Uscom Limited Annual Report

2008

Uscom

The measure of life.

Contents

Uscom

Optimising Circulation, Saving Lives!

Uscom

The USCOM is an Ultrasonic Cardiac Output Monitor that uses innovative electronics, ultrasonics and signal processing to deliver the most advanced solution to the challenge of accurately measuring cardiovascular function. The continuous wave (CW) Doppler based USCOM 1A permits serial measurement of over 20 haemodynamic parameters in infants, children, and adults, and has applications in Emergency Care, Paediatrics, Intensive Care, Anaesthesiology and Retrieval. The Uscom is the only truly accurate method of non-invasively measuring cardiac output in real time, that is also portable, efficient and easy to use allowing the treatments of patients sooner, with greater confidence, reducing patient stay and costs.

Uscom can:

- Confirm normal circulation such as during anaesthesia, ICU and Emergency
- Rapidly detect cardiovascular dysfunction
- Simply guide optimisation of circulation - Optimise Oxygen Delivery
- Guide optimisation of fluid management - when to start, and when to stop
- Guide rational drug administration (inotropes, vaso-actives) - right drug, right dose
- Be used on all patients and all outputs - neonates, children, adults and elders
- Be operated by physicians, nurses or paramedics

Now with OXYCOM measure and manage according to the real need of Oxygen Delivery!

- Real time
- Beat to beat
- Non invasive
- Visual record of measures

Letter from the Chairman

Dear Fellow Shareholders

It is with great pleasure that we present your Company's annual report for the year ending 30th June 2008.

At the 2007 AGM we described a course for our Company with management changes and clear operational objectives, and we believe we can report successfully on the achievement of these goals. In summary our objectives and achievements for the year were:

- Consolidate Board and management changes - Successful
- Focus on operational soundness - We increased revenue and decreased costs
- Achieving clinical standards of care objective - We have important new science to drive adoption and re-imbursement claims
- Continuing development of Intellectual Property - We continue to develop the IP that protects our business and adds shareholder value
- Develop global marketing partnerships - Discussions are continuing across a number of applications

Board and management: Our Board is a small and effective team motivated by shareholders interests and the achievement of commercial and scientific goals. The Board comprises a number of critical skill sets including operations, cardiovascular science, bio-device experience, legal expertise and financial and accounting experience and remains unchanged. In 2008 Mr Paul Butler, the Uscom CEO, relocated to Los Angeles to drive the US adoption of the Uscom technology and advance major marketing partnerships. Paul continues to oversee global operations and provides a clear and focused leadership for the Company, while Mr Nick Schicht fulfils the role of General Manager.

Operational soundness: Our principle focus throughout the year has been to increase sales and responsibly manage resources, and as an outcome we saw a rise in revenue and a decrease in costs. While the increased revenues have been less than hoped for we are well positioned for the opportunities offered with major international marketing partnerships.

Clinical standards of care: 2008 saw the adoption of the USCOM 1A in Centres as diverse as USAID in Afghanistan, Outreach Centres in the UK and The Children's Hospital in Pittsburgh. There was also an increase in Hospital utilisation with a number of centres now owning 3 devices. There are now in excess of 180 units worldwide in clinical and research sites. Importantly all our devices have been acquired, despite an absence of re-imbursement, because they contribute to patient care. This year saw the publication of over 14 peer reviewed academic papers and 35 other presentations supporting the use of USCOM in clinical practice. Most significantly the core USCOM science was endorsed as the replacement technology for the Pulmonary artery Catheter (PAC) in research from the Cedar's Sinai Hospital, the home of the PAC. The Authors ask the question "Is there Still a Place for the Pulmonary Artery Catheter in the ICU Practice?" and concluded that "USCOM may safely replace PAC in many clinical situations that call for advanced hemodynamic monitoring." This result fulfilled an important objective milestone for our Company; to provide non-invasive and accurate haemodynamics as a replacement for the invasive PAC. These publications have also advanced our "standard of clinical care" claims in the fields of Emergency Medicine, Intensive Care, Anaesthesia and Paediatrics and endorse our case for re-imbursement worldwide. This year also saw the release of our second product, OXYCOM, which provides non-invasive real time measurement of oxygen delivery; an important world first based on the accurate USCOM 1A technology. In short it has been a great year for Uscom science and technology which positions us well for future re-imbursement and widespread adoption.

IP: Last year saw the granting of the US patent on OXYCOM and our valve dimensions patents, allowing calculation of cardiac valve sizes from height in adults and weight in children. Uscom now has 15 granted patents and 27 patent applications. IP defines our commercial opportunities and is critical for the future of Uscom as these patents will result in new cardiovascular devices that will add value to our company by significantly contributing to medical care, corporate revenue and the strategic value of Uscom Ltd.

Global marketing partnerships: Adoption of Uscom technology, while significantly increasing, has been limited by resources, and we remain firmly focused on development of marketing partnerships to better exploit our global opportunities. To this end we are engaged in discussions with a number of potential partners and the Board is confident that a successful outcome will be achieved.

Our goal for 2009 is to continue strengthening our business using sound operational management to commercially leverage the power of our science. Specifically we intend to develop the case for re-imbursement, promote and develop our science, drive clinical adoption, and develop our marketing partnerships. While 2008 has been a year of remarkable achievement in technology and science, we are confident that our objectives for the coming year will advance this success into the area of commerce and shareholder value. Thank you for your support.

Board of Directors

Mr Phillips
Chairman of Uscom Ltd

Rob has a Master of Philosophy in Medicine from the University of Queensland and is the author of over 25 patents and patent applications relating to assessment of cardiovascular performance and measurement. He is a recognised pioneer in the field of digital ultrasound and clinical echocardiography and has been prolific at an international level in presenting novel research on new clinical approaches to cardiovascular assessment. Rob is the Head of Cardiac Faculty at the Aust Inst of Ultrasound, Faculty Member of the International Society of Cardiovascular Ultrasound, a Fellow of the Institute of Radiography and has been a Cardiac Examiner for the Australian Society for Ultrasound in Medicine for a number of years.

Mr Zwolenski
Non Executive Director of Uscom Ltd

Mr Zwolenski has over thirty years experience in Biomedical product development and sales. He has held senior management positions with multinational corporations in Australia and in Europe and has been CEO of two Australian ASX listed biotech product developers and was the Chairman of Anadis Ltd. Mr Zwolenski has a science degree and has been a fellow of the Australian Institute of Company Directors since 1995. He has served for more than eight years as a nonexecutive director of several Australian public companies.

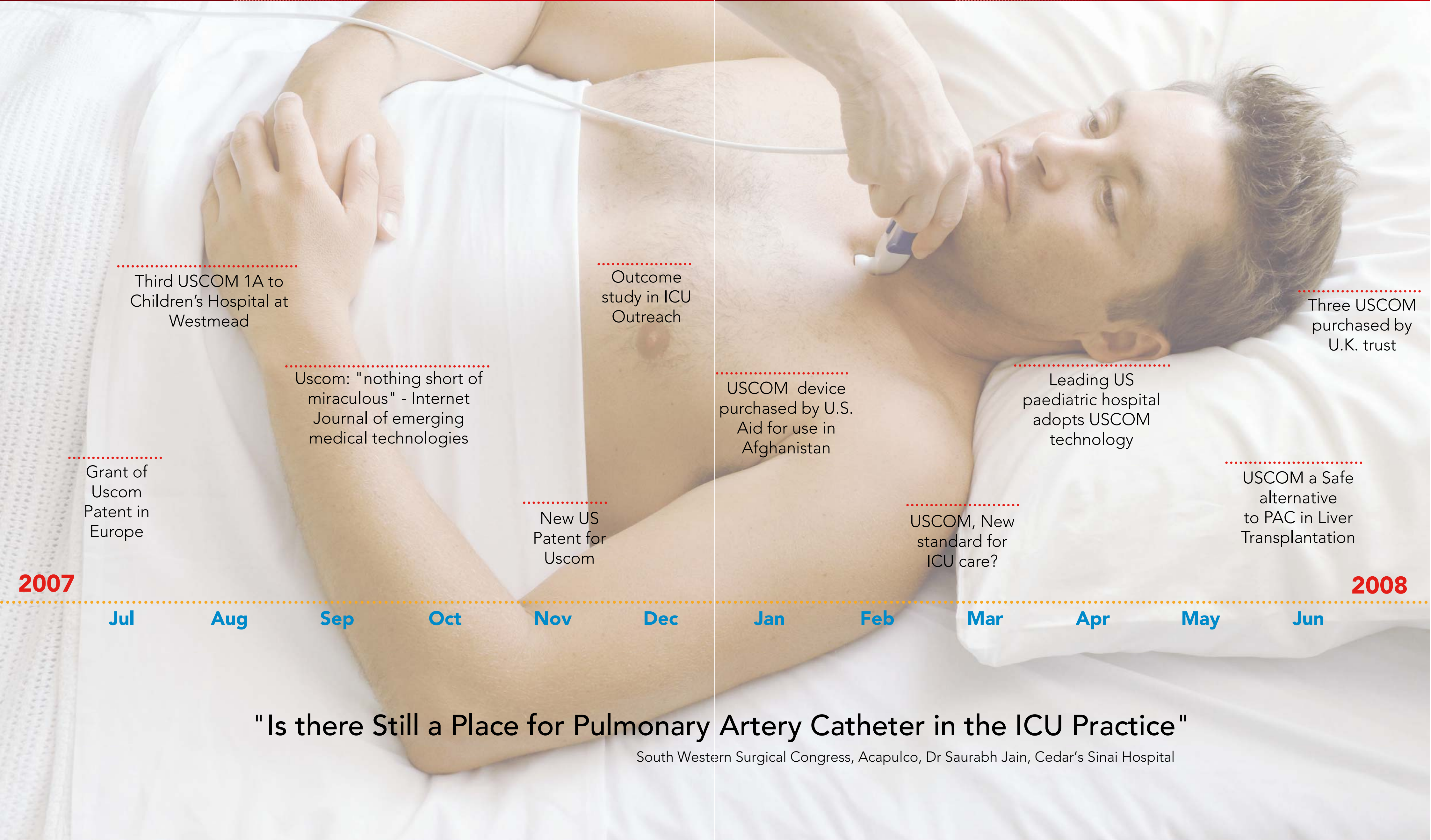
Mr Butler
Chief Executive Officer of Uscom Ltd

Mr Paul Butler has over 15 years operational experience in electronics and medical devices. He holds a Bachelor of Economics and qualifications in Electrical Engineering. Having held senior roles at Uscom over the past six years Mr Butler has managed the development of the Uscom technology, distribution channels, finance and operations of the company. Prior to Uscom, Mr Butler held senior business development roles at AEMS, logistics at NCR and operations at Scitec.

Mr Rathie
Non-executive Director of Uscom Ltd

Mr Bruce Rathie holds degrees in law, commerce and business. Mr Rathie has nearly 15 years experience in Investment Banking in Australia and New York. He was until recently National Executive Director of the Australian Institute of Management and is currently Chairman of ASX listed BioLayer Corporation Ltd, a non-executive director of PolyNovo Biomaterials Limited, ASX listed DataDot Technology Ltd, DataTraceDNA Pty Ltd and Capricorn Society Limited and is Chairman of Uniting Care Ageing NSW & ACT, one of the largest aged care service providers in NSW and the ACT.

Milestones



2007

Jul — Grant of Uscom Patent in Europe

Aug — Third USCOM 1A to Children's Hospital at Westmead

Sep — Uscom: "nothing short of miraculous" - Internet Journal of emerging medical technologies

Oct

Nov — New US Patent for Uscom

Dec — Outcome study in ICU Outreach

Jan — USCOM device purchased by U.S. Aid for use in Afghanistan

Feb

Mar — USCOM, New standard for ICU care?

Apr — Leading US paediatric hospital adopts USCOM technology

May — USCOM a Safe alternative to PAC in Liver Transplantation

Jun — Three USCOM purchased by U.K. trust

2008

"Is there Still a Place for Pulmonary Artery Catheter in the ICU Practice"

South Western Surgical Congress, Acapulco, Dr Saurabh Jain, Cedar's Sinai Hospital

Uscom has the stated mission to establish the Uscom technology as a standard tool of medical practice. To do this we need to continue to build the scientific evidence that supports the utility of the technology and access marketing infrastructure that will take the technology to the broader market.

The 2008 financial year saw Uscom continue its strategy of building revenues and awareness in key identifiable and accessible markets. We have achieved solid revenues in Australia, Europe, Asia and the USA with total sales revenue increasing by 10%. During the year Uscom restructured marketing operations to ensure that we could meet the needs of our customers within the restraints of available capital, resulting in a 30% reduction in expenses.

We are using our success in our targeted markets to enable us to access established distribution infrastructure through marketing partnerships in the USA and other major markets. Developing the market opportunity for Uscom is my first priority in and is the reason that I have been based in the USA for the past twelve months. In this time I have developed strong relationships with multiple medical device companies and have presented the Uscom technology for both clinical and technical evaluation. The outcome of this is that we now have several organisations interested in progressing to the next phase of market evaluation and agreeing on a distribution partnership. I feel confident that we will have an agreement in place that will contribute to revenue this financial year.

Asia was a highlight where our partner in that market, Pacific Medical Systems, recorded strong revenue growth which resulted in 30% improvement on last year even though we sell into this market in US$. We are now extending Pacific Medical Systems sales region to include parts of South Asia.

30% reduction in expenses

Sales revenue was down slightly in Australia which was exacerbated by difficult employment conditions in Australia which impeded our ability to recruit and retain suitable sales and support candidates. The only region that was continuously represented was Queensland and it achieved targeted numbers. Uscom shall continue to sell directly in Australia.

Europe had a much improved year and this was largely a result of our direct representation in the UK. Our focus on developing an understanding of customer's specific needs allowed us to position the product to meet these needs. A notable success was the three unit order to the Birmingham trust for use by medical outreach teams. This sale came off the back of efforts put into a study by The Barts Hospital in London that showed the potential benefits of using Uscom in that application. We also had continuing sales in Germany and Turkey.

focussing on specific segments of the market

The USA achieved similar revenue to last year although slightly down in Australian dollar terms. This was achieved at significantly reduced cost through focussing on specific segments of the market. As mentioned earlier the priority in this market was to work with potential marketing partners. I have had the opportunity to spend a lot of time in front of customers for different reasons varying from sales demonstrations, training, research collaborations, after sales service and market evaluation. From this I have confirmed the huge potential for our product in the USA and I have gained a better understanding of the things that Uscom needs to do to achieve success in this market.

The Uscom Technology group continued to deliver quality work throughout the year. There have been product improvements in response to customer feedback, updates to both hardware and software to ensure ongoing compliance with regulatory standards and with an eye to cost reduction.

They have undertaken research into future products for new markets looking at things like miniaturisation, new techniques that complement our current technology and additional parameters that take Uscom to new applications throughout the hospital and out into the community. They have also been working on increasing the diagnostic utility of the USCOM 1A.

As part of this process the product now has improved manufacturability that will allow an easier step up to volume production. We have also improved our world leading FlowTracer technology and the group have been involved in technology discussions with potential partners and responding to their needs.

Uscom has maintained its Quality and Regulatory systems throughout the year. Having completed an audit by the Therapeutic Goods Administration (TGA) and other regulatory bodies we have maintained our access to markets around the world. This is an often forgotten barrier to entry for potential competitors.

One area that we have focussed resources on throughout the year is the development and improvement of our education and training materials. This is vital for the promotion of the product in every market and is also key to being able to quickly bring up to speed a larger sales force. This has been a process of continuous improvement involving feedback from customer experience, the entire sales and distribution network, development staff and input from our clinical advisors.

successful in penetrating practice

Uscom has been present at major global conferences such as Society of Critical Care Medicine, International Congress of Emergency Medicine, International Society of Intensive Care and Emergency Medicine and American Society of Anaesthesiology amongst many other national conferences. There were several Uscom related studies presented at these scientific meetings which generate significant interest at the Uscom exhibit. From this exposure we have gained hundreds of sales leads from around the world. Unfortunately we are only resourced to follow up a fraction of these but we have achieved good success where we do have the resources focussed on supporting and completing identified opportunities. We have been successful in penetrating practice leading institutions around the world and these reference sites are supporting our objective of partnering with major medical device companies.

Outlook

in a substantially better position

Uscom is now in a substantially better position than it was 12 months ago, this has been brought about through the focus, persistence and efforts of our staff and board of directors to implement the company strategy. At the time of writing we have had a strong start to sales for the year and I am in discussion with multiple potential partners in the USA which I believe will allow Uscom to take a major step up in delivering the Uscom technology into global markets thus positioning the company for profitable growth. I am aware that this has taken longer than we had originally anticipated however it has not discounted the potential of the opportunity.

P Butler

Paul Butler

Chief Executive Officer

World Markets

USCOM is now installed in clinical and research units across multiple applications in the major world markets. Installations are particularly strong in our home market, Asia and the US and reflect the focus of our marketing efforts. This year also saw an increase in the number of multiple installation sites with an increase in centres now owning 3 units across multiple departments.

Uscom

Corporate Governance Statement

Shareholders of Uscom Ltd will be familiar from previous reports with the company's fundamental and continuing commitment to high standards of corporate governance. Our corporate Governance Statement 2007/2008 once again outlines our policies and practices by reference to the 'principles of Good corporate Governance and Best Practice Recommendations' published by the ASX Corporate Governance Council. These Guidelines continue to provide sound guidance for the policies and practices adopted by the company as well as for our reporting in this Statement. During the year the Board again reviewed its policies and practices against the Guide.

The following is a point-by-point explanation of Uscom's compliance or otherwise with the 8 core principles.

Principle 1: lay solid foundations for management and oversight

Recommendation 1.1

Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board has adopted a charter that sets out the responsibilities reserved by the Board, those delegated to the Chief Executive Officer and those specific to the Chairman.

Recommendation 1.2

Disclose the process for evaluating the performance of senior executives.

The Chief Executive Officer, Chief Financial Officer and General Manager attend the scheduled board meetings and present progress against company goals and objectives. The board assesses performance against the goals and objectives on a regular basis at these meetings. The company conducts annual performance appraisals of all employees.

Recommendation 1.3

Provide the information indicated in the Guide to reporting on Principle 1.

Performance evaluation for senior executives has taken place in the reporting period and it was in accordance with the process disclosed.

Principle 2: structure the board to add value

Uscom Ltd has the services of a board with a wide range of professional experience in fields such as science, medicine, marketing and international business.

The board consists of:

Mr Rob Phillips, Chairman, Executive Director

Mr Paul Butler, Chief Executive Officer, Executive Director

Mr Roman Zwolenski, Independent Director

Mr Bruce Rathie, Independent Director

Recommendation 2.1

A majority of the board should be independent directors.

The board consists of four members, two of whom are non-executive directors. The company takes the view that two non-executive directors are also independent directors. In the interests of transparency, the company discloses relationships or business associations which may impact a person's own interpretation of the definition of independent.

All currently serving non-executive directors are independent. The company considered that having two non-executive independent directors on a board of four is equivalent to a majority.

Recommendation 2.2

The Chairperson should be an independent director.

The Chairman of Uscom Ltd, Mr Rob Phillips is an active member of the executive management team, is the company's largest single shareholder and is not an independent director. The company's non-compliance with this recommendation is based on a sound assessment of the best interests of all the stakeholders. Mr Phillips, as the inventor and founder of Uscom carries forward the vision and strategic direction of the company. The company believes it is essential that it maintain this momentum and continuity through its early formative years.

Recommendation 2.3

The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.

The Chairperson is Mr Rob Phillips. The Chief Executive Officer is Mr Paul Butler.

Recommendation 2.4

The board should establish a nomination committee

The company believes that a nomination committee is not necessary at this stage of the company's development. Issues relating to board membership will continue to be overseen by the full board. The company believes this to be justified given the relatively small size of the board (i.e. 4 members) and that significant growth in the number of directors is not envisaged in the medium term.

Recommendation 2.5

Disclose the process for evaluating the performance of the board, its committees and individual directors.

Directors performance is evaluated through their contribution and attendance at all board meetings. Being a small board (4) all directors are actively involved in the strategic planning and goal setting of the company.

Recommendation 2.6

Provide the information indicated in the Guide to reporting on principle 2.

- The skills, experience and expertise relevant to the position of director held by each director in office (Refer to Directors' Report)
- The names of the directors considered by the board to constitute independent directors and the company's materiality threshold can be found in the Directors' Report.
- All company non-executive directors are considered independent, notwithstanding the existence of relationships stated in the Guide.
- Refer to the Directors' Report for the term of office held by each director in office.
- The company believes that a nomination committee is not necessary at this stage of the company's development therefore does not hold nomination meetings.
- A statement detailing the procedure agreed by the board for directors to take independent professional advice at the expense of the company can be found in the Remuneration Report.
- A formal performance evaluation for the board, its committees and directors has not taken place in the reporting period however performance is measured as described in 2.5

Principle 3: promote ethical and responsible decision-making

Recommendation 3.1

Establish a code of conduct to guide the directors, the Chief Executive Officer and other key executives as to:

3.1.1 The practices necessary to maintain confidence in the company's integrity.

3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders

3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

The company has developed a code of conduct for directors, management and staff, underlining the company's commitment to high ethical standards in the conduct of the company's business.

The board of directors is responsible for ensuring the company's compliance with the code and the good and fair management of reports of any breaches.

Recommendation 3.2

Establish a policy concerning trading in company securities by directors, officers and employees, and disclose the policy or a summary of that policy.

The company has adopted a policy in relation to share trading, which applies to all staff, management and directors, members of their families and any trust or family companies in which they may have an interest. The policy is included in the company's code of conduct.

Recommendation 3.3

Provide the information indicated in the Guide to reporting on Principle 3.

Refer to the Uscom Corporate Governance Documentation on the company website.

Principle 4: safeguard integrity in financial reporting

Recommendation 4.1

The board should establish an audit committee.

The Board has established an Audit and Risk committee.

Recommendation 4.2

Structure the audit committee so that is consists of:

- only non-executive directors;
- a majority of independent directors;
- an independent chairperson, who is not chairperson of the Board;
- at least three members.

The committee is made up of two members with both of them being independent directors and has an independent director as chairman. It was considered appropriate for the size of the company. For more information refer to Recommendation 2.1.

Recommendation 4.3

The audit committee should have a formal charter.

The Audit and Risk committee charter is published on the company's website along with the complete set of Corporate Governance Documentation.

Recommendation 4.4

Provide the information indicated in the Guide to reporting on Principle 4.

Refer to the Directors' Report for names and qualifications of the audit committee members and for the number of meetings of the Audit Committee and the names of attendees.

Principle 5: make timely and balanced disclosure

Recommendation 5.1

Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.

The company has produced and adopted a disclosure policy, which has been communicated to all directors, managers and employees.

Recommendation 5.2

Provide the information indicated in the Guide to reporting on Principle 5.

Refer to the Uscom Corporate Governance Documentation on the company website.

Principle 6: respect the rights of shareholders

Recommendation 6.1

Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Uscom Limited is committed to keeping shareholders fully informed of significant developments and activities at the company.

The company's primary communications tool is its website, and all announcements are posted on the site, immediately after they are released to the ASX through the appropriate electronic publication procedure.

All announcements, dating back to May 2001, remain available on the website.

In addition, the website provides an "Investors" section, where more detailed information is available, including access to all of the company's financial statements and the delayed share trading data produced by ASX.

Where information may be provided to market analysts or the media which is materially incremental to the announcements already published, this information would be treated as an announcement and published accordingly.

Shareholders are encouraged to actively communicate with the company through contact details provided on the website.

The company also encourages shareholders to participate in the annual general meeting.

Ample notice of this meeting will be provided. All documents and presentations delivered to the annual meeting will be posted immediately on the company website.

Recommendation 6.2

Provide the information indicated in the Guide to reporting on Principle 6.

Refer to the Uscom Corporate Governance Documentation on the company website.

Principle 7: recognise and manage risk

Recommendation 7.1

Establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The company has appointed an Audit and Risk committee. The committee is charged with oversight of the company's risk profile.

Recommendation 7.2

The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of it material business risk.

Management has reported to the board as to the effectiveness of the company's management of its material business risk.

Recommendation 7.3

Disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Chief Executive Officer and the Chief Financial Officer, who supervises financial and accounting matters, are required to sign off on the company's accounts, as recommended.

Recommendation 7.4

Provide the information indicated in the Guide to reporting on Principle 7.

Refer to Audit and Risk committee charter.

Principle 8: remunerate fairly and responsibly

Recommendation 8.1

The board should establish a remuneration committee.

Given the relatively small size of the Uscom board, the company does not currently see the need for a separate remuneration committee.

Recommendation 8.2

Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

For further information see Remuneration Report from pages 18 to 22.

The Directors present their report on Uscom Ltd and its controlled entity for the financial year ended 30 June 2008.

Directors

The following persons were directors of Uscom Ltd during the whole of the financial year and up to the date of this report.

Mr R A Phillips	Executive director - Chairman
Mr R Zwolenski	Non-Executive director
Mr B Rathie	Non-Executive director
Mr P W Butler	Executive director - Chief Executive Officer

Directors' qualifications and experience

Mr Rob Phillips

Mr Phillips has a Master of Philosophy in Medicine from the University of Queensland and is the author of over 25 patents and patent applications relating to assessment of cardiovascular performance and measurement. He is a recognised pioneer in the field of digital ultrasound and clinical echocardiography and has been prolific at an international level in presenting novel research on new clinical approaches to cardiovascular assessment. Mr Phillips is the Head of Cardiac Faculty at the Aust Inst of Ultrasound, Faculty Member of the International Society of Cardiovascular Ultrasound, a Fellow of the Institute of Radiography and is an Examiner for the Australian Society for Ultrasound in Medicine.

Mr Paul Butler

Mr Butler is the Chief Executive Officer of Uscom Ltd. He has over 15 years operational experience in electronics and medical devices. He holds a Bachelor of Economics and qualification in Electrical Engineering. Having held senior roles at Uscom Ltd over the past six years Mr Butler has managed the development of the USCOM technology, distribution channels, finance and operations of the company. Prior to Uscom Ltd, Mr Butler held senior business development roles at AEMS, logistics at NCR and operations in Scitec.

Mr Roman Zwolenski

Mr Zwolenski is a non-executive director of Uscom Ltd. He has more than 8 years experienced as a non-executive director of a number of ASX listed biotech companies and was Chairman of Anadis Limited. After graduating from the University of New South Wales with a BSc in biosciences, Mr Zwolenski worked for 16 years in senior executive positions with international biomedical and pharmaceutical companies including Roche in Australia, the UK and Switzerland. This was followed by 8 years as the CEO of two ASX listed biotech companies.

During the past three years Mr Zwolenski held the positions of the below listed companies:

• Ambri Ltd	Non-executive director	September 2003 – October 2004
	Managing director / Chief executive officer	October 2004 – May 2007
• Anadis Ltd	Non-executive director	September 2002 – June 2008

Mr Zwolenski is a member of the Audit and Risk Committee.

Mr Bruce Rathie

Mr Rathie is a non-executive director of Uscom Ltd. He holds degrees in law, commerce and business and has considerable experience as a lawyer having practiced as a solicitor and partner in a major Brisbane based legal firm and then as Senior in-house Counsel to Bell Resources Limited from 1980 to 1985 in aggregate. He studied for his MBA in Geneva and then went into investment banking in 1986 which subsequently took him to New York for over 2 years returning to Sydney in 1990. He spent the 90's in investment banking in Sydney, the last 5 years of which as a Director of Investment Banking at Salomon Brothers/ Salomon Smith Barney where he was responsible for the firm's activities/ roles in the industrial sector and the Federal Government's privatisation of Qantas, Commonwealth Bank (CBA3) and Telstra (T1). Mr Rathie has been in business since 2000 and currently is holding board positions with a number of Australian companies.

During the past three years Mr Rathie held the positions of the below listed companies:

• Compumedics Limited	Non-executive director	October 2004 – December 2006
• Datadot Technology Limited	Non-executive director	December 2006 – present
• BioLayer Corporation Limited	Chairman and non-executive director	July 2006 – present

Mr Rathie is a member of the Audit and Risk Committee.

Company Secretary's qualifications and experience

Mr Daniel Fah

Mr Fah is the Company Secretary and Chief Financial Officer of Uscom Ltd. Mr Fah has extensive experience developed in a variety of industries in Australia, United Kingdom and North America and brings a wealth of commercial and international expertise to the company's management team. He has a Bachelor of Business Studies Degree, is a member of the Institute of Chartered Accountants of Australia and is a member of the Australian Institute of Company Directors.

Meetings of directors

Directors	Board of Directors		Audit and Risk Committee	
	Meetings held while a Director	No. of meetings attended	Meetings held while a Director	No. of meetings attended
R A Phillips	11	11	-	-
P Butler	11	11	-	-
R Zwolenski	11	10	2	2
B Rathie	11	11	2	2

Principal activities

Uscom Ltd is engaged in the development, design, manufacture and marketing of non-invasive cardiac monitoring devices. Uscom Ltd owns a portfolio of intellectual property relating to the technology and techniques associated with these devices and manages a worldwide network of distribution partners for the sale of its equipment to hospitals and other medical care locations. Uscom Ltd owns 100% of Uscom, Inc. a company engaged in the sale and promotion of USCOM devices primarily in the United States.

Operating result

The loss of the Consolidated Entity (comprising Uscom Ltd and Uscom, Inc.) after providing for income tax amounted to $2,174,484 (2007: $3,196,824)

Dividends

No dividends were declared or recommended for the financial year ended 2008.

Significant changes in state of affairs

There were no significant changes in State of Affairs during the financial year.

Operating and financial review

The operating and financial review is stated on pages 8 to 9 of the annual report.

Post balance date events

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has significantly affected or may significantly affect the activities of the Consolidated Entity, the results of those activities or the state of affairs of the Consolidated Entity in the ensuing or any subsequent financial year.

Future developments

Other than the business activities described in the annual report, the Board is not aware of any likely developments in the foreseeable future which may materially impact on the financial outlook of the Consolidated Entity.

Environmental issues

The Consolidated Entity's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

Indemnifying officers

The company has paid premiums to insure all directors and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their audit duties where the auditor's expertise and experience with the company are important.

There were no amounts paid to or are payable for non-audit services provided by PKF Chartered Accountants & Business Advisers during the financial year to the company.

Refer to note 26 of the financial statements on page 47 for details of auditors' remuneration.

The auditor's independence declaration under section 307C of the Corporation Act is set out on page 21 and forms part of the Directors' Report.

Remuneration report

This remuneration report has been prepared by the directors of Uscom Ltd to comply with the Corporations Act 2001 and the Key Management Personnel (KMP) disclosures required under AASB 124.

Key management personnel

The following were key management personnel of the entity at the start of the financial year to the date of this report unless otherwise stated:

Non-executive directors
Roman Zwolenski, Non-executive Director
Bruce Rathie, Non-executive Director
Executive directors
Rob Phillips, Executive Director, Chairman
Paul Butler, Executive Director, Chief Executive Officer
Senior executives
Daniel Fah, Chief Financial Officer, Company Secretary
Nick Schicht, General Manager
Ali Hughes-Jones, Marketing Executive, Europe

In the directors' opinion, there are no other executives of the entity.

Remuneration policies

The Board is responsible for reviewing the remuneration policies and practices of the company, including the compensation arrangements of executive directors, non-executive directors and senior executives.

The company has adopted remuneration policies based on performance and contribution for determining the nature and amount of emoluments of board member and senior executives. The objective of these policies is to:

(i) Make Uscom Ltd and its Consolidated Entity an employer of choice
(ii) Attract and retain the highest calibre personnel
(iii) Encourage a culture of reward for effort and contribution
(iv) Set incentives that reward short and medium term performance for the company
(v) Encourage professional and personal development

In the case of senior executives, a recommendation for compensation review will be made by the Chairman to the board, which will conduct a performance review.

Non-executive directors

The Board determines the non-executive director remuneration by independent market data for comparative companies.

As at the date of this report the maximum aggregate remuneration payable out of the funds of the Entity to non-executive directors of the Company for their services as directors including their service on a committee of directors is $165,000 per annum.

Non-executive directors' base fees are presently $35,000 per annum. Non-executive directors do not receive any performance related remuneration, therefore they do not receive bonuses or non-cash benefits.

Non-executive directors' retirement payments are limited to compulsory employer superannuation.

Executive directors and senior management remuneration

The company's remuneration policy directs that the remuneration package appropriately reflects the executives' duties and responsibilities and that remuneration levels attract and retain high calibre executives with the skills necessary to successfully manage the company's operations and achieve its strategic and financial objectives.

The total remuneration packages of executive directors and senior management are on a salary basis. In addition to base salary, the company has a policy of rewarding extraordinary contribution to the growth of the company with the grant of an annual discretionary cash bonus and options under the company's Employee Share Option Plan.

Executives are also entitled to be paid for their reasonable travel, accommodation and other expenses incurred in consequence in the execution of duties.

Other than the Uscom Ltd Employee Share Option Plan, the Company does not provide any other non-cash benefits in lieu of base salary to executives.

Remuneration packages for executive directors and senior executives generally consist of three components:

- Fixed remuneration which is made up of cash salary, salary sacrifice components and superannuation.
- Short term incentives
- Long term incentives which include issuing options pursuant to the Uscom Ltd Employee Share Option Plan.

Fixed remuneration

Senior executives who possess a high level of skill and experience are offered a competitive base salary. The performance of each executive will be reviewed annually. Following the review, the Company may in its sole discretion increase the salary based on that executive's performance, productivity and such other matters as the Board considers relevant.

Superannuation contribution by the Company is limited to the statutory level at 9% of wages and salaries.

Short-term incentives

The remuneration of Uscom Ltd senior executives does not include any short-term incentive bonuses as part of their employment conditions except for the National Sales Manager who on achieving a specific sales target will receive a bonus payment. The board may however approve discretionary bonuses to executives in relation to certain milestones being achieved.

Long-term incentives

The Company has adopted a Share Option Plan for the benefit of executive directors, full-time and part-time staff members employed by the Company.

In accordance with the Plan, exercise price is based on 85% of the average ASX closing price for the 5 days prior to offer/acceptance of the options. Each option is issued for a period of 4 years, which vest 25% in tranches throughout the period.

The Board, at its discretion, may approve the issue of options under the Employee Share Option Plan to senior executives. The vesting of options issued may be conditional upon the achievement of performance hurdles determined by the Board from time to time. The Board may propose the issue of options to directors, however this will be subject to shareholder approval at the Annual General Meeting.

Independent data from applicable sources may be requested by the Board to assess whether the performance hurdles have been met.

Service agreements

The Company has entered into service agreements with the Chairman and Chief Executive Officer that

- Outlines the components of remuneration payable; and
- Specifies term and termination conditions.

Details of the service agreement are as follows:

Term

The executive employment agreements are for a term of 3 years. The term of employment may be extended by the Company after the expiration of the initial 3 year term.

Each executive may not, during the term of the employment agreement, perform work for any other person, corporation or business without the prior written consent of the Company.

Termination

Despite anything to the contrary in the agreement, the Company or the executive may terminate the employment at any time by giving the other party 3 months' notice in writing.

If either the Company or the executive gives notice of termination, the Company may, at its discretion, choose to terminate the executive's employment immediately or at any time during the notice period and pay the executive an amount equal to the salary due to him for the residual period of notice at the time of termination.

Where the executive gives less than 3 months' written notice, the Company may withhold from the executive's final payment an amount equal to the shortfall in the notice period.

The employment of each executive may be terminated immediately without notice or payment in lieu in the event of any serious or persistent breach of the agreement, any serious misconduct or wilful neglect of duties, in the event of bankruptcy or any arrangement or compensation being made with creditors, on conviction of a criminal offence, permanent incapacity of the executive or a consistent failure to carry out duties in a manner satisfactory to the Company.

Directors and executives remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2008.

	Short term benefits			Post employment benefits	Equity		Total remuneration
	Directors' Base Fee $	Base salary $	Other payments $	Superannuation $	Share-based payment $	% of total	$
Non-executive director							
R Zwolenski	2,917	-	-	35,233(1)	11,162	22.6%	49,312
B Rathie	35,000	-	-	3,150	11,162	22.6%	49,312
Executive director							
R Phillips	-	145,566	-	13,101	11,162	6.6%	169,829
P Butler	-	159,697	-	14,373	6,697	3.7%	180,767
Specified executive							
D Fah	-	-	9,000(2)	-	-	-	9,000
N Schicht	-	146,000	-	13,140	6,697	4.0%	165,837
A Hughes-Jones	-	108,100	-	14,493	5,581	4.4%	128,174
Total	37,917	559,363	9,000	93,490	52,461	-	752,231

(1) $32,083 of directors' fees was sacrificed to post employment benefit during FY2008.

(2) Disbursements were made to CFO Strategic Chartered Accountants for the services provided by Mr Fah.

Directors and executives remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2007.

	Short term benefits			Post employment benefits	Equity		Total remuneration
	Directors' Base Fee $	Base salary $	Other payments $	Superannuation $	Share-based payment $	% of total	$
Non-executive director							
R Zwolenski	23,333	-	-	14,817	8,118	17.5%	46,268
B Rathie (from 1 December 06)	20,417	-	-	1,838	8,118	26.7%	30,373
Executive director							
R Phillips	-	141,284	-	12,716	8,118	5.0%	162,118
P Butler	-	155,000	-	13,950	4,871	2.8%	173,821
Specified executive							
D Fah	-	-	11,400	-	-	-	11,400
N Schicht	-	132,600	-	11,934	4,871	3.3%	149,405
A Hughes-Jones	-	114,002	-	15,591	4,059	3.0%	133,652
Total	43,750	542,886	11,400	70,846	38,155	-	707,037

Employee share option plan

The Company has adopted an employee share option plan for the benefit of executive and non-executive directors and full-time or part-time staff members employed by the Company. At the date of this Report the following options had been issued pursuant to the employee share option plan. Each option was issued for a period of 4 years and vest in tranches of 25% after 9 months, 12 months, 24 months and 36 months.

Exercise price is based on 85% of the average ASX closing price for the 5 days prior to offer/acceptance of the options, in accordance with the employee share option plan.

Number of options over ordinary shares held by directors and specified executives

	Balance	Granted	Exercised	Lapsed	Balance	Total vested
	1 July 2007 No.	During FY2008 No.	During FY2008 No.	During FY2008 No.	30 June 2008 No.	& exercisable 30 June 2008 No.
Non-executive director						
R Zwolenski	90,000	-	-	40,000	50,000	25,000
B Rathie	50,000	-	-	-	50,000	25,000
Executive director						
R Phillips	90,000	-	-	40,000	50,000	25,000
P Butler	230,000	-	-	150,000	80,000	65,000
Specified executive						
D Fah	-	-	-	-	-	-
N Schicht	137,000	-	-	80,000	57,000	42,000
A Hughes-Jones	25,000	-	-	-	25,000	12,500
Total	622,000	-	-	310,000	312,000	194,500

Details of options outstanding as at end of year

Holders No.	Grant date	Exercisable at 30 June 2008 %	Expiry date	30 June 2008 Outstanding Option No.	Exercise Price $	Issued date fair value $
1 (Director)	17 December 2004	100%	17 December 2008	50,000	2.27	0.72
1 (Advisory committee)	17 December 2004	100%	17 December 2008	30,000	2.27	0.72
8	17 December 2004	100%	17 December 2008	150,000	2.27	0.72
4 (Directors)	25 January 2007	50%	25 January 2011	180,000	0.69	0.48
1 (Advisory committee)	25 January 2007	50%	25 January 2011	30,000	0.69	0.48
11	25 January 2007	50%	25 January 2011	250,000	0.69	0.48
Total				690,000		

Further details of the options are disclosed in note 20 of the financial statements.

Number of shares held by directors and specified executives (including indirect interest)

	Balance 1 July 2007 No.	Received as Remuneration No.	Options Exercised No.	Net change Other* No.	Balance 30 June 2008 No.
Non-executive director					
R Zwolenski	225,000	-	-	-	225,000(1)
B Rathie	5,000	-	-	20,000	25,000
Executive director					
R Phillips	16,850,000	-	-	62,350	16,912,350(2)
P Butler	275,000	-	-	33,212	308,212(3)
Specified executive					
D Fah	5,000	-	-	-	5,000(4)
A Hughes-Jones	-	-	-	-	-
N Schicht	8,700	-	-	10,000	18,700(5)
Total	17,368,700	-	-	125,562	17,494,262

*Net change other refers to share purchased or sold during the financial year.
(1) All these ordinary shares are held by Z-link Pty Ltd Super Fund, Mr Zwolenski is a trustee of this fund.

(2) 60,000 of these ordinary shares are held by Northern Cardiac Sonography Pty Ltd. Mr Phillips is a Director and controller of this company.

262,350 of these ordinary shares are held by Northern Cardiac Sonography Pty Ltd as trustee for the Phillips Family Superannuation.

(3) 33,212 of these ordinary shares are held by family associate.

(4) All these ordinary shares are held by Fah Investments Ltd Partnership.

(5) 8,700 of these ordinary shares are held by family associate.

This Director's report is signed in accordance with a resolution of the board of directors.

Rob Phillips

Director

Roman Zwolenski

Director

Sydney, 25 August 2008

Auditor's Independence Declaration

Chartered Accountants
& Business Advisers

To : The Directors

Uscom Limited

As lead auditor for the audit of Uscom Limited for the year ended 30 June 2008 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Uscom Limited and the entities it controlled during the year.

Tim Sydenham

Partner

Sydney

PKF

PKF
Dated this 25th day of August 2008

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Income Statement For the financial year ended 30 June 2008

		Consolidated		Parent Entity	
Continuing operations		2008	2007	2008	2007
	Note	$	$	$	$
Revenues from ordinary activities	3	1,255,497	1,847,232	1,162,822	1,815,549
Raw materials and consumables used		(149,198)	(125,038)	(148,572)	(126,289)
Expenses from ordinary activities, excluding finance costs	4	(3,532,424)	(5,225,432)	(3,492,435)	(5,238,331)
Finance costs		-	-	-	-
Loss before income tax credit		(2,426,125)	(3,503,238)	(2,478,185)	(3,549,071)
Income tax benefit	5	251,641	306,414	251,641	306,414
Loss after income tax credit	6	(2,174,484)	(3,196,824)	(2,226,544)	(3,242,657)
Earnings per share (EPS)					
Basic earnings per share (cents per share)	7	(5.7)	(8.4)		
Diluted earnings per share (cents per share)	7	(5.7)	(8.4)		

This Income Statement is to be read in conjunction with the attached notes.

Balance Sheet As at the financial year ended 30 June 2008

		Consolidated		Parent Entity	
		2008	2007	2008	2007
	Note	$	$	$	$
Current assets					
Cash and cash equivalents	8	2,508,644	4,360,102	2,409,743	4,333,857
Trade and other receivables	9	221,409	296,845	192,321	209,653
Inventories	11	111,933	239,237	107,724	234,527
Tax assets	12	251,641	306,414	251,641	306,414
Other assets	15	60,802	98,389	55,121	91,399
Total current assets		3,154,429	5,300,987	3,016,550	5,175,850
Non-current assets					
Trade and other receivables	9	3,550	10,109	3,550	10,109
Financial assets	10	-	-	1,000	1,000
Plant and equipment	13	153,977	246,399	152,998	244,549
Intangible assets	14	447,881	377,152	447,881	377,152
Total non-current assets		605,408	633,660	605,429	632,810
Total assets		3,759,837	5,934,647	3,621,979	5,808,660
Current liabilities					
Trade and other payables	16	132,897	244,009	132,156	228,413
Short term provisions	17	145,100	126,620	145,100	126,620
Lease incentives	18	4,350	8,701	4,350	8,701
Total current liabilities		282,347	379,330	281,606	363,734
Non-current liabilities					
Long term provisions	17	71,964	54,701	71,964	54,701
Lease incentives	18	-	4,350	-	4,350
Total non-current liabilities		71,964	59,051	71,964	59,051
Total liabilities		354,311	438,381	353,570	422,785
Net assets		3,405,526	5,496,266	3,268,409	5,385,875
Equity					
Issued capital	19	16,644,265	16,644,265	16,644,265	16,644,265
Options reserve	20	864,765	755,687	864,765	755,687
Accumulated losses	6	(14,142,728)	(11,968,244)	(14,240,621)	(12,014,077)
Translation reserve	21	39,224	64,558	-	-
Total equity		3,405,526	5,496,266	3,268,409	5,385,875

This Balance Sheet is to be read in conjunction with the attached notes.

Statement of Changes in Equity For the financial year ended 30 June 2008

Parent Entity	Issued capital $	Options Reserve $	Accumulated Losses $	Translation Reserve $	Total $
Balance at 1 July 2006	16,644,265	636,422	(8,771,420)	-	8,509,267
Loss from continuing operations	-	-	(3,242,657)	-	(3,242,657)
Share-based payments	-	119,265	-	-	119,265
Balance at 30 June 2007	16,644,265	755,687	(12,014,077)	-	5,385,875
Loss from continuing operations	-	-	(2,226,544)	-	(2,226,544)
Share-based payments	-	109,078	-	-	109,078
Translation reserve	-	-	-	-	-
Balance at 30 June 2008	16,644,265	864,765	(14,240,621)	-	3,268,409

Consolidated	Issued capital $	Options Reserve $	Accumulated Losses $	Translation Reserve $	Total $
Balance at 1 July 2006	16,644,265	636,422	(8,771,420)	-	8,509,267
Loss from continuing operations	-	-	(3,196,824)	-	(3,196,824)
Share-based payments	-	119,265	-	-	119,265
Translation reserve	-	-	-	64,558	64,558
Balance at 30 June 2007	16,644,265	755,687	(11,968,244)	64,558	5,496,266
Loss from continuing operations	-	-	(2,174,484)	-	(2,174,484)
Share-based payments	-	109,078	-	-	109,078
Translation reserve	-	-	-	(25,334)	(25,334)
Balance at 30 June 2008	16,644,265	864,765	(14,142,728)	39,224	3,405,526

This Statement of Changes in Equity is to be read in conjunction with the attached notes.

		Consolidated		Parent Entity	
		2008	2007	2008	2007
	Note	$	$	$	$
Cash flows from operating activities					
Receipts from customers		958,474	1,025,867	654,882	905,114
Interest received		214,005	367,348	214,005	367,348
Payments to suppliers and employees		(3,243,840)	(5,124,267)	(3,016,010)	(5,031,644)
Grant received		93,757	123,929	93,757	123,929
Income tax receipt		306,414	340,972	306,414	340,972
Net cash used in operating activities	22(b)	(1,671,190)	(3,266,151)	(1,746,952)	(3,294,281)
Cash flows from investing activities					
Purchase of patents and trademarks		(175,750)	(127,362)	(175,750)	(127,362)
Purchase of plant and equipment		(1,412)	(23,364)	(1,412)	(20,479)
Purchase of investment		-	-	-	(1,000)
Proceeds from investment		-	554,202	-	554,202
Proceeds from asset disposal		-	455	-	455
Net cash provided by / (used in) investing activities		(177,162)	403,931	(177,162)	405,816
Cash flows from financing activities					
Net cash used in financing activities		-	-	-	-
Net decrease in cash held		(1,848,352)	(2,862,220)	(1,924,114)	(2,888,465)
Cash and cash equivalents at the beginning of the year		4,360,102	7,222,322	4,333,857	7,222,322
Exchange rate adjustment for opening balance		(3,106)	-	-	-
Cash and cash equivalents at the end of the year	22(a)	2,508,644	4,360,102	2,409,743	4,333,857

This Statement of Cash Flows is to be read in conjunction with the attached notes.

Note 1: Adopting of new and revised accounting standard

In the current year, the Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2007.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB Standard 7 'Financial Instruments'	1 January 2007	30 June 2008
AASB Interpretation 4 'Determining whether an Arrangement contains a Lease (revised)'	1 January 2008	30 June 2008
AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2008
AASB Interpretation 129 'Service Concession Arrangements: Disclosures (revised)'	1 January 2008	30 June 2008

Adoption of the above Standards and Interpretations does not have material impact on the entity's financial report as the entity has no current or expected arrangements which would fall within the scope of this interpretation.

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 8 'Operating Segments'	1 January 2009	30 June 2009
AASB 101 'Presentation of Financial Statements (Amended)'	1 January 2009	30 June 2009
AASB 123 'Borrowing Cost (Amended)'	1 January 2009	30 June 2009
AASB 3 'Business Combinations (Amended)'	1 July 2009	30 June 2010
AASB 127 'Consolidated and Separate Financial Statements (Amended)'	1 July 2009	30 June 2010
AASB 2008-1 'Amendments to Australian Accounting Standards: Share-Base Payments: Vesting conditions and Cancellations'	1 January 2009	30 June 2009
AASB 2008-2 'Amendments to Australian accounting Standards: Puttable Financial Instruments and Obligations arising on Liquidation'	1 July 2009	30 June 2010
AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009

Note 1: Adopting of new and revised accounting standard (continued)

AASB Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. It will not affect any of the amounts recognised in the financial statements.

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

The revised AASB 101 issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or a reclassification of items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period.

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1& 12)

The revised AASB 123 has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial statements of the Consolidated Entity.

Revised AASB 3 Business Combinations

A revised AASB 3 was issued in March 2008. There are a number of changes in this standard. For example, it requires the expensing of transaction cost relating to acquisitions. Currently these costs are included in the cost of acquisitions. It is not expected to have any impact on the financial statements of the Consolidated Entity.

AASB 127 Consolidated and Separate Financial Statements (Amended)

The revised AASB 127 requires an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. It also requires to specify how an entity measures any gain or loss arising on the loss of control of a subsidiary. Any such gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. There will be no impact on the Consolidated Entity's financial statements as the Consolidated Entity does not have non-controlling interests in other entities.

AASB 2008-1 Share-based Payments

The revised AASB 2008-1 clarifies that vesting conditions comprise service conditions and performance conditions only and that other features of a share-based payment transaction are not vesting conditions. It also specify that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Consolidated Entity and its Employee Share Option Plan have complied with the Standard therefore, adoption of the revised AASB 2008-1 will not result in a change in accounting policy, no impact on the financial statements.

AASB 2008-2 Puttable Financial Instruments

AASB 2008-2 introduces an exception to the definition of financial liability to classify as equity instruments certain puttable financial instruments and certain instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation of the equity. As the Consolidated Entity does not operate on puttable financial instruments there will be no impact on the financial statements of the Consolidated Entity.

AASB Interpretation 13 Customer Loyalty Programmes

AASB Interpretation 13 provides guidance on the accounting for customer loyalty programmes and requires that the fair value of the consideration received/receivable in respect of a sale transaction is allocated between the award credits and the other components of the sale. The Consolidated Entity does not operate any customer loyalty programmes. AASB Interpretation 13 will have no impact on the Consolidated Entity's financial statements.

Note 2: Statement of significant accounting policies

(a) Introduction
The financial report covers the economic entity of Uscom Ltd and its controlled entity, and Uscom Ltd as an individual parent entity. Uscom Ltd is a listed public company, incorporated and domiciled in Australia.

Operations and principal activities
Uscom Ltd is engaged in the development, design, manufacture and marketing of non-invasive cardiac monitoring devices. Uscom Ltd owns a portfolio of intellectual property relating to the technology and techniques associated with these devices and manages a worldwide network of distribution partners for the sale of its equipment to hospitals and other medical care locations.

Scope of financial statements
The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated Entity financial report conforms with International Financial Reporting Standards (IFRS).

Currency
The financial report is presented in Australian dollars, which is the parent company's functional and presentational currency.

Reporting period
The financial report is presented for the year ended 30 June 2008. The comparative reporting period was for the year ended 30 June 2007.

Comparatives
Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Registered office
Level 7, 10 Loftus Street, Sydney NSW 2000.

Authorisation of financial report
The financial report was authorised for issue on 25th August 2008 by the Directors.

(b) Overall policy
The principal accounting policies adopted by the Consolidated Entity are stated in order to assist in the general understanding of the financial report.

(c) Significant judgment and key assumptions
The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Entity.

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

(d) Financial assets and financial liabilities
Financial assets and financial liabilities are recognised on the balance sheet when the Consolidated Entity becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Note 2: Statement of significant accounting policies (continued)

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.

Financial assets not measured at fair value comprise loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost using the effective interest method.

Available-for-sale financial assets include other financial assets, comprising investments in subsidiaries, not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities comprise of trade and other payables, provisions and borrowings are measured at amortised cost using the effective interest method.

Trade accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or uncollectibility.

Financial assets, other than those at fair value through profit or loss, are reassessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asst the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows. Discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is revered through profit and loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(e) Principles of consolidation

A controlled entity is any entity Uscom Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in note 24 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting polices of subsidiaries have been changed where necessary to ensure consistencies with those polices applied by the parent entity.

Note 2: Statement of significant accounting policies (continued)

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting dates. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and are recognised in income statement on disposal of the foreign operation.

(f) Foreign currency transactions and balances
All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit or loss from ordinary activities as they arise.

(g) Revenue recognition
(i) Sale of goods
Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer and when the other contractual obligations of the entity are performed.
(ii) Revenue from rendering of services
Rendering of services consists of training, repair and product maintenance supplied to customers. Revenue is recognised when contractual obligations are expired and services are provided.
(iii) Interest revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
(iv) Government grants
Government grants revenue is recognised when earned.

(h) Inventories
Inventories are measured at the lower of cost or net realisable value. Costs are assigned on the basis of weighted average costs. Cost comprises all costs of purchase and conversion and an appropriate proportion of fixed and variable overheads, net of settlement discounts. Overheads are applied on the basis of normal operative capacity. The costs are recognised when materials are delivered to the Consolidated Entity.

(i) Property, plant and equipment
Property, plant and equipment are included at cost. Assets in plant and equipment (except for capitalised leased assets) are depreciated on a straight line basis over their estimated useful lives covering a period of two to seven years.

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss in the Income Statement.

(j) Intangibles
Patents and Trademarks are valued in the financial statements at cost of acquisition less accumulated amortisation and are amortised on a straight-line basis over 8 years.

(k) Impairment of assets
At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. In assessing value in use, the estimated future cash flows discounted to their present value using a pre-tax discount rate.

Note 2: Statement of significant accounting policies (continued)

(l) Leases
Lease of assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Consolidated Entity were classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are amortised on a straight-line basis over their estimated useful lives where it is likely that the Consolidated Entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefits are diminished.

Lease incentives under operating leases are recognised as liabilities. The incentives are recognised as a reduction of expenses on a straight line basis unless another systematic basis is more representative of the time pattern in which benefits are diminished.

(m) Cash and cash equivalents
Cash and cash equivalents comprise:
(i) Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
(ii) Investments in money market instruments; and
(iii) Cash in transit.

(n) Investments
Investments in controlled entities are carried at the lower of cost and recoverable amount.

(o) Research & development expenditure
Research & development costs are charged to profit or loss as incurred, or deferred where it is probable that sufficient future benefits will be derived so as to recover those deferred costs.

(p) Foreign currency transactions and balances
Foreign currency transactions during the year are converted to Australian dollars at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance sheet date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit or loss from ordinary activities as they arise.

(q) Income tax
Income taxes are accounted for using the balance sheet liability method whereby:
- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expenses except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

The change for current income tax expenses is based on the profit or loss for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Note 2: Statement of significant accounting policies (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settle. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(r) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered. They comprise wages, salaries, social security obligations, short-term compensation absences, profit sharing and bonuses payables within 12 months and non-mandatory benefits such as medical care, housing, car and service goods.

The provision for employee entitlements to wages, salaries and annual leave represents the amount that the Group has a present obligation to pay resulting from employee services provided up to balance date. The provision has been calculated after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures and includes related on-costs.

The undiscounted amount of short-term benefits expected to be paid is recognised as an expense.

(s) Long term employee benefits

Long term employee benefits include long-service leave, long-term disability benefits, deferred compensation and profit sharing and bonuses payable 12 months or more after the end of the period in which employee service are rendered.

Uscom Ltd has adopted an employee share option plan for the benefit of executive and non-executive directors and full-time or part-time staff members employed by the Company.

(t) Share-based payment arrangement

Goods or services received or acquired in a share-based payment transaction are recognised as a increase in equity if the goods or services were received in an equity-settled share based payment transaction or as a liability if the goods and services were acquired in a cash settled share based payment transaction.

For equity-settled share based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted.

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of balance sheet are shown inclusive of GST.

(v) Receivables

Trade accounts receivables and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provision for doubtful accounts. An estimated doubtful debt is made when collection of the full amount is no longer probable.

Note 2: Statement of significant accounting policies (continued)

(w) Contingent liabilities

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

(x) Warranties

Provision is made in respect of the Consolidated Entity's estimated liability on all products and services under warranty at balance date. The provision is measured at the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the Consolidated Entity's history of warranty claims.

(y) Events after the balance sheet date

Assets and liabilities are adjusted for events incurring after the balance date that provide evidence of conditions existing at the balance date. Important after balance date events which do not meet these criteria are disclosed in Note 29 to the financial statements.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Note 3: Revenue				
Operating revenue				
Sale and rental of goods	959,082	871,263	866,407	839,580
Non-operating revenue				
Interest received	202,658	326,238	202,658	326,238
Grants received - export market development grant	89,533	114,844	89,533	114,844
Grants received - hospital research	-	4,875	-	4,875
Grants received - VAT return	3,098	5,138	3,098	5,138
Income tax credit in relation to 2006 claim	-	71,629	-	71,629
Gain on disposal of investment	-	454,172	-	454,172
Loss on disposal of plant and equipment	-	(927)	-	(927)
Other income	1,126	-	1,126	-
Total other income	296,415	975,969	296,415	975,969
Total revenues from continuing operations	1,255,497	1,847,232	1,162,822	1,815,549
Note 4: Expenses from ordinary activities, excluding finance costs				
Depreciation and amortisation expenses	142,638	191,642	141,936	190,755
Impairment of patents	56,048	-	56,048	-
Employee benefits expense	1,664,603	2,157,512	1,476,890	1,789,304
Research and development expenses	473,742	519,875	473,742	519,875
Advertising and marketing expenses	570,320	1,550,029	395,253	1,059,034
Occupancy expenses	141,286	135,163	134,319	129,838
Auditors remuneration (audit)	37,500	36,000	37,500	36,000
Auditors remuneration (audit review)	16,000	14,000	16,000	14,000
Regulatory expenses	72,401	60,390	70,471	60,390
Bad debt expenses	72,278	-	422,174	915,164
Administrative expenses	269,633	447,581	252,127	410,731
Exchange losses	15,975	113,240	15,975	113,240
Total expenses from ordinary activities, excluding finance costs	3,532,424	5,225,432	3,492,435	5,238,331
Operating lease expenses of $132,484 in 2008 (2007: $125,317) are included in occupancy expenses above				
Note 5: Income tax credit				
Major components of income tax credit				
Current income tax credit	251,641	306,414	251,641	306,414
Income tax credit	251,641	306,414	251,641	306,414
Reconciliation between income tax credit and prima facie tax on accounting loss				
Accounting loss before income tax	(2,426,125)	(3,503,238)	(2,478,185)	(3,549,071)
Tax at 30% in Australia, 15% in USA (2007:30% in Australia)	(794,775)	(1,192,176)	(743,456)	(1,064,721)
Prospectus costs	(81,299)	(90,377)	(81,299)	(90,377)
Tax effect on non deductible expenses	355,477	325,407	355,046	324,957
Temporary differences	25,197	18,999	25,197	18,999
Deferred tax asset not brought to account	495,400	938,147	444,512	811,142
Research and development tax offset	251,641	306,414	251,641	306,414
Income tax credit	251,641	306,414	251,641	306,414

Note 5: Income tax credit (continued)

As at 30 June 2008, the Consolidated Entity had estimated unrecouped operating income tax losses of $11,585,642 (2007: $9,764,679). The benefit of these losses of $3,424,804 (2007: $3,056,409) has not been brought to account as realisation is not probable.

The benefit will only be obtained if:

(i) The Consolidated Entity derives future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to e realised;

(ii) The Consolidated Entity continues to comply with the conditions for deductibility imposed by the law;

(iii) No changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deduction for the losses.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Note 6: Accumulated losses				
Accumulated losses at the beginning of the financial year	(11,968,244)	(8,771,420)	(12,014,077)	(8,771,420)
Net loss attributable to members of the Entity	(2,174,484)	(3,196,824)	(2,226,544)	(3,242,657)
Accumulated losses at the end of the financial year	(14,142,728)	(11,968,244)	(14,240,621)	(12,014,077)
Note 7: Earnings per share				
Loss after tax used in calculation of basic and diluted EPS	2,174,484	3,196,824		
	Number	Number		
Weighted average number of ordinary shares during the year used in calculation of basic EPS	38,000,000	38,000,000		
Weighted average number of options outstanding	-			
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	38,000,000	38,000,000		
Basic earnings per share (cents per share)	(5.7)	(8.4)		
Diluted earnings per share (cents per share)	(5.7)	(8.4)		

There have been no issues of ordinary shares between the balance sheet date and the date of this report.

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Note 8: Cash and cash equivalents				
Cash on hand	208	277	208	277
Bank: Cheque accounts	485,451	189,143	386,551	162,898
Bank: Cash management	49,127	59,801	49,127	59,801
Bank: Term deposits	1,528,167	2,526,469	1,528,167	2,526,469
Bank: Deposit at call	445,690	1,584,412	445,690	1,584,412
Total cash and cash equivalents	2,508,644	4,360,102	2,409,743	4,333,857
Note 9: Trade and other receivables				
Current				
Trade receivables	221,409	296,845	192,321	209,653
Total current receivables	221,409	296,845	192,321	209,653
Non-current				
Rental bond	3,550	7,109	3,550	7,109
Trade receivables	-	3,000	-	3,000
Total non-current receivables	3,550	10,109	3,550	10,109

Trade receivables are non-interest bearing and on an average of 55 day terms. Details of trade receivables due but not impaired are disclosed in Note 23.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Note 10: Financial assets				
Non-current				
Unlisted investment at cost				
-Shares in controlled entities – Uscom, Inc,	-	-	1,000	1,000
Total financial assets	-	-	1,000	1,000
Note 11: Inventories				
Current inventories at cost				
Raw materials	53,967	152,961	53,967	152,961
Finished products	57,966	86,276	53,757	81,566
Total inventories	111,933	239,237	107,724	234,527
Note 12: Tax assets				
Income tax credit	251,641	306,414	251,641	306,414
Total tax asset	251,641	306,414	251,641	306,414
Note 13: Plant and equipment				
Plant and equipment at cost	498,127	497,530	495,772	494,859
Accumulated depreciation	(359,526)	(278,911)	(358,150)	(278,090)
	138,601	218,619	137,622	216,769
Office furniture and equipment at cost	59,166	59,166	59,166	59,166
Accumulated depreciation	(49,424)	(42,120)	(49,424)	(42,120)
	9,742	17,046	9,742	17,046
Computer software at cost	19,750	19,750	19,750	19,750
Accumulated depreciation	(17,591)	(15,632)	(17,591)	(15,632)
	2,159	4,118	2,159	4,118
Low value asset pool at cost	29,984	29,485	29,984	29,485
Accumulated depreciation	(26,509)	(22,869)	(26,509)	(22,869)
	3,475	6,616	3,475	6,616
Total plant and equipment	153,977	246,399	152,998	244,549

Movements in carrying amounts	Plant and equipment $	Office furniture $	Computer software $	Low value asset pool $
Useful life	2-7 years	2-7 years	3 years	3 years
Parent company				
Opening value at 1 July 2007	216,769	17,046	4,118	6,616
Additions	913	-	-	499
Disposals	-	-	-	-
Depreciation expense	(80,060)	(7,304)	(1,959)	(3,640)
Carrying amount at 30 June 2008	137,622	9,742	2,159	3,475

Note 13: Plant and equipment (continued)	Plant and equipment $	Office furniture $	Computer software $	Low value asset pool $
Useful life	2-7 years	2-7 years	3 years	3 years
Consolidated Entity				
Opening value at 1 July 2007	218,619	17,046	4,118	6,616
Additions	913	-	-	499
Disposals	-	-	-	-
Depreciation expense	(80,760)	(7,304)	(1,959)	(3,640)
Effects of foreign currency exchange differences	(171)	-	-	-
Carrying amount at 30 June 2008	138,601	9,742	2,159	3,475

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Note 14: Intangible assets				
Non-current				
Patents at cost	499,787	372,425	499,787	372,425
Additions	175,750	127,361	175,750	127,361
Impairment at cost	(80,942)	-	(80,942)	-
Accumulated amortisation	(146,714)	(122,634)	(146,714)	(122,634)
Carrying amount at 30 June 2008	447,881	377,152	447,881	377,152
Movements in carrying amounts				
Balance at beginning of the year	377,152	291,929	377,152	291,929
Additions	175,750	127,361	175,750	127,361
Amortisation	(48,973)	(42,138)	(48,973)	(42,138)
Impairment	(56,048)	-	(56,048)	-
Carrying amount at 30 June 2008	447,881	377,152	447,881	377,152

The management of the Company has assessed the value of the Intellectual Properties relating to the Uscom technology patented globally. Based on this assessment management has identified a number of patents that may not generate an economic return in the near future. As a result an impairment of $56,048 has been recognised.

	2008 $	2007 $	2008 $	2007 $
Note 15: Other current assets				
Current				
GST receivable	12,373	22,862	12,373	22,862
Accrued interest income	-	11,347	-	11,347
Prepayments	48,429	64,180	42,748	57,190
Total other current assets	60,802	98,389	55,121	91,399
Note 16: Trade and other payables				
Current				
Trade payables	44,670	77,604	43,929	77,192
Sundry payables and accrued expenses	48,054	72,699	48,054	57,515
Employee related payables	40,173	93,706	40,173	93,706
Total payables	132,897	244,009	132,156	228,413
Note 17: Provisions				
Short term				
Provision for annual leave	145,100	126,620	145,100	126,620
	145,100	126,620	145,100	126,620

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Note 17: Provisions (continued)				
Long term				
Provision for long service leave	68,389	49,273	68,389	49,273
Provision for warranties	3,575	5,428	3,575	5,428
	71,964	54,701	71,964	54,701
(a) Aggregate employee benefits	213,489	175,893	213,489	175,893
(b) Movement in employee benefits				
Balance at beginning of the year	175,893	164,389	175,893	164,389
Additional provision	145,082	117,712	145,082	117,712
Amounts used	(107,486)	(106,208)	(107,486)	(106,208)
Balance at end of the year	213,489	175,893	213,489	175,893
	Number	Number	Number	Number
(c) Number of employees at year-end	23	24	22	20
Note 18: Lease incentives				
Current	4,350	8,701	4,350	8,701
Non-current	-	4,350	-	4,350
Total lease incentives	4,350	13,051	4,350	13,051
Note 19: Issued capital				
Issued capital				
Fully paid ordinary shares	16,644,265	16,644,265	16,644,265	16,644,265
Total contributed equity	16,644,265	16,644,265	16,644,265	16,644,265
Movement in issued capital				
Shares on issue at the beginning of the year	16,644,265	16,644,265	16,644,265	16,644,265
Ordinary shares at the end of the year	16,644,265	16,644,265	16,644,265	16,644,265
Fully paid ordinary shares	Number	Number	Number	Number
Ordinary shares at the beginning of the year	38,000,000	38,000,000	38,000,000	38,000,000
Total ordinary shares at the end of the year	38,000,000	38,000,000	38,000,000	38,000,000

The company's authorised share capital amounted to 38,000,000 ordinary shares of no par value.

Fully paid ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, or via a show of hands.

There have been no issues of ordinary shares between the balance sheet date and the date of this report.

Note 20: Employee share option plan

The Company has adopted an employee share option plan for the benefit of executive and non-executive directors and full-time or part-time staff members employed by the Company. At the date of this Report the following options had been issued pursuant to the employee share option plan. Each option was issued for a period of 4 years and vest in tranches of 25% after 9 months, 12 months, 24 months and 36 months.

Exercise price is based on 85% of the average ASX closing price for the 5 days prior to offer/acceptance of the options, in accordance with the employee share option plan.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Note 20: Employee share option plan (continued)				
Effect of share-based payment transactions				
Options reserve balance at the beginning of the year	755,687	636,422		
Expenses arising from share-based payment transactions	109,078	119,265		
Options reserve balance at the end of the year	864,765	755,687		
Movement during the financial year	Number of Options 2008	Weighted average exercise price	Number of options 2007	Weighted average exercise price
Opening number of options	1,355,000	$1.57	1,037,000	$2.08
Granted during the financial year	-	-	505,000	$0.69
Lapsed during the financial year	(665,000)	$1.93	(187,000)	$2.02
Exercised during the financial year	-	-	-	-
Closing number of options	690,000	$1.22	1,355,000	$1.57

Details of options outstanding as at end of year

Holders No.	Grant date	% Exercisable at 30 June 2008	Expiry date	30 June 2008 Outstanding Option No.	Exercise Price $	Fair value at issued date $
1 (Director)	17 December 2004	100%	17 December 2008	50,000	2.27	0.72
1 (Advisory committee)	17 December 2004	100%	17 December 2008	30,000	2.27	0.72
8	17 December 2004	100%	17 December 2008	150,000	2.27	0.72
4 (Directors)	25 January 2007	50%	25 January 2011	180,000	0.69	0.48
1 (Advisory committee)	25 January 2007	50%	25 January 2011	30,000	0.69	0.48
11	25 January 2007	50%	25 January 2011	250,000	0.69	0.48
Total				690,000		

Fair value

Fair value was measured using Blackscholes and the inputs to it were as follows:

Weighted average share price	Range from $0.8 to $2.71
Exercise price	460,000 at $0.69 to 230,000 at $2.27
Option life	4 years
Risk-free interest rate	Range from 5.4% to 6.31%
Expected dividends	0
Expected volatility*	65%

* Historical volatility has been the basis for determining the expected share price volatility as it is assumed that it is indicative of the future trade, which may not eventuate.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Note 21: Translation reserve				
Opening balance	64,558	-	-	-
Translation of financial statements of foreign controlled entity	(25,334)	64,558	-	-
Closing balance	39,224	64,558	-	-
Note 22: Cash flow information				
(a) Reconciliation of cash				
Cash at bank and on hand	2,508,644	4,360,102	2,409,743	4,333,857
Total cash at end of year	2,508,644	4,360,102	2,409,743	4,333,857
(b) Reconciliation of cash flow from operations to loss from continuing operations after income tax				
Loss from continuing operations after income tax	(2,174,484)	(3,196,824)	(2,226,544)	(3,242,657)
Non cash flows in loss from continuing operations				
Depreciation	93,665	149,504	92,963	148,617
Amortisation	48,973	42,138	48,973	42,138
Impairment of patents	56,048	-	56,048	-
Bad debts write off	(69,458)	-	(31,020)	-
Options reserve	109,078	119,265	109,078	119,265
Gain on disposal of equity investments	-	(454,172)	-	(454,172)
Loss on disposal of equipment	-	927	-	927
Translation reserve	(22,060)	70,960	-	-
(Increase)/Decrease in assets				
Trade debtors	147,894	161,547	51,352	248,739
Inventories	127,304	(32,814)	126,802	(28,104)
Prepayments	15,751	94,715	14,442	101,705
Income tax	54,773	(37,071)	54,773	(37,071)
Accrued income	11,347	41,110	11,347	41,110
GST assets	10,489	(12,699)	10,489	(12,699)
Bond deposits	3,559	(3,559)	3,559	(3,559)
Increase/(Decrease) in liabilities				
Trade payables	(32,934)	(230,866)	(33,263)	(231,278)
Sundry payables and accrued expenses	(24,645)	24,808	(9,461)	9,624
Employee related payables	(53,533)	(17,141)	(53,533)	(17,141)
Employee provisions	37,597	11,504	37,597	11,504
Other provisions	(10,554)	2,517	(10,554)	8,771
Cash flow from operations	(1,671,190)	(3,266,151)	(1,746,952)	(3,294,281)

Note 23: Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(b) Capital risk management

The Consolidated Entity manages its capital to ensure that companies in the Consolidated Entity are able to continue as a going concern whilst retaining an optimal debt to equity balance. The capital structure of the entity consists of cash and cash equivalents (Note 8 on page37) and equity attributable to entity holders of the parent, comprising issued capital (Note 19 on page40), and Accumulated losses (Note 6 on page37).

(c) Financial instruments

At 30 June 2008, there were no outstanding contracts.

Note 23: Financial instruments (continued)

(d) Financial risk management objectives
The Consolidated Entity's principal financial instruments are cash and term deposit accounts. Its financial instruments risk is with interest rate risk on its cash and term deposits and liquidity risk for its term deposits.

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The board is updated monthly by management as to the amounts of funds available to the company from either cash in the bank or term deposits, and continually monitors interest rate movement.

(e) Foreign currency risk management
The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Consolidated Entity does not have any forward foreign exchange contracts as at 30 June 2008 and is exposed to foreign currency risk on sales and purchased dominated in a currency other than Australian dollars.

The currencies given rise to this risk is primarily the US dollars and Euros. The Consolidated Entity incurs costs in US dollars for its US operations which provide a natural hedge for income denominated in US dollars.

The carrying amount of the Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	US$	US$	US$	US$
Cash	194,151	22,648	98,949	374
Current trade debtors	116,926	179,600	88,926	105,600
Non current receivables	900	900	900	900
Current trade creditors	14,550	433	13,836	83
	€	€	€	€
Cash	168,101	98,562	168,101	98,562
Current trade debtors	59,095	37,820	59,095	37,820
Current trade creditors	-	-	-	-

(f) Foreign currency sensitivity
The Consolidated Entity is mainly exposed to exchange rate risks arising from movements in US dollars and Euros against the Australian dollars, and the US dollars from the translation of the operations of its controlled entity.

The analysis below demonstrates the impact of a 10% and 5% movement of US dollar and Euro rates respectively against the Australian dollar with all other variables held constant. 10% and 5% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Profit/Loss - increase 10% (USD) and 5% (EURO)	(61,668)	(35,742)	(32,312)	(16,908)
-decrease 10% (USD) and 5% (EURO)	61,668	35,742	32,312	16,908

(g) Interest rate risk management
The Consolidated Entity does not have any external loans or borrowings as at 30th June 2008 and is not exposed to interest rate risks related to debt.

Note 23: Financial instruments (continued)

The Consolidated Entity is exposed to interest rate risk as companies in the Consolidated Entity hold cash and term deposits at both fixed and floating interest rates. The risk is managed by the Consolidated Entity maintaining an appropriate mix between both rates.

Management continually monitor its cash requirements through forecasts and cash flow projections and move funds between fixed and variable interest instruments to hold the maximum about possible in instruments which pay the greater rate of interest. This limits the about of risk associated with setting a policy on the mix of funds to be held in fixed or variable interest rate instruments.

(h) Interest rate sensitivity
A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Profit/Loss – increase 100 basis points	20,266	32,624	20,266	32,624
– decrease 100 basis points	(20,266)	(32,624)	(20,266)	(32,624)

(i) Credit risk management
Credit risk represents the loss that would be recognised if counterparties defaulted on its contractual obligations. The Consolidated Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually. Ongoing credit evaluation is also performed on the financial condition of accounts receivable.

The Consolidated Entity does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics; because the current major counterparties are alliance distributors and public hospitals with approved funds available prior to purchases under most circumstances.

The credit risk on financial assets of the Consolidated Entity have been recognised on the balance sheet, is the carrying amount, net of any allowance for doubtful debts. Credit risk in respect of cash and deposit is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Past due but not impaired	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
0 – 45 days	84,637	21,209	84,637	11,783
46 – 90 days	-	5,185	-	1,650
Over 90 days	31,003	113,682	31,003	96,008
Total	115,640	140,076	115,640	109,441

Management considers this to be recoverable based on the continuing work with the parties involved and the progress they have made in the market, and the recognised long lead time associated with selling capital item, hence no impairment allowance is required.

(j) Liquidity risk management
The objective for managing liquidity risk is to ensure the business has sufficient working capital or access to working capital as and when required.

The Consolidated Entity limits its exposure to liquidity risk by holding the majority of its assets in cash or term deposits which can be quickly converted to cash if required.

Note 23: Financial instruments (continued)

The carrying amounts of financial assets and financial liabilities recorded at cost approximate their fair values.

The following table details the Company and the Consolidated Entity's remaining contractual maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on the undiscounted cash flows expected to be received/paid by the Consolidated Entity.

Consolidated			Fixed interest rate maturing			
	Weighted Average effective interest Rate %	Floating interest $	Within 1 year $	1 to 5 years $	Non-interest bearing $	Total $
2008						
Financial assets						
Cash	7.2	980,477	1,500,000	28,167	-	2,508,644
Trade debtors		-	-	-	221,409	221,409
Receivables	6.5	-	-	3,550	12,373	15,923
Total financial assets		980,477	1,500,000	31,717	233,782	2,745,976
Financial liabilities						
Trade creditors		-	-	-	44,670	44,670
Payables		-	-	-	88,227	88,227
Total financial liabilities		-	-	-	132,897	132,897
Net financial assets		980,477	1,500,000	31,717	100,885	2,613,079
2007						
Financial assets						
Cash	5.8	1,833,633	2,500,000	26,469	-	4,360,102
Trade debtors		-	-	3,000	296,845	299,845
Receivables	6.5	-	-	7,109	34,209	41,318
Total financial assets		1,833,633	2,500,000	36,578	331,054	4,701,265
Financial liabilities						
Trade creditors		-	-	-	77,604	77,604
Payables		-	-	-	166,405	166,405
Total financial liabilities		-	-	-	244,009	244,009
Net financial assets		1,833,633	2,500,000	36,578	87,045	4,457,256

	2008 $	2007 $
Net financial assets as above	2,613,079	4,457,256
Non financial assets and liabilities		
Current tax receivable	251,641	306,414
Inventories	111,933	239,237
Prepayments	48,429	64,180
Plant and equipment	153,977	246,399
Intangible assets	447,881	377,152
Provisions	(217,064)	(181,321)
Lease incentive	(4,350)	(13,051)
Net assets per Balance Sheet	3,405,526	5,496,266

Note 24: Related party disclosures

Transactions between related parties are on normal commercial terms and conditions, no more favorable than those available to other parties unless otherwise stated.

Parent and controlled entity

Parent Entity

Significant investments in subsidiaries:	Uscom, Inc.
Country of subsidiary incorporation:	U.S.A
Proportion of ownership interest:	100%

Consolidated

The parent and ultimate parent entity within the group is Uscom Ltd.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Transactions between related parties				
Parent				
Sales to Uscom, Inc.	-	-	200,882	183,229
Intercompany loan to Uscom, Inc.	-	-	391,154	915,164
Provision for doubtful debts	-	-	(391,154)	(915,164)
Outstanding balance	-	-	-	-
Subsidiary				
Purchase from Uscom Ltd	-	-	200,882	183,229
Intercompany loan provided by Uscom Ltd	-	-	391,154	915,164
Other related parties				
Transactions between CFO Strategic Chartered Accountants				
As a Company Secretary and Chief Financial Officer of Uscom Ltd, Mr Fah provides services to the Company through CFO Strategic Chartered Accountants.				
Services rendered	9,000	11,400	9,000	11,400

Key management personnel

The following were key management personnel of the Consolidated Entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

Roman Zwolenski, Non-executive Director

Bruce Rathie, Non-executive Director

Executive directors

Rob Phillips, Executive Director, Chairman

Paul Butler, Executive Director, Chief Executive Officer

Senior executives

Daniel Fah, Chief Financial Officer, Company Secretary

Nick Schicht, General Manager

Ali Hughes-Jones, Marketing Executive, Europe

For further remuneration information of key management personnel refer to the remuneration report in the Directors' report on pages 18 to 22.

The aggregate compensation made to directors and other members of key management personnel of the company and the Consolidated Entity is set out below:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Note 24: Related party disclosures (continued)				
Short-term employee benefits	597,280	586,636	597,280	586,636
Post-employment benefits	93,490	70,846	93,490	70,846
Other payments	9,000	11,400	9,000	11,400
Share-based payment	52,461	38,155	52,461	38,155
Total key management personnel remuneration	752,231	707,037	752,231	707,037
Note 25: Commitments				
Operating lease commitments				
Operating commitments represent payments due for office rentals and have an average term of 3 years.				
Less than 1 year	65,611	122,221	65,611	122,221
Between 1 and 5 years	-	58,142	-	58,142
Total operating commitments	65,611	180,363	65,611	180,363
Note 26: Auditors' remuneration				
Audit of financial report	37,500	36,000	37,500	36,000
Review of financial report	16,000	14,000	16,000	14,000
Non-audit services	-	10,670	-	10,670
Total auditors' remuneration	53,500	60,670	53,500	60,670

Note 27: Segment information

Primary segment information

The Consolidated Entity operates in the health product industry.

Secondary segment information – Geographical segment

	Australia	Asia	USA	Europe	Unallocated	Eliminated	Consolidated
	$	$	$	$	$	$	$
2008							
Sales to external customers	254,775	216,472	273,106	214,729	-	-	959,082
Other revenues	1,126	-	-	3,098	292,191	-	296,415
Total segment revenues	255,901	216,472	273,106	217,827	292,191	-	1,255,497
Segment expenses	455,861	98,356	458,984	316,776	2,742,799	(391,154)	3,681,622
Segment result	(199,960)	118,116	(185,878)	(98,949)	-	-	(2,426,125)
Income tax credit							251,641
Consolidated loss from ordinary activities after income tax credit							(2,174,484)
Segment assets	341,750	35,920	273,877	146,642	4,267,968	(1,306,319)	3,759,838
Segment liabilities	340,455	13,115	1,307,060	-	-	(1,306,319)	354,311
Acquisition of property, plant and equipment, intangible	19,209	14,199	61,652	80,220	1,882	-	177,162
Impairment of patents	35,484	-	-	20,564	-	-	56,048
Depreciation and amortisation	97,922	3,957	17,881	22,353	524	-	142,638

Note 27: Segment information (continued)

	Australia $	Asia $	USA $	Europe $	Unallocated $	Eliminated $	Consolidated $
2007							
Sales to external customers	272,741	133,972	340,039	124,511	-	-	871,263
Other revenues	3,948	-	-	5,138	966,883	-	975,969
Total segment revenues	276,698	133,972	340,039	129,649	966,883	-	1,847,232
Segment expenses	618,154	108,983	1,325,423	388,658	3,824,416	(915,164)	5,350,470
Segment result	(341,465)	24,989	(985,384)	(259,009)	-	-	(3,503,238)
Income tax credit							306,414
Consolidated loss from ordinary activities after income tax credit							(3,196,824)
Segment assets	593,551	21,721	204,321	96,120	5,954,728	(935,794)	5,934,647
Segment liabilities	418,064	4,721	930,760	-	-	(915,164)	438,381
Acquisition of property, plant and equipment, intangible	64,478	9,153	26,591	68,008	-	-	168,230
Impairment of patents	-	-	-	-	-	-	-
Depreciation and amortisation	157,040	3,028	9,073	22,501	-	-	191,642

Note 28: Contingencies

There were no contingencies as at 30 June 2008.

Note 29: Subsequent events

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has significantly affected or may significantly affect the activities of the Consolidated Entity, the results of those activities or the state of affairs of the Consolidated Entity in the ensuing or any subsequent financial year.

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 16 to 48, are in accordance with the Corporations Act 2001 including:

   (a) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance as represented by the results of its operations, changes in equity and cash flows for the financial year ended on that date; and

   (b) complying with Accounting Standards, the Corporation Regulations 2001 and other mandatory professional reporting requirements;

2. the financial report also complies with International Financial Reporting Standards as disclosed in note2.

3. 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.

4. the audited remuneration disclosures set out on pages 18 to 22 of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures, and the Corporations Regulations 2001.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2008.

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

Rob Phillips

Director

Roman Zwolenski

Director

Sydney, 25 August 2008

PKF

Chartered Accountants
& Business Advisers

To the members of Uscom Limited

Report on the Financial Report

We have audited the accompanying financial report of Uscom Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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 an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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PKF

Chartered Accountants
& Business Advisers

Auditor's Opinion
In our opinion:

(a) the financial report of Uscom Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the entity's and consolidated entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 22 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the Remuneration Report of Uscom Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF

Tim Sydenham

Partner

Sydney, 25 August 2008

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Shareholder Information

Additional information required by Australian Stock Exchange Listing Rules is as follows. This information is current as at 31 July 2008.

(a) Distribution Schedules of Shareholder

Holdings Ranges	Holders No.	Ordinary shares No.	%
1 – 1,000	124	98,093	0.258
1,001 – 5,000	322	976,456	2.570
5,001 – 10,000	91	749,074	1.971
10,001 – 100,000	126	3,782,892	9.955
100,001 – 99,999,999,999	31	32,393,485	85.246
Total	694	38,000,000	100

There were 172 holders of less than a marketable parcel of 167,656 ordinary shares.

(b) Class of shares and voting rights

All shares are ordinary shares. Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(c) Substantial shareholders

The names of the substantial shareholders listed in the holding company's register as at 31 July 2008 are:

Robert Allan Phillips	16,912,350
Gary Desmond Davey	6,260,800
Bell Potter Nominees Ltd	2,124,836

(d) Twenty largest registered holders – Ordinary shares

Balance as at 31 July 2008	Ordinary shares Number	%
Northern Cardiac Sonography Pty Limited	16,912,350	44.506%
Mr Gary Davey	6,260,800	16.476%
Bell Potter Nominees Ltd <Bb Nominees A/C>	2,124,836	5.592%
Drp Cartons (Nsw) Pty Ltd	1,417,297	3.730%
Mr Rutherford James Browne & Mrs Sheba Elizabeth Marjorie Browne	645,813	1.700%
Jules Flach	500,000	1.316%
Mr Graham Scott Alston	408,805	1.076%
Helen Marie Bragg	368,750	0.970%
Ross Planning Pty Ltd <S Alston Superannuation A/C>	327,097	0.861%
Link Traders (Aust) Pty Ltd	280,000	0.737%
Riverbel Investments Pty Ltd <Riverbel Family No 3 A/C>	280,000	0.737%
Paul William Butler	275,000	0.724%
Das Menon	267,750	0.705%
Ubs Wealth Management Australia Nominees Pty Ltd	264,773	0.697%
Mrs Judith Burroughs	260,500	0.686%
Miss Natasha Ann Yates	254,524	0.670%
Hinona Pty Ltd	252,350	0.664%
Mr Roman Zwolenski & Mrs Philomena Noela Zwolenski <Z-Link Pty Ltd Super A/C>	223,636	0.589%
Mr Francis Robert Berry	200,000	0.526%
Hammond Royce Corporation Pty Ltd <Len David S/F A/C>	196,773	0.518%
Total	31,721,054	83.476%

Registered office and principal place of office
Level 7, 10 Loftus Street
Sydney NSW 2000 Australia
Tel: 02 9247 4144
Fax: 02 9247 8157

Company secretary
Daniel Fah

Registers of securities
Registries Limited

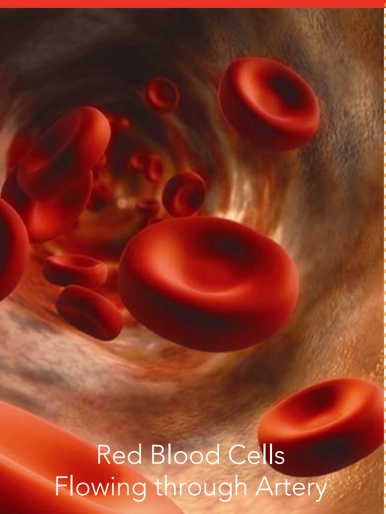
Level 7, 207 Kent Street
Sydney NSW 2000 Australia

PO Box R67, Royal Exchange
Sydney NSW 1223 Australia

Tel: 1300 737 760
Fax: 1300 653 459
registries@registries.com.au
www.registries.com.au

Stock exchange listing
Quotation has been granted for 38,000,000 ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

Unquoted securities
Options over unissued shares
A total of 690,000 options over ordinary shares are on issue. 230,000 options are on issue to four directors, 60,000 options are on issue to two members of advisory board and 400,000 options are on issue to thirteen employees under the Uscom Ltd employee share option plan.



Red Blood Cells
Flowing through Artery

Uscom

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