



Uscom

ASX Media Release

Appendix 4D Results and Update

Half Year ended 31 December 2017

SYDNEY, Australia, Wednesday 14th February 2018: Uscom Limited (ASX code: UCM) (the **Company** or **Uscom**) today released its Appendix 4D interim financial report and financial results for the half year ended 31 December 2017 (the **Half**). The results disclosed in the attached Appendix 4D are in Australian dollars.

Financial Highlights

- H1 Cash inflows \$4.50M
- H1 Revenue and other income \$1.42M (down 25%)
- H1 Loss \$1.08M (up 28%)
- Q2 Sales up 102% to \$0.73M
- Operating cash consumption of \$0.75M (down 8%)
- Cash on hand \$3.49M

Operational Highlights

- Release of new BP+ and SpiroSonic products
- CE Mark received for BP+
- Further progress on CFDA and FDA for BP+ and SpiroSonic
- Distribution expanded for global sales of BP+ and SpiroSonic devices
- Beijing-based international bioscience executive and investor takes cornerstone stake in Uscom

H1 sales revenue was impacted by Q1 sales (down 61% on the prior corresponding period (PCP)), secondary to restrained China economic activity prior to the China People's Congress in late November. However Q2 sales revenue rebounded by 102% from Q1 to \$0.73M, with record USCOM 1A orders for 68 units (up 24% on the prior quarterly record of 55). The result was a Net loss for H1 of \$1.08M, up 28% from the PCP. This loss was contributed to by one off costs of relocation and fit out of the Uscom Sydney head office in November.

The record Q2 orders were only partially filled during H1, with 31 units remaining undelivered at the end of the period. These units will be delivery and recognised during Q3.

Operating cash consumption for H1 was reduced to \$0.75M, down from \$0.78M on PCP, while Q2 delivered Uscom's first cash flow positive quarter.

Management expect revenues, though lumpy, to remain on a continued upward trend as Uscom bridges to consistent cash flow positivity and profitability. This trend should be enhanced as our CFDA and FDA approvals for the BP+ and SpiroSonic devices are received, and China and US revenues are generated.



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Uscom conducted a placement of new shares during the half, raising \$3.02M.

Importantly Mr Stephen Meng, a Beijing-based health care executive and international investor, participated in the capital raising, purchasing new shares amounting to a 9.2% stake in the Company. Mr Meng is the VP and head of Government Relationships and Sales, Marketing and Distribution for Sihuan Pharmaceutical Holding Ltd, a HKD 26 billion listed entity. Mr Meng has since visited Uscom's new head offices in Sydney and subsequently increased his holding to 16.9%.

At the end of the period the Company held \$3.49m in cash, with total equity up 51% to \$5.70M.

Executive Chairman of Uscom, Associate Professor Rob Phillips said, *"Our results were impaired by the Q1 sales in China, but rebounded to record levels again in Q2. Our costs were also increased due to one off expenses associated with relocation and fit-out of Uscom's new Sydney offices in November. However we now have \$3.5M in the bank and had an operating cash flow positive Q2, while being firmly focused on the commercial opportunities in China.*

Health is an important developmental metric in China, and they plan to grow GDP spend on health from 5.5% to 12%. However the market is complex and requires a strong and accomplished Chinese partner. Mr Meng brings to Uscom 20 years of experience in health regulatory, IP and sales and distribution, he understands the legal, social and political environment of China. Uscom devices are world leaders in cardiac, vascular and pulmonary monitoring, and it is cardiac, vascular and pulmonary diseases which are increasing most rapidly in China. The Uscom strategy is to deliver our sector leading technologies into China and become a leading medical device provider for China for the next decade.

Mr Meng brings capital strength and outstanding corporate management experience to Uscom. He developed and managed a network of more than 3,000 distributors serving more than 10,000 Chinese hospitals for Sihuan, and was an executive Director of the Company for 10 years during its listing in Singapore and HK. We look forward to Mr Meng's experience and insights contributing positively and substantially to the Company's future."



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About Uscom

Uscom Limited (UCM) is an ASX listed innovative medical technology company specialising in development and marketing of premium non-invasive cardiovascular and pulmonary medical devices. Uscom has a mission to demonstrate leadership in science and create noninvasive devices that assist clinicians improve clinical outcomes. Uscom has three practice leading suites of devices in the field of cardiac, vascular and pulmonary monitoring; the USCOM 1A advanced haemodynamic monitor, Uscom BP+ central blood pressure monitor, and the Uscom SpiroSonic digital ultrasonic spirometers. Uscom devices are premium resolution, noninvasive devices which deploy innovative and practice leading technologies approved or submitted for FDA, CE, CFDA and TGA regulatory approval and marketing into global distribution networks.

The USCOM 1A is a simple to use, cost-effective and non-invasive advanced haemodynamic monitor that measures cardiovascular function, detects irregularities and is used to guide 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, hypertension, heart failure and for the guidance of fluid, inotropes and vasoactive cardiovascular therapy.

The Uscom BP+ is a supra-systolic oscillometric central blood pressure monitor which measures blood pressure and blood pressure waveforms at the heart, as well as in the arm, information only previously available using invasive cardiac catheterisation. The Uscom BP+ replaces conventional and more widespread sub-systolic blood pressure monitors, and is the emerging standard of care measurement in hypertension, heart failure and vascular health. 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 hypertension, heart failure, intensive care, general practice and home care.

Uscom SpiroSonic digital ultrasonic spirometers are high fidelity, digital, pulmonary function testing devices based on multi path ultrasound technology. They are simple and accurate to use and provide research quality pulmonary function testing in small hand held devices that can be used in research, clinical and home care environments. The devices can be coupled with mobile phone applications and proprietary SpiroSonic software platforms with wireless interfacing to provide remote tele-monitoring of pulmonary disease. The devices are specialised for assessment of COPD, sleep disordered breathing, asthma, industrial lung disease and monitoring of pulmonary therapeutic compliance.

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

Uscom Contacts

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Uscom Limited and its controlled entities

ABN 35 091 028 090

ASX Appendix 4D Half yearly report – 31 December 2017

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Reporting period ended: 31 December 2017
Previous corresponding reporting period: 31 December 2016

Results for announcement to the market

Revenue and other income	down	25%	to	\$1,422,974
Loss from ordinary activities after tax attributable to members	up	28%	to	(\$1,084,420)
Net Loss for the period attributable to members	up	28%	to	(\$1,084,420)

Dividends per Share

It is not proposed to pay a dividend.

Net Tangible Asset per Ordinary Share

	31 December 2017	31 December 2016
NTA backing	3.3c	2.8c

Status of review

The accounts have been reviewed.

Commentary

Refer Executive Chairman review of operations in page 2-3.

Financial highlights

Revenue and other income	\$1,422,974
Loss from ordinary activities	(1,084,420)
Sales revenue	\$1,093,578
Net operating cash outflow	(\$754,902)
Net increase in cash held	\$1,824,079
Cash held at end of the period	\$3,487,644

DIRECTORS' REPORT

Your directors present the financial report of Uscom Ltd and its controlled entities for the half-year ended 31 December 2017.

Directors

The names of directors who held office during the whole of the half-year and up to the date of this report are:

Dr Rob Phillips
Ms Sheena Jack
Mr Christian Bernecker
Mr Chao Xiao He

UPDATE

Uscom reported an operating cash flow positive quarter in Q2 of FY 2018. This cash flow positive result was despite a production overhang of 31 units following a record order of USCOM 1A units in Q2. These outstanding orders will be manufactured and delivered in Q3.

Operationally Uscom has been busy during the quarter with a number of important ASX announcements as follows:

- The Uscom BP+ was CE marked approval for sale into European and multiple global jurisdictions.
- Uscom successfully raised \$3.03M in capital in the period.
- Uscom limited received GSA listing to sell into the US Government organisations including Federal Government, Veterans Affairs, and some State and Local Government organisations.
- Uscom released the Uscom BP+.
- Uscom developed and released a module providing digital connectivity of the USCOM 1A to remote electronic medical records systems.
- SpiroSonic devices received TGA approval for sale into Australia.

The science of Uscom devices continues to confirm the outstanding clinical utility of the Uscom products, and in the half we released to market a list of more than 30 research publications which support the adoption of Uscom technologies. For medical device company's sales are ultimately driven by clinical effectiveness and our evidence is the message clinicians send to their peers. Uscom's mission includes developing, manufacturing and distributing sector leading medical devices that improve global clinical care of hearts, vessels and lungs, and current evidence is proof of this success.

Uscom is actively focusing on increasing the number of worldwide distributors across multiple jurisdictions in anticipation of the release of the BP+ and SpiroSonic devices to market. The BP+ and SpiroSonic devices are currently being reviewed for CFDA and FDA regulatory approval in a process which is expected to be completed by the end of the year.

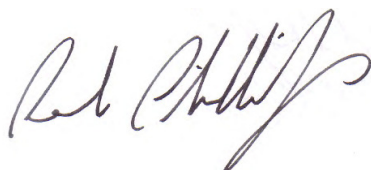
Importantly and excitingly for Uscom, Beijing based International Investor and China Biotechnology Executive, Mr Stephen Meng, personally joined the Uscom share register. Mr Meng originally acquired 9.2% of the Company in the December capital raising. Mr Meng has since acquire an additional 10M shares taking him to 16.88%.

Mr Meng brings capital strength and outstanding corporate management experience to Uscom. Mr Meng developed and managed a network of over 3,000 distributors serving over 10,000 Chinese hospitals for Sihuan, and was an

executive Director of the Company for nearly fifteen years during its listing in Singapore and HK, where it currently has a capitalised value of approximately 26B HK. Mr Meng remains Vice President in charge of Government relationships and sales, marketing and distribution, and has specific experience in health regulatory, IP and sales and distribution, and he understands the legal, social and political environment of China. We look forward to Mr Meng's experience and insights contributing positively and substantially to Uscom's future.

In summary Uscom continues to drive regulatory approvals into the USA and China. Both markets are potentially transformational for the company and will be the realisation of the strategy of product diversification initiated by the Board and management with the acquisition of PulseCor from New Zealand in 2012, and Thor Laboratories in Budapest in 2015. These new product streams are now being proven in clinical studies to be practice leading supporting their position as potential revenue drivers for Uscom for the next decade. Uscom Board and Management are proud to be in the cusp of releasing all three product streams into the three major global jurisdictions of China, Europe and the USA. It is anticipated that these products will underwrite the continuing growth of the company into the foreseeable future.

Uscom manufactures and markets the USCOM 1A, the Uscom BP+, and Uscom SpiroSonic digital ultrasonic spirometry technologies. These premium digital devices are changing the way we diagnose and treat cardiovascular and pulmonary diseases, including hypertension, heart failure, asthma, COPD and sleep disorders. The products are integral for optimising management of sepsis and guidance of fluid, inotropes and vasoactive therapies in critical care monitoring, and in clinical and home care delivered asthma and COPD medications.



Asso. Professor Rob Phillips
Executive Chairman

Sydney, 14 February 2018



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Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF USCOM LIMITED

As lead auditor for the review of Uscom Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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 period.

A handwritten signature in black ink that reads 'Gareth Few'. The signature is written in a cursive, flowing style.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 14 February 2017

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Uscom Limited and its controlled entities

Consolidated statement of profit or loss and other comprehensive income
for the half year ended 31 December 2017

Continuing operations	<i>Note</i>	31 Dec 2017 \$	31 Dec 2016 \$
Revenue and other income	2	1,422,974	1,900,533
Raw materials and consumables used		(345,658)	(287,235)
Expenses from continuing activities	3	(2,160,028)	(2,454,670)
Loss before income tax from continuing operations		(1,082,712)	(841,372)
Income tax expense		(1,708)	(4,803)
Loss after income tax from continuing operations		(1,084,420)	(846,175)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference for foreign operations		6,844	2,725
Other comprehensive income for the period		6,844	2,725
Total comprehensive income for the period		(1,077,576)	(843,450)
Attributable to:			
Owners of the Company		(1,077,576)	(843,450)
Total comprehensive income for the period		(1,077,576)	(843,450)
Earnings per share (EPS)			
Basic earnings per share (cents per share)		(0.9)	(0.8)
Diluted earnings per share (cents per share)		(0.9)	(0.8)

This Consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the annual financial report for the year ended 30 June 2017 and the attached notes.

Uscom Limited and its controlled entities

Consolidated statement of financial position
as at 31 December 2017

	<i>Note</i>	31 Dec 2017 \$	30 Jun 2017 \$
Current assets			
Cash and cash equivalents		3,487,644	1,663,565
Trade and other receivables		422,244	196,063
Inventories		414,129	492,209
Term Deposit		-	41,569
Tax assets		256,827	503,212
Other assets		166,150	134,706
Total current assets		4,746,994	3,031,324
Non-current assets			
Term Deposit		83,457	-
Plant and equipment		269,648	118,671
Intangible assets	6	1,232,077	1,336,248
Total non-current assets		1,585,182	1,454,919
Total assets		6,332,176	4,486,243
Current liabilities			
Trade and other payables		354,269	446,349
Short term provisions		238,532	236,330
Total current liabilities		592,801	682,679
Non-current liabilities			
Long term provisions		37,132	25,552
Total non-current liabilities		37,132	25,552
Total liabilities		629,933	708,231
Net assets		5,702,243	3,778,012
Equity			
Issued capital	4	33,200,695	30,332,259
Options and rights reserve	5	2,841,669	2,708,298
Accumulated losses		(30,418,889)	(29,334,469)
Foreign currency translation reserve		78,768	71,924
Total equity		5,702,243	3,778,012

This Consolidated statement of financial position is to be read in conjunction with the annual financial report for the year ended 30 June 2017 and the attached notes.

Uscom Limited and its controlled entities

Consolidated statement of changes in equity
for the half year ended 31 December 2017

	Ordinary share capital	Options and rights reserve	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2016	30,308,877	2,099,893	(27,533,620)	62,841	4,937,991
Loss for the period	-	-	(846,175)	-	(846,175)
Other comprehensive income	-	-	-	2,725	2,725
Total comprehensive income for the period	-	-	(846,175)	2,725	(843,450)
<i>Transactions with owners in their capacity as owners:</i>					
Shares Issued	29,750	-	-	-	29,750
Transaction costs on Shares Issued	(6,368)	-	-	-	(6,368)
Share-based payments	-	497,304	-	-	497,304
Total transactions with owners	23,382	497,304	-	-	520,686
Balance at 31 December 2016	30,332,259	2,597,197	(28,379,795)	65,566	4,615,227
Balance at 1 July 2017	30,332,259	2,708,298	(29,334,469)	71,924	3,778,012
Loss for the period	-	-	(1,084,420)	-	(1,084,420)
Other comprehensive income	-	-	-	6,844	6,844
Total comprehensive income for the period	-	-	(1,084,420)	6,844	(1,077,576)
<i>Transactions with owners in their capacity as owners:</i>					
Shares Issued	3,030,800	-	-	-	3,030,800
Transaction costs on Shares Issued	(162,364)	-	-	-	(162,364)
Share-based payments	-	133,371	-	-	133,371
Total transactions with owners	2,868,436	133,371	-	-	3,001,807
Balance at 31 December 2017	33,200,695	2,841,669	(30,418,889)	78,768	5,702,243

This Consolidated statement of changes in equity is to be read in conjunction with the annual financial report for the year ended 30 June 2017 and the attached notes.

Uscom Limited and its controlled entities

Consolidated statement of cash flows
for the half year ended 31 December 2017

<i>Note</i>	31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities		
Receipts from customers	846,522	1,242,967
Payments to suppliers and employees	(2,227,607)	(2,161,715)
Grants	624,583	124,983
Interest received	1,600	14,484
Net cash used in operating activities	(754,902)	(779,281)
Cash flows from investing activities		
Purchase of patents and trademarks	(18,046)	(18,415)
Purchase of plant and equipment	(172,033)	(43,373)
Deferred consideration payments - Thor	(60,000)	(100,000)
Term Deposit	(41,888)	(41,569)
Net cash used in investing activities	(291,967)	(203,357)
Cash flows from financing activities		
Proceeds from issue of shares and options	3,030,800	29,750
Share issue costs	(162,364)	(6,368)
Net cash provided by financing activities	2,868,436	23,382
Net increase (decrease) in cash and cash equivalents	1,821,567	(959,256)
Net cash and cash equivalents at the beginning of the period	1,663,565	2,840,165
Exchange rate adjustments to cash and cash equivalents at the beginning of the period	2,512	(392)
Net cash and cash equivalents at the end of the period	3,487,644	1,880,517

This Consolidated statement of cash flows is to be read in conjunction with the annual financial report for the year ended 30 June 2017 and the attached notes.

Uscom Limited and its controlled entity**Selected Explanatory Notes to the Financial Statements
For the half year ended 31 December 2017****Note 1 – Statement of significant accounting policies**

The half-year consolidated financial report was approved by the Board of Directors on 14 February 2018. 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 2017. This half-year consolidated financial report has been prepared in accordance with Australian Accounting Standard AASB134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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 2017 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 principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

These financial statements have been prepared on the going concern basis which contemplates the consolidated entity's ability to pay its debts as and when they become due and payable for a period of at least 12 months from the date of authorising the financial report for issue.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption is likely to be minor.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2016-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption is likely to be minor.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The consolidated entity will adopt this standard from 1 July 2018. Management anticipate that the groups operating lease contracts currently in effect will be impacted in AASB 16, and are currently in the process of determining the effects of the implementation of AASB 16 on the financial statements.

	31 Dec 2017	31 Dec 2016
	\$	\$
Note 2 – Revenue and other income		
Sale of goods	1,093,578	1,528,095
<u>Other revenue</u>		
Interest received	1,602	14,487
<u>Other income</u>		
Grants	325,248	314,818
Other income	2,546	8,516
Exchange gain	-	34,617
Total other income	327,794	357,951
Total revenue and other income	1,422,974	1,900,533
Note 3 – Expenses from ordinary activities		
Depreciation and amortisation expenses	144,756	141,816
Employee expenses	1,044,587	1,316,481
Research and development expenses	308,788	298,794
Advertising and marketing expenses	217,232	310,183
Occupancy expenses	104,227	94,513
Regulatory expenses	56,825	64,232
Administrative expenses	251,567	219,560
Exchange losses	30,074	-
Finance costs	1,972	9,091
Total expenses from ordinary activities	2,160,028	2,454,670
Note 4 – Issued capital		
<u>Ordinary shares</u>		
Fully paid ordinary shares	33,200,695	30,332,259
Total contributed equity	33,200,695	30,332,259
<u>Movement in issued capital</u>		
Shares on issue at the beginning of the period	30,332,259	30,308,877
500,000 ordinary shares issued at 5.95 cents on 18 August 2016	-	29,750
3,272,728 ordinary shares issued at nil on 23 December 2016	-	-
250,000 ordinary shares issued at nil on 5 July 2017	-	-
100,000 ordinary shares issued at 5.9 cents on 6 September 2017	5,900	-
165,000 ordinary shares issued at nil on 6 September 2017	-	-
52,500 ordinary shares issued at 20 cents on 7 December 2017	10,500	-
153,300 ordinary shares issued at 25 cents on 7 December 2017	38,325	-
1,500,000 ordinary shares issued at nil on 7 December 2017	-	-
22,044,998 ordinary shares issued at 13.5 cents 21 December 2017	2,976,075	-
Share issue cost	(162,364)	(6,368)
Ordinary shares at the end of the period	33,200,695	30,332,259

	31 Dec 2017 Number	30 June 2017 Number
Note 4 – Issued capital continued		
Ordinary shares at the beginning of the period	112,235,998	108,463,270
500,000 ordinary shares issued at 5.95 cents on 18 August 2016	-	500,000
3,272,728 ordinary shares issued by exercise of rights on 23 December 2016	-	3,272,728
250,000 ordinary shares issued on 5 July 2017 as per Thor acquisition agreement	250,000	-
100,000 ordinary shares issued to staff as bonus on 6 September 2017	100,000	-
165,000 ordinary shares issued to staff as bonus on 6 September 2017	165,000	-
52,500 ordinary shares issued in lieu of FY2016 Director fees on 7 December 2017	52,500	-
153,300 ordinary shares issued in lieu of FY2017 Director fees on 7 December 2017	153,300	-
1,500,000 ordinary shares issued by exercise of rights on 7 December 2017	1,500,000	-
22,044,998 ordinary shares issued by private replacement on 21 December 2017	22,044,998	-
Total fully paid ordinary shares at the end of the period	136,501,796	112,235,998

	31 Dec 2017 \$	30 Jun 2017 \$
Note 5 – Options and rights reserve		
Options and rights reserve balance at the beginning of the period	2,708,298	2,099,893
Expenses arising from share-based payment	133,371	608,405
Options and rights reserve balance at the end of the period	2,841,669	2,708,298

	Number	Number
<u>Movement in options</u>		
Options at the beginning of the period	4,840,544	5,440,544
Exercised during the period	-	(500,000)
Granted during the period	-	-
Lapsed during the period	(4,765,544)	(100,000)
Options at the end of the period	75,000	4,840,544

<u>Movement in rights</u>		
Rights at the beginning of the period	2,586,364	5,859,092
Exercised during the period	(1,500,000)	(3,272,728)
Rights at the end of the period	1,086,364	2,586,364

	31 Dec 2017 \$	30 Jun 2017 \$
Note 6 – Intangible assets		
Patents	895,688	936,786
Regulatory approvals	336,389	399,462
Total Intangible assets	1,232,077	1,336,248

	31 Dec 2017 \$	31 Dec 2016 \$
Note 7 – Commitments		
Operating lease commitments		
Operating commitments represent payments due for office rentals. A new office lease started from 1 November 2017 for a 5 year term.		
Less than 1 year	202,340	165,212
Between 1 and 5 years	852,860	-
Total operating commitments	1,055,200	165,212

Note 8 – Operating segmentsSegment information

The consolidated entity operates in the global health and medical products industry. Globally the company has 5 geographic sales and distribution segments as shown below. For each segment, the CEO and General Manager review internal management reports on at least a monthly basis.

The largest customer group which operates in Asia accounts for 57% of the total sales revenue (2016: 68%).

	Australia / NZ	Asia	USA	Europe	Other region	Total
	\$	\$	\$	\$	\$	\$
31 Dec 2017						
Sales to external customers	33,549	761,084	132,640	125,263	41,042	1,093,578
Other revenues	249,708	-	-	79,688	-	329,396
Total segment revenue	283,257	761,084	132,640	204,951	41,042	1,422,974
Segment expenses	1,703,307	270,311	124,183	395,514	12,371	2,505,686
Segment result before income tax	(1,420,050)	490,773	8,457	(190,563)	28,671	(1,082,712)
31 Dec 2016						
Sales to external customers	10,534	989,943	236,831	271,346	19,441	1,528,095
Other revenues	365,055	-	-	7,383	-	372,438
Total segment revenue	375,589	989,943	236,831	278,729	19,441	1,900,533
Segment expenses	2,016,615	243,990	352,479	114,401	14,420	2,741,905
Segment result before income tax	(1,641,026)	745,953	(115,648)	164,328	5,021	(841,372)

There is no material change to segment assets compared to 30 June 2017.

Note 9 – Contingent liabilities

There were no contingencies as at 31 December 2017.

Note 10 – Events after the reporting date

There were no other events subsequent to 31 December 2017 that are required to be reported in this note.

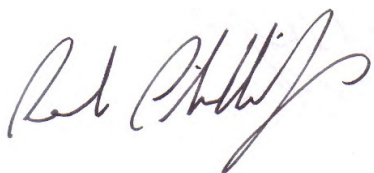
DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Rob Phillips

Executive Chairman



Sheena Jack

Director

Sydney, 14 February 2017



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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Uscom Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Uscom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

A handwritten signature in black ink that reads 'Gareth Few'. Above the signature, the letters 'BDO' are written in a cursive, handwritten style.

Gareth Few
Partner

Sydney, 14 February 2018