accounting Standard AASB 134 and is to be read in conjunction with the annual financial report for the financial year ended 30 June 2007. This is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard, including Australian Accounting Interpretations and the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Uscom Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The same accounting policies have been followed as those applied and discussed in the financial report for the financial year ended 30 June 2007.

+ See chapter 19 for defined terms.

	31 Dec 2007 \$	31 Dec 2006 \$
Note 2 – Revenue		
<u>Sale of goods</u>	436,791	474,347
<u>Other income</u>		
Interest received	107,555	178,008
Dividends	-	-
Grants received	2,103	76,589
Insurance recovery	604	-
Gain on disposal of investment	-	454,172
Exchange gains	8,354	
Total other income	<u>118,616</u>	<u>708,769</u>
 Total revenue	 <u>555,407</u>	 <u>1,183,116</u>

Note 3 – Expenses from ordinary activities

Depreciation and amortisation expenses	71,122	92,243
Employee expenses	846,521	1,109,995
Research and development expenses	235,074	244,975
Advertising and marketing expenses	298,623	848,524
Occupancy expenses	69,744	64,947
Regulatory expenses	46,581	30,710
Bad debt expenses	20,586	-
Administrative expenses	156,064	271,038
Exchange losses	-	31,456
Total expenses from ordinary activities	<u>1,744,315</u>	<u>2,693,888</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	158,275	155,405
Asia	83,695	79,645
Europe	102,761	53,689
USA	92,060	185,608
Segment total	<u>436,791</u>	<u>474,347</u>

	31 Dec 2007 \$	30 Jun 2007 \$
Note 5 – Other current assets		
GST receivable	2,278	22,862
Accrued interest income	-	11,347
Prepayments	71,897	64,180
Total other current assets	<u>74,175</u>	<u>98,389</u>

+ See chapter 19 for defined terms.

Note 6 – Contingent assets

During the financial year 2007, the Consolidated Entity has recognised a gain of \$454k on the sale of its 10% ownership in Coefficient System Pty Ltd. Further consideration could be received depending on the trading performance of Coefficient System Pty Ltd and other factors. 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 2007.

Note 8 – Events after Balance Sheet date

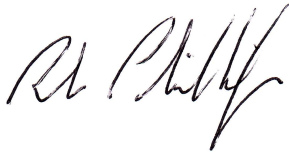
There were no events subsequent to 31 December 2007 that are required to be reported in this note.

DIRECTORS' DECLARATION

The directors of Uscom Ltd declare that:

- 1 the half-year 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 2007 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 Standard AASB 134 "Interim financial reporting" and 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, 25 February 2008



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 condensed balance sheet as at 31 December 2007 and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Uscom Limited and the entities it controlled at 31 December 2007 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of Uscom Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing 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 *Corporations Act 2001* including: giving a true and fair view of Uscom Limited's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations 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

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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 *Corporations 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 *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in blue ink that reads 'PKF'.

PKF

A handwritten signature in blue ink, appearing to be 'TSY'.

Tim Sydenham

Partner

Sydney, 25 February 2008

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