



**Uscom Limited**

ABN 35 091 028 090

Level 7, 10 Loftus Street  
Sydney NSW 2000 Australia

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[www.uscom.com.au](http://www.uscom.com.au)

## **Uscom Limited and its controlled entity**

ABN 35 091 028 090

### **ASX Appendix 4D Half yearly report – 31 December 2009**

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Reporting period ended  
Previous corresponding reporting period:

31 December 2009  
31 December 2008

**Results for announcement to the market**

Revenues from ordinary activities	up	13.33%	to	\$635,337
<b>Loss</b> from ordinary activities after tax attributable to members	down	16.55%	to	\$830,894
<b>Net Loss</b> for the period attributable to members	down	16.55%	to	\$830,894

**Dividends per Share**

It is not proposed to pay a dividend.

**Net Tangible Asset per Ordinary Share**

	31 December 2009	31 December 2008
NTA backing	6.8c	6.6c

**Status of audit**

The accounts have been reviewed.

**Commentary**

Refer Chief Executive Officer review of operations in page 3-4.

**Financial highlights**

Revenues from ordinary activities	\$635,337
Loss from ordinary activities	(\$830,894)
Sales Revenue	\$621,458
Net operating cash consumption	(\$908,034)
Net increase in cash held	\$154,691
Cash held at end of the year	\$2,063,412

**DIRECTORS' REPORT**

Your directors present the financial report of Uscom Ltd for the half-year ended 31 December 2009.

**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 (Resigned on 31 December 2009)

**Shareholdings of directors as at 31 December 2009**

Name of directors	Balance 31 December 2009
Mr Rob Phillips	16,979,968 <sup>1</sup>
Mr Roman Zwolenski	248,809 <sup>2</sup>
Mr Bruce Rathie	68,809
Mr Paul Butler	316,212 <sup>3</sup>
<b>Total</b>	<b>17,515,562</b>

<sup>1</sup> 366,159 of these ordinary shares are held by NCS Pty Ltd as Trustee for Phillips Family Superannuation.

<sup>2</sup> All these ordinary shares are held by Z-Link Pty Ltd Super Fund. Mr Zwolenski is a trustee of this fund.

<sup>3</sup> 41,212 of these ordinary shares are held by family associate.

**Review of operations**

The six months to 31 December 2009 saw good results for Uscom given the economic climate. We have worked closely with Spacelabs Healthcare and Pacific Medical Systems to increase sales of the USCOM 1A. Revenue from the sale of goods has more than doubled compared to the corresponding period last year ( from \$285k in 2008 to \$621k in 2009, refer Note 2 in page 10) as we start to see the initial sales in the USA through the Spacelabs channel.

Whilst expectations for USA sales were greater, many opportunities have been delayed due to the delay of funds available for capital purchases by customers due to economic circumstances. Despite the economy, there were still some significant sales including two major US children's hospitals taking the first of what should be many Uscom units. Identified sales opportunities have grown throughout the year and we expect these to start converting. Uscom has worked closely with Spacelabs Healthcare in developing market opportunities with all Spacelabs sales representatives having spent time with Uscom personnel in the field. Spacelabs also launched the USCOM 1A in the UK in October and have already had some successes.

Pacific Medical Systems has continued to develop the Chinese market and we are seeing sales into the region build. Pacific Medical Systems are also expanding the market through Asia with new distributors in Thailand, Singapore and Indonesia.

Uscom had supported the channels providing clinical support and education, improving marketing collaterals and importantly, supporting clinicians to travel to the regions to provide user feedback to potential customers. We have continued to attend all the major global conferences along with our distribution partners and continue to develop the body of scientific evidence that supports the use of Uscom.

Uscom was included as a distinct technology at the recent Heamodynamic Round Table meeting in Rome and was very well received by the leading clinicians in this area. This followed a users group meeting that was held in London which included Uscom users from the UK, Europe, Africa and Australia. The meeting was convened by Dr. David Bennett who has since joined the Uscom Medical Advisory Board.

Throughout this activity Uscom is aware of the need to control expenditure until revenues are there to support it. There was a high level of marketing activity throughout this period and we were still able to reduce total expenses by more than 10%. Recognising the need to ensure adequate reserves Uscom initiated a Share Purchase Plan. This was very successful raising the company over \$1.1M and we thank our shareholders for their support. These funds will go towards additional marketing efforts in the USA and Asia, and developing technology for new markets and applications such as hypertension and electrophysiology.

Our Technology team has kept the product up to date and developed an interface to communicate with the next generation Spacelabs Healthcare product. We are also working on a new hardware platform that will enable us to take the Uscom technology into new identified markets. We have submitted our application for regulatory approval in Canada having successfully completed the necessary audit.

Outlook for the rest of financial year 2010 is positive as we continue to build our partnerships with Spacelabs Healthcare and Pacific Medical Systems. The US healthcare market appears to be recovering and we have opportunities to enter new markets.



**Rob Phillips**

**Director, Acting CEO**

Sydney, 8 February 2010



Chartered Accountants  
& Business Advisers

### Auditor's Independence Declaration

As lead auditor for the review of Uscom Limited for the half year ended 31 December 2009, 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 entities it controlled during the half year.

A handwritten signature in black ink, appearing to read 'John Bresolin'.

PKF

A handwritten signature in black ink, appearing to read 'John Bresolin'.

**John Bresolin**  
Partner  
Sydney

Dated this 8<sup>th</sup> day of February 2010.

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## Uscom Limited and its controlled entities

Consolidated income statement  
for the half year ended 31 December 2009

Continuing operations	Note	31 Dec 2009 \$	31 Dec 2008 \$
Revenues from ordinary activities	2	635,337	560,628
Raw materials and consumables used		(151,485)	(54,276)
Expenses from ordinary activities, excluding finance costs	3	(1,464,746)	(1,602,002)
<b>Loss before income tax credit</b>		(980,894)	(1,095,650)
Income tax credit		150,000	100,000
<b>Loss after income tax credit</b>		(830,894)	(995,650)
Earning per share (EPS)			
Basic earnings per share (cents per share)		(2.0)	(2.6)
Diluted earnings per share (cents per share)		(2.0)	(2.6)
<b>Consolidated statement of comprehensive income for the half year ended 31 December 2009</b>			
		31 Dec 2009 \$	31 Dec 2008 \$
<b>Loss for the period</b>		(830,894)	(995,650)
<b>Other comprehensive income</b>			
Foreign currency translation differences for foreign operations		(6,692)	44,905
<b>Other comprehensive income for the period</b>		(6,692)	44,905
<b>Total comprehensive income for the period</b>		(837,586)	(950,745)
<b>Attributable to:</b>			
Owners of the Company		(837,586)	(950,745)
Minority interest		-	-
<b>Total comprehensive income for the period</b>		(837,586)	(950,745)

This Income statement and Statement of comprehensive income are to be read in conjunction with the annual financial report for the year ended 30 June 2009 and the attached notes.

## Uscom Limited

Consolidated statement of financial position  
as at 31 December 2009

	<i>Note</i>	31 Dec 2009 \$	30 Jun 2009 \$
<b>Current assets</b>			
Cash and cash equivalents		2,063,412	1,908,721
Trade and other receivables		180,972	296,912
Inventories		241,501	219,038
Tax assets		537,217	387,217
Other assets		80,565	87,120
<b>Total current assets</b>		<b>3,103,667</b>	<b>2,899,008</b>
<b>Non-current assets</b>			
Plant and equipment		72,740	87,338
Intangible assets		561,262	539,178
<b>Total non-current assets</b>		<b>634,002</b>	<b>626,516</b>
<b>Total assets</b>		<b>3,737,669</b>	<b>3,525,524</b>
<b>Current liabilities</b>			
Trade and other payables		120,062	224,198
Short term provisions		142,441	143,470
<b>Total current liabilities</b>		<b>262,503</b>	<b>367,668</b>
<b>Non-current liabilities</b>			
Long term provisions		116,811	101,639
<b>Total non-current liabilities</b>		<b>116,811</b>	<b>101,639</b>
<b>Total liabilities</b>		<b>379,314</b>	<b>469,307</b>
<b>Net assets</b>		<b>3,358,355</b>	<b>3,056,217</b>
<b>Equity</b>			
Issued capital	4	18,344,447	17,223,367
Options reserve	5	1,025,813	1,007,169
Accumulated losses		(16,073,511)	(15,242,617)
Foreign currency translation reserve		61,606	68,298
<b>Total equity</b>		<b>3,358,355</b>	<b>3,056,217</b>

This Statement of financial position is to be read in conjunction with the annual financial report for the year ended 30 June 2009 and the attached notes.

## Uscom Limited

Consolidated statement of changes in equity  
for the half year ended 31 December 2009

	Ordinary share capital \$	Options reserve \$	Accumulated losses \$	Foreign currency translation reserve \$	Total \$
<b>Balance at 1 July 2008</b>	16,644,265	864,765	(14,142,728)	39,224	3,405,526
Loss from continuing operations	-	-	(995,650)	-	(995,650)
<b>Other comprehensive income</b>					
Foreign currency translation differences	-	-	-	44,905	44,905
Total comprehensive income for the period	-	-	(995,650)	44,905	(950,745)
<b>Transactions with owners, recorded directly in equity</b>					
Issued Capital	539,102	-	-	-	539,102
Options reserve	-	72,427	-	-	72,427
Total transactions with owners	539,102	72,427	-	-	611,529
<b>Balance at 31 December 2008</b>	17,183,367	937,192	(15,138,378)	84,129	3,066,310
<b>Balance at 1 July 2009</b>	17,223,367	1,007,169	(15,242,617)	68,298	3,056,217
Loss from continuing operations	-	-	(830,894)	-	(830,894)
<b>Other comprehensive income</b>					
Foreign currency translation differences	-	-	-	(6,692)	(6,692)
Total comprehensive income for the period	-	-	(830,894)	(6,692)	(837,586)
<b>Transactions with owners, recorded directly in equity</b>					
Issued Capital	1,121,080	-	-	-	1,121,080
Options reserve	-	18,644	-	-	18,644
Total transactions with owners	1,121,080	18,644	-	-	1,139,724
<b>Balance at 31 December 2009</b>	18,344,447	1,025,813	(16,073,511)	61,606	3,358,355

This Statement of Changes in Equity is to be read in conjunction with the annual financial report for the year ended 30 June 2009 and the attached notes.

## Uscom Limited

**Consolidated statement of cash flows**  
for the half year ended 31 December 2009

	31 Dec 2009	31 Dec 2008
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	734,344	451,134
Grants received	785	1,690
Payments to suppliers and employees	(1,656,257)	(1,318,802)
Interest received	13,094	55,156
Net cash used in operating activities	(908,034)	(810,822)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(814)	(1,995)
Purchase of patents and trademarks	(57,541)	(58,947)
Net cash provided by / used investing activities	(58,355)	(60,942)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares and options	1,134,342	600,001
Share issue costs	(13,262)	(20,898)
Net cash provided by financing activities	1,121,080	579,103
<b>Net increase (decrease) in cash and cash equivalents</b>	154,691	(292,661)
Net cash and cash equivalents at the beginning of the period	1,903,804	2,547,159
Exchange rate adjustments to cash and cash equivalents at the beginning of the period	4,917	(38,515)
Net cash and cash equivalents at the end of the period	2,063,412	2,215,983

This Cash Flow Statement is to be read in conjunction with the annual financial report for the year ended 30 June 2009 and the attached notes.

**Uscom Limited**

**Selected Explanatory Notes to the Financial Statements  
for the half year ended 31 December 2009**

**Note 1 – Statement of significant accounting policies**

The half-year consolidated financial report was approved by the Board of Directors on 8 February 2010. 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 2009. This is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, 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 2009 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 2009, except as set out below;

Changes in accounting policy

Uscom Limited had to change on of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policy and standard is Segments – new AASB 8: Operating Segments.

Segment Reporting

Uscom has applied AASB 8 – Operating Segments from 1 July 2009. AASB 8 requires a 'Management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

This has resulted in no change to the reportable segments as operating segments continue to be reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which is the Board of Directors.

	31 Dec 2009	31 Dec 2008
	\$	\$
<b>Note 2 – Revenue</b>		
<u>Sale of goods</u>	621,458	285,619
<u>Other income</u>		
Interest received	13,094	59,178
Grants received	785	1,690
Exchange gains	-	214,141
Total other income	13,879	275,009
Total revenue	635,337	560,628
<b>Note 3 – Expenses from ordinary activities</b>		
Depreciation and amortisation expenses	49,699	54,192
Employee expenses	564,977	671,503
Research and development expenses	267,730	262,447
Advertising and marketing expenses	149,947	276,110
Occupancy expenses	68,678	66,670
Regulatory expenses	41,562	29,295
Bad debt expenses	-	41,229
Administrative expenses	188,092	200,556
Exchange losses	134,061	-
Total expenses from ordinary activities	1,464,746	1,602,002
<b>Note 4 – Issued capital</b>		
<u>Ordinary shares</u>		
Fully paid ordinary shares	18,344,447	17,223,367
Total contributed equity	18,344,447	17,223,367
<u>Movement in issued capital</u>		
Shares on issue at 1 July 2009	17,223,367	17,223,367
Share Purchase Plan in September 2009	1,134,342	-
Share issue cost	(13,262)	-
Ordinary shares at 31 December 2009	18,344,447	17,223,367
	<b>Number</b>	<b>Number</b>
Ordinary shares	40,000,000	40,000,000
Ordinary shares issued during Share Purchase plan	1,800,547	-
Total fully paid ordinary shares at 31 December 2009	41,800,547	40,000,000
<b>Note 5 – Options reserve</b>		
	31 Dec 2009	30 June 2009
	\$	\$
Options reserve balance at the beginning of the period	1,007,169	864,765
Expenses arising from share-based payment	18,644	142,403
OSI – right to participate in options	-	1
Options reserve balance at the end of the period	1,025,813	1,007,169

	31 Dec 2009 Number	30 Jun 2009 Number
<b>Note 5 – Options reserve (continued)</b>		
<u>Movement in option number</u>		
Options at the beginning of the period	3,835,000	690,000
Granted during the period	-	3,400,000
Lapsed during the period	-	(255,000)
Exercised during the period	-	-
Options at the end of the period	3,835,000	3,835,000

**Note 6 – Operating segments**Segment information

The Consolidated Entity operates in the global health and medical products industry. Globally the company has 4 geographic sales and distribution segments as shown below. For each segment, the CEO and CFO review internal management reports on at least a monthly basis.

The largest customer group which operates in USA, Europe, Australia and Asia accounts for 63 % of the total sales revenue.

	Australia \$	Asia \$	USA \$	Europe \$	Unallocated \$	Total \$
<b>31 Dec 2009</b>						
Sales to external customers	22,710	171,250	399,457	28,041	-	621,458
Other revenues	13,094	-	-	785	-	13,879
Total segment revenue	35,804	171,250	399,457	28,826	-	635,337
Segment expenses	4,633	48,093	228,438	120,748	1,214,319	1,616,231
Segment result before income tax	31,171	123,157	171,019	(91,922)	(1,214,319)	(980,894)
<b>31 Dec 2008</b>						
Sales to external customers	15,225	127,249	107,836	35,309	-	285,619
Other revenues	59,178	-	-	-	215,831	275,009
Total segment revenue	74,403	127,249	107,836	35,309	215,831	560,628
Segment expense	111,189	34,017	220,592	156,522	1,133,959	1,656,279
Segment result before income tax	(36,786)	93,232	(112,756)	(121,213)	(918,128)	(1,095,651)

**Note 7 – Contingent assets**

There were no contingent assets as at 31 December 2009.

**Note 8 – Contingent liabilities**

There were no contingencies as at 31 December 2009.

**Note 9 – Events after Balance Sheet date**

There were no events subsequent to 31 December 2009 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 2009 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 Corporations 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, Acting CEO



**Roman Zwolenski**  
Director

Sydney, 8 February 2010

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, which comprises the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

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

The directors of the company 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 the company's financial position as at 31 December 2009 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 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.

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Chartered Accountants  
& Business Advisers

*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 2009 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 black ink that reads 'PKF'.

PKF

A handwritten signature in black ink that reads 'J. Bresolin'.

**John Bresolin**  
**Partner**  
**Sydney**

Dated 8<sup>th</sup> February 2010.

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