

**USCOM**

ABN: 35 091 028 090

QUARTERLY CASH STATEMENT (Appendix 4C) BUSINESS UPDATE

Monday, 23 January, 2006: USCOM Limited (ASX Code: UCM) today released details of the company's cash position to 31 December 2005, with the publication of its Appendix 4C Quarterly Cash Statement.

At the end of the period, the company reported cash in hand of \$8,218,485 after a net decrease in cash for the quarter of \$962,651. (This is an improvement of approximately \$400,000 on the September quarter cash spend.)

ADEQUATE CASH RESOURCES

Commenting on the result today, the Chief Executive of USCOM, Mr Gary Davey said, "*We are encouraged by the progress we are making as a company, with positive momentum in sales activity. In addition, the company is maintaining tight control of its cash consumption rate. With a quarterly net cash decrease of under \$1 million, we are confident the company is positioned and resourced to reach consistent positive cash flows.*"

RESTATING 100 SALES TARGET

The six months to December 31 was an exciting period for USCOM. The company reported 30 unit sales for the period, generating in excess of \$500,000 in sales revenue, overtaking the revenue achieved for all of the financial year ending June 30, 2005. Detailed revenue figures will be available as part of the company's half year accounts, due to be released in mid February. We are today restating our target of 100 unit sales for the full financial year to June 30, 2006.

2006 OFF TO GOOD START

This year is off to a promising start, with new sales already being recorded in the US and Australia. We are also pleased with the early response to a new initiative from USCOM, providing a lease and rental option to customers. For example, the Atlanta Children's Medical Centre in Atlanta Georgia, has this month begun using an USCOM machine in clinical practice, under the terms of a lease agreement, similar leasing agreements have also been taken up in Australia. This is a significant advancement for USCOM because it offers customers the flexibility of a recurring cost arrangement when capital budgets are either tight or unavailable.

NEW TECHNOLOGY RELEASE

The company is also making important progress in technology. A new version of the USCOM cardiac output monitor software is to be released in January with a number of significant enhancements, including the addition of four new parameters of cardiac function, taking to 14 the number of parameters now available for display on the USCOM monitor. Along with the latest software upgrade, USCOM is also releasing an advanced new design of its ultrasound transducer, providing enhanced performance and greater ergonomics.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

USCOM LIMITED

ABN

35 091 028 090

Quarter ended ("current quarter")

31 December 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (...6... months)
	\$A	\$A
1.1 Receipts from customers	105,354	247,912
1.2 Payments for (a) staff costs	(489,486)	(1,061,329)
(b) advertising and marketing	(370,009)	(794,955)
(c) research and development	(193,401)	(400,962)
(d) leased assets	-	-
(e) other working capital	(155,135)	(469,519)
1.4 Interest and other items of a similar nature received	59,901	143,922
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund	-	-
1.7 Other – Government grants	77,705	77,705
Other	1,250	1,250
Net operating cash flows	(965,071)	(2,255,976)

+ See chapter 19 for defined terms.

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

	Current quarter \$A	Year to date (...6... months) \$A
1.8 Net operating cash flows (carried forward)	(965,071)	(2,255,976)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(1,116)	(26,469)
(d) physical non-current assets	(6,464)	(54,288)
(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 Dividends received	10,000	10,000
Net investing cash flows	2,420	(70,757)
1.14 Total operating and investing cash flows	(962,651)	(2,326,733)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
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) Payments relating to share issue	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(962,651)	(2,326,733)
1.21 Cash at beginning of quarter/year to date	9,181,136	10,545,218
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	8,218,485	8,218,485

+ 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	105,612
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. (See AASB 1026 paragraph 12.2).

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

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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	692,016	1,654,667
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details) Term Deposits	7,526,469	7,526,469
Total: cash at end of quarter (item 1.23)	8,218,485	9,181,136

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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: 
 (Company Secretary)

Date: 23 January 2005

Print name: Paul Butler

+ See chapter 19 for defined terms.

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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting 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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