



Uscom

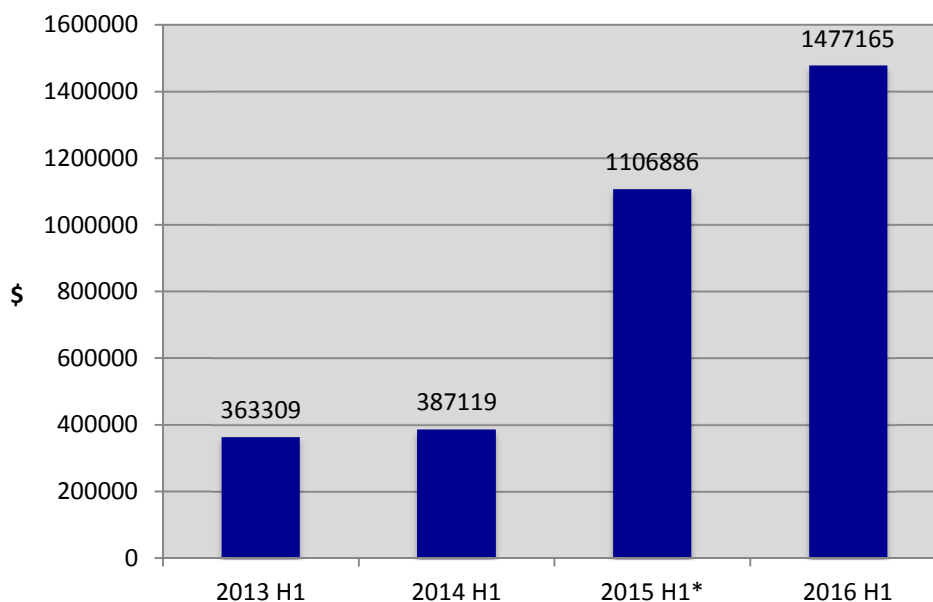
ASX Media Release

Appendix 4D Results and Update
Half Year ended 31 December 2015

**SALES REVENUE UP 53%, TOTAL REVENUE UP 33%
CASH RECEIPTS UP 71%**

23rd February 2016: Uscom (ASX code: UCM) (the **Company** or **Uscom**), a revenue stage, cardiovascular medical technology company, today released to market its interim financial report and financial results for the half year ended 31 December 2015.

Uscom H1 Revenue



* Revenue 2015 H1 restated as accounting adjustment from \$956,886 to \$1,106,886 (up 16%).

Financial Summary

- Sales Revenue up 53% to \$1.28m from \$0.84m in the corresponding period.
- Total revenue up 33% to \$1.48m from \$1.11m in the corresponding period (revenue reported for H1 2015 has been restated up 16%).
- Sales receipts up 71% to \$1.24m from \$0.72m in the corresponding period.
- Operating expenses up to \$2.01m.
- Net loss for the half year \$0.84m.
- Cash on hand \$1.07m with \$366k R&D tax incentive due.

Operational Highlights

- Funded and completed Budapest acquisition (\$700k + costs)
- Preparation for manufacture and sales of BP+ and SpiroSonic devices worldwide
- Budapest integrated and profitable since acquisition
- Established wholly owned UK subsidiary Uscom Medical Limited in London
- Growing global distribution for USCOM 1A, BP+ and SpiroSonic
- Partnership discussions on going

During the 2016 half year USCOM 1A sales have continued to grow worldwide. Uscom also fully funded the cash acquisition of the Budapest business and the associated one off costs by way of a successful capital raising in July 2015. Uscom has also been focused on preparing the Uscom BP+ for market, and the rebranding and remarketing of the SpiroSonic range of digital ultrasonic spirometers for worldwide markets. The Uscom range of cardiovascular and pulmonary products will provide the revenue foundations for Uscom for the next decade. The Uscom Budapest manufacturing operation is also being expanded to meet the anticipated increasing demand as Uscom transition from a single product company to a 9 product globally diversified medical device company.

Operating expenses were increased as the Budapest operations were integrated into the Uscom accounts, and the one off costs associated with preparation of the BP+ and SpiroSonic devices for market were continued. Wages and salaries were also increased as a result of the acquisition, and with appointment of additional marketing resources, resulted in a net loss for the half of \$0.8m

The Company holds \$1.07m in cash and expects a \$366,831 R&D expenditure refund early in 2016.

Executive Chairman of Uscom, Associate Professor Rob Phillips said, *"We have continued to grow our business and invest in advanced health technologies with critical global markets which will ensure reliable revenue streams for investors for the coming decades. Our current growth represents increasing sales from our flagship USCOM 1A cardiac monitor. We have acquired and integrated two medical technology companies in the last three years and are now preparing two new product lines, the Uscom BP+ and SpiroSonic ranges, for market. As our acquisition and product development costs are already accounted for, any sales from these new products should contribute directly to profitability. We also anticipate no increase in costs as one off spends associated with new product preparation and the Budapest acquisition are completed. We are also continuing to expand our distribution network off the back of these newly developed product suites to further build revenue momentum."*

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



Uscom

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About Uscom

Uscom Limited (UCM) is an ASX listed innovative medical technology company specialising in development and marketing of premium cardiovascular and pulmonary medical devices. Uscom has three practice leading suites of devices in the field of cardiac, vascular and pulmonary monitoring; the USCOM 1A, Uscom BP+ and the Uscom SpiroSonic spirometers. All Uscom devices are premium resolution, and deploy innovative and practice leading technologies with FDA, CE, CFDA and TGA regulatory approval, and which are currently being marketed into global distribution networks.

The USCOM 1A is a simple to use, cost-effective and non-invasive advanced haemodynamic monitor that measures cardiovascular function, detects irregularities and is used to guide treatment. The USCOM 1A device has major applications in Paediatrics, Emergency, Intensive Care Medicine and Anaesthesia, and is the device of choice for management of adult and paediatric sepsis, hypertension, heart failure and for the guidance of fluid, inotrope and vasoactive cardiovascular therapy.

The Uscom BP+ is a supra systolic oscillometric Central Blood Pressure monitor which measures blood pressure and blood pressure waveforms only previously available using cardiac catheterisation. The Uscom BP+ replaces conventional and more widespread sub systolic blood pressure monitors, and is the emerging standard of care measurement in hypertension, heart failure and vascular health. The Uscom BP+ provides a highly accurate and repeatable measurement of central and brachial blood pressure and pulse pressure waveforms using a familiar upper arm cuff. The BP+ is simple to use and requires no complex training with applications in hypertension, heart failure, intensive care, general practice and home care.

Uscom SpiroSonic digital ultrasonic spirometers are high fidelity, digital, pulmonary function testing devices based on multi path ultrasound technology. They are simple and accurate to use and provide research quality pulmonary function testing in small hand held devices that can be used in research, clinical and home care environments. The devices are specialised for assessment of COPD, sleep disordered breathing, asthma, industrial diseases and monitoring of pulmonary therapeutic compliance.

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

Uscom Contacts

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Uscom

ASX Media Release

Uscom Limited and its controlled entity

ABN 35 091 028 090

ASX Appendix 4D Half yearly report – 31 December 2015

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Reporting period ended: 31 December 2015
Previous corresponding reporting period: 31 December 2014

Results for announcement to the market

Revenues from ordinary activities	up	33%	to	\$1,477,165
Loss from ordinary activities after tax attributable to members	up	114%	to	\$837,128
Net Loss for the period attributable to members	up	114%	to	\$837,128

Dividends per Share

It is not proposed to pay a dividend.

Net Tangible Asset per Ordinary Share

	31 December 2015	31 December 2014
NTA backing	1.9c	2.2c

Status of review

The accounts have been reviewed.

Commentary

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

Financial highlights

Revenues from ordinary activities	\$1,477,165
Loss from ordinary activities	(\$837,128)
Sales revenue	\$1,275,383
Net operating cash consumption	(\$828,576)
Net increase in cash held	\$542,508
Cash held at end of the period	\$1,068,825

DIRECTORS' REPORT

Your directors present the financial report of Uscom Ltd and its controlled entity for the half-year ended 31 December 2015.

Directors

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

Dr Rob Phillips
Ms Sheena Jack
Mr Christian Bernecker

Review of operations

Uscom Ltd results for the first half of financial year 2015 demonstrate:

- Sales Revenue up 53% to \$1.28m from \$0.84m in the corresponding period.
- Total revenue up 33% to \$1.48m from \$1.11m in the corresponding period.
- Sales receipts up 71% to \$1.24m from \$0.72m in the corresponding period.
- Operating expenses from ordinary activities of \$2.01m.
- Cash held at the end of December 2015 by the consolidated entity was \$1.07m.

During the 2016 half year USCOM 1A sales have continued to grow worldwide. Uscom also fully funded the cash acquisition of the Budapest business and the associated one off costs. Uscom has also been focused on preparing the Uscom BP+ for market, and the rebranding and remarketing of the SpiroSonic range of digital ultrasonic spirometers for worldwide markets. The Uscom Budapest manufacturing centre is also being expanded to meet the increasing demand anticipated as we transition from a single product company to a 9 product company

Operating expenses were increased as the Budapest operations were integrated into Uscom accounts. Wages and salaries were increased as a result of the acquisition and with appointment of additional marketing resources, resulted in a net loss for the half of \$0.84m.

The Company holds \$1.07m in cash and expects a \$366,831 R&D tax incentive refund early in 2016.

Executive Chairman of Uscom, Associate Professor Rob Phillips said, *"We have continued to grow our business and invest in advanced health technologies with critical global markets which will ensure reliable revenue streams for investors for the coming decades. Our current growth represents increasing sales from our flagship USCOM 1A cardiac monitor. We have acquired and integrated two medical technology companies in the last three years and are now preparing two new product lines, the Uscom BP+ and SpiroSonic ranges, for market. As our acquisition and product development costs are already accounted for, any sales from these new products should contribute directly to profitability. We also anticipate costs to reduce as one off spends associated with the new product preparation and the Thor acquisition are completed. We are continuing to expand our distribution network off the back of these globally recognised product suites, and further build revenue momentum."*

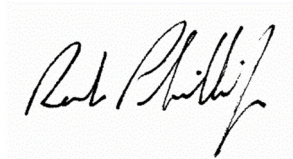
Uscom manufactures and markets the USCOM 1A, the Uscom BP+, and Uscom SpiroSonic digital ultrasonic spirometry technologies. These premium digital devices are changing the way we diagnose and treat cardiovascular and pulmonary diseases, including hypertension, heart failure, asthma, COPD and sleep disorders.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

Significant changes in the state of affairs

On 1 September 2015 Uscom Medical Limited, a subsidiary of Uscom Limited, acquired 100% of the ordinary shares of Thor Laboratories for the total consideration of \$879,106. This is a medical device business based in Hungary.

The lead auditor's independence declaration as required under S307c of the Corporations Act 2001 has been received and can be found on page 4 of the half yearly financial report.

Signed in accordance with a resolution of the Directors under S306(3)(a) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'Rob Phillips', is shown on a light grey rectangular background.

Asso. Professor Rob Phillips
Executive Chairman

Sydney, 23 February 2016



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DECLARATION OF INDEPENDENCE BY TIM SYDENHAM TO THE DIRECTORS OF USCOM LIMITED

As lead auditor for the review of Uscom Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Tim Sydenham', with a long horizontal flourish extending to the right.

Tim Sydenham
Partner

BDO East Coast Partnership

Sydney, 23 February 2016

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

Uscom Limited and its controlled entity

Consolidated statement of profit or loss and other comprehensive income
for the half year ended 31 December 2015

Continuing operations		31 Dec 2015	31 Dec 2014
	Note	\$	Restated \$
Revenue and other income	2	1,477,165	1,106,886
Raw materials and consumables used		(285,685)	(190,182)
Expenses from continuing activities	3	(2,012,808)	(1,308,011)
Loss before income tax from continuing operations		(821,328)	(391,307)
Income tax expense		(15,800)	-
Loss after income tax from continuing operations		(837,128)	(391,307)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference for foreign operations		(9,084)	2,623
Other comprehensive income for the period		(9,084)	2,623
Total comprehensive income for the period		(846,212)	(388,684)
Attributable to:			
Owners of the Company		(846,212)	(388,684)
Minority interest		-	-
Total comprehensive income for the period		(846,212)	(388,684)
Earnings per share (EPS)			
Basic earnings per share (cents per share)		(0.9)	(0.5)
Diluted earnings per share (cents per share)		(0.9)	(0.5)

This Consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the annual financial report for the year ended 30 June 2015 and the attached notes.

Uscom Limited and its controlled entity

Consolidated statement of financial position
as at 31 December 2015

	Note	31 Dec 2015 \$	30 Jun 2015 \$
Current assets			
Cash and cash equivalents		1,068,825	526,317
Trade and other receivables		350,877	300,753
Inventories		483,570	525,672
Tax assets		594,831	366,831
Other assets		103,328	104,820
Total current assets		2,601,431	1,824,393
Non-current assets			
Plant and equipment		90,001	46,150
Intangible assets	6	1,772,117	1,065,812
Total non-current assets		1,862,118	1,111,962
Total assets		4,463,549	2,936,355
Current liabilities			
Trade and other payables		644,105	418,524
Short term provisions		147,080	196,073
Total current liabilities		791,185	614,597
Non-current liabilities			
Long term provisions		30,388	33,097
Total non-current liabilities		30,388	33,097
Total liabilities		821,573	647,694
Net assets		3,641,976	2,288,661
Equity			
Issued capital	4	28,046,389	26,019,429
Options and rights reserve	5	1,979,299	1,806,732
Accumulated losses		(26,455,719)	(25,618,591)
Foreign currency translation reserve		72,007	81,091
Total equity		3,641,976	2,288,661

This Consolidated statement of financial position is to be read in conjunction with the annual financial report for the year ended 30 June 2015 and the attached notes.

Uscom Limited and its controlled entity

Consolidated statement of changes in equity
for the half year ended 31 December 2015

	Ordinary share capital	Options and rights reserve	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	26,006,168	1,638,582	(24,402,937)	77,580	3,319,393
Loss for the period	-	-	(391,307)	-	(391,307)
Other comprehensive income	-	-	-	2,623	2,623
Total comprehensive income for the period	-	-	(391,307)	2,623	(388,684)
<i>Transactions with owners in their capacity as owners:</i>					
Shares Issued	14,875	-	-	-	14,875
Transaction costs on Shares Issued	(1,614)	-	-	-	(1,614)
Share-based payments	-	39,721	-	-	39,721
Total transactions with owners	13,261	39,721	-	-	52,982
Balance at 31 December 2014	26,019,429	1,678,303	(24,794,244)	80,203	2,983,691
Balance at 1 July 2015	26,019,429	1,806,732	(25,618,591)	81,091	2,288,661
Loss for the period	-	-	(837,128)	-	(837,128)
Other comprehensive income	-	-	-	(9,084)	(9,084)
Total comprehensive income for the period	-	-	(837,128)	(9,084)	(846,212)
<i>Transactions with owners in their capacity as owners:</i>					
Shares Issued	2,216,242	-	-	-	2,216,242
Transaction costs on Shares Issued	(189,282)	-	-	-	(189,282)
Share-based payments	-	172,567	-	-	172,567
Total transactions with owners	2,026,960	172,567	-	-	2,199,527
Balance at 31 December 2015	28,046,389	1,979,299	(26,455,719)	72,007	3,641,976

This Consolidated statement of changes in equity is to be read in conjunction with the annual financial report for the year ended 30 June 2015 and the attached notes.

Uscom Limited and its controlled entity

Consolidated statement of cash flows
for the half year ended 31 December 2015

	Note	31 Dec 2015 \$	31 Dec 2014 \$
Cash flows from operating activities			
Receipts from customers		1,235,371	722,481
Payments to suppliers and employees		(2,071,827)	(1,286,705)
Interest received		7,880	12,034
Net cash used in operating activities		(828,576)	(552,190)
Cash flows from investing activities			
Purchase of patents and trademarks		(58,669)	(32,403)
Purchase of plant and equipment		(3,567)	(9,306)
Purchase of business	8	(593,641)	-
Net cash used in investing activities		(655,877)	(41,709)
Cash flows from financing activities			
Proceeds from issue of shares and options		2,216,242	14,875
Share issue costs		(189,281)	(1,614)
Net cash provided by financing activities		2,026,961	13,261
Net increase (decrease) in cash and cash equivalents		542,508	(580,638)
Net cash and cash equivalents at the beginning of the period		528,283	1,586,360
Exchange rate adjustments to cash and cash equivalents at the beginning of the period		(1,966)	(3,526)
Net cash and cash equivalents at the end of the period		1,068,825	1,002,196

This Consolidated statement of cash flows is to be read in conjunction with the annual financial report for the year ended 30 June 2015 and the attached notes.

Uscom Limited and its controlled entity**Selected Explanatory Notes to the Financial Statements
For the half year ended 31 December 2015****Note 1 – Statement of significant accounting policies**

The half-year consolidated financial report was approved by the Board of Directors on 23 February 2016. This half-year consolidated financial report has been prepared in accordance with Accounting Standard AASB 134 and is to be read in conjunction with the annual financial report for the financial year ended 30 June 2015. This is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Uscom Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

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

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these accounting standards and interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

Change of accounting policy in accounting policy for refundable R&D tax incentives

Uscom previously accounted for refundable R&D tax incentives as an income tax benefit. The entity has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable income. The entity has therefore made a voluntary change in accounting policy during the reporting period. Refundable tax incentives are now accounted for as government grants under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance because the directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more reliable.

This change has been applied to the 2014 comparative numbers:

	Per Previous reporting	As Restated
	\$	\$
Other Income	-	150,000
Income tax credit	150,000	-

Going Concern

The consolidated entity incurred a net loss of \$837,128 (2014: \$391,307) and incurred operating cash outflows of \$828,576 (2014: \$552,190) during the period ended 31 December 2015, and had \$1,068,825 cash on hand as at 31 December 2015.

The consolidated entity's forecasts and projections for the next twelve months take account of the current operational status and future trading performance and indicate that in the directors' opinion the consolidated entity will be able to operate as a going concern.

Management is confident of success with the current strategy of expanding and growing distribution. However, the timing of revenue and sales volumes expected from current and new operations may vary from those forecast by management, and this may generate material uncertainty as to the timing of operating cash flows. Should the timing of cash flows be significantly different to those forecasts the consolidated entity may need to seek alternative financing options to enable it to settle its liabilities as they fall due.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The Directors are satisfied that adequate plans and strategies have been formulated and will be adopted as required to allow the consolidated entity to have sufficient cash to meet its obligations through to February 2017 (12 months from date on review report). On this basis the financial report has been prepared on the going concern basis.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

	31 Dec 2015	31 Dec 2014 Restated
	\$	\$
Note 2 – Revenue and other income		
Sale of goods	1,275,383	835,449
<u>Other revenue</u>		
Interest received	7,877	12,034
<u>Other income</u>		
Grants	190,000	150,000
Exchange gain	3,905	109,403
Total other income	193,905	259,403
Total revenue and other income	1,477,165	1,106,886

Note 3 – Expenses from ordinary activities

Depreciation and amortisation expenses	103,810	84,218
Employee expenses	812,199	417,600
Research and development expenses	246,280	252,752
Advertising and marketing expenses	431,039	251,450
Occupancy expenses	77,548	76,165
Regulatory expenses	13,024	31,353
Administrative expenses	328,908	194,473
Total expenses from ordinary activities	2,012,808	1,308,011

	31 Dec 2015	30 June 2015
	\$	\$
Note 4 – Issued capital		
<u>Ordinary shares</u>		
Fully paid ordinary shares	28,046,389	26,019,429
Total contributed equity	28,046,389	26,019,429
<u>Movement in issued capital</u>		
Shares on issue at the beginning of the period	26,019,429	26,006,168
512,500 ordinary shares issued at 5.95 cents	30,494	14,875
14,571,655 ordinary shares issued at 15 cents	2,185,748	
Share issue cost	(189,282)	(1,614)
Ordinary shares at the end of the period	28,046,389	26,019,429
	Number	Number
Ordinary shares at the beginning of the period	81,709,490	81,459,490
250,000 ordinary shares issued by exercise of options on 30 September 2014	-	250,000
9,666,669 ordinary shares issued by private placement on 23 July 2015	9,666,669	-
12,500 ordinary shares issued by exercise of options on 31 July 2015	12,500	-
275,000 ordinary shares issued by private placement on 31 July 2015	275,000	-
666,667 ordinary shares issued by private placement on 14 August 2015	666,667	-
3,963,319 ordinary shares issued by private placement on 21 August 2015	3,963,319	-
500,000 ordinary shares issued by exercise of options on 30 September 2015	500,000	-
Total fully paid ordinary shares at the end of the period	96,793,645	81,709,490
	31 Dec 2015	30 June 2015
	\$	\$
Note 5 – Options and rights reserve		
Options and rights reserve balance at the beginning of the period	1,806,732	1,638,582
Expenses arising from share-based payment	125,692	168,150
Contingent rights issue	46,875	
Options and rights reserve balance at the end of the period	1,979,299	1,806,732
	Number	Number
<u>Movement in options</u>		
Options at the beginning of the period	1,912,500	2,100,000
Exercised during the period	(512,500)	(250,000)
Granted during the period	4,765,544	75,000
Lapsed during the period		(12,500)
Options at the end of the period	6,165,544	1,912,500
<u>Movement in rights</u>		
Rights at the beginning of the period	5,859,092	-
Granted during the period	-	5,859,092
Rights at the end of the period	5,859,092	5,859,092
	31 Dec 2015	30 June 2015
	\$	\$
Note 6 – Intangible assets		
Patents	1,051,891	1,065,812
Goodwill (refer to Note 8)	720,226	-
Total Intangible assets	1,772,117	1,065,812

Note 7 – Operating segmentsSegment information

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

The largest customer group which operates in Asia accounts for 63% of the total sales revenue (2014: 50%).

	Australia / NZ	Asia	USA	Europe	Other region	Total
	\$	\$	\$	\$	\$	\$
31 Dec 2015						
Sales to external customers	32,645	679,458	89,874	411,236	62,170	1,275,383
Other revenues	201,782	-	-	-	-	201,782
Total segment revenue	234,427	679,458	89,874	411,236	62,170	1,477,165
Segment expenses	(1,577,621)	(166,719)	(138,858)	(401,845)	(13,450)	(2,298,493)
Segment result before income tax	(1,343,194)	512,739	(48,894)	9,391	48,720	(821,328)
31 Dec 2014						
Sales to external customers	25,551	448,583	14,781	317,442	29,092	835,449
Other revenues	271,437	-	-	-	-	271,437
Total segment revenue	296,988	448,583	14,781	317,442	29,092	1,106,886
Segment expenses	(1,113,140)	(110,461)	(110,085)	(156,959)	(7,548)	(1,498,193)
Segment result before income tax	(816,152)	338,122	(95,304)	160,483	21,544	(391,307)

There is no material change to segment assets compared to 30 June 2015.

Note 8. Business combinations

On 1 September 2015 Uscom Medical Limited, a subsidiary of Uscom Limited, acquired 100% of the ordinary shares of Thor Laboratories for the total consideration of \$879,106. This is a medical device business based in Hungary. It was acquired to expend the medical device business by utilise the existing distribution channel. The acquired business contributed revenues of \$255,330 and profit after tax of \$38,568 to the consolidated entity for the period from 1 September to 31 December 2015.

Details of the acquisition are as follows:

	\$
Cash and cash equivalents	106,359
Trade receivables	30,012
Inventory	95,154
Prepaid Tax	46,949
Plant and equipment	42,559
Trade payables	(64,845)
Other payables	(97,308)
Net assets acquired	158,880
Goodwill	720,226
Acquisition-date fair value of the total consideration	<u>879,106</u>
Representing:	
Cash paid or contingent payable to vendor	832,231
Equity based contingent consideration	<u>46,875</u>
	<u>879,106</u>

Cash used to acquire business, net of cash acquired:

Cash paid	700,000
Less: cash and cash equivalents	<u>(106,359)</u>
Net cash used	<u>593,641</u>

The initial accounting for the acquisition of Thor on 1 September 2015 is determined provisionally in the 31 December 2015 half-year report as the process to value the acquisition is still in progress. Any subsequent adjustments to the above provisional values will be recognised in Uscom Limited's 30 June 2016 annual report and will be applied effective from the acquisition date.

Note 9 – Contingent liabilities

There were no contingencies as at 31 December 2015.

Note 10 – Events after the reporting date

The head office lease was renewed for a further two years from 1 January 2016. There were no other events subsequent to 31 December 2015 that are required to be reported in this note.


DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Rob Phillips
Executive Chairman



Sheena Jack
Director

Sydney, 23 February 2016



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Uscom Limited and its controlled entities

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Uscom Limited and its controlled entities which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Uscom Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Uscom Limited and its controlled entities, would be in the same terms if given to the directors as at the time of this auditor's review report.

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Uscom Limited and its controlled entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss after tax of \$837,128 and incurred net operating cash outflows of \$828,576 for the half year ended 31 December 2015.

These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Tim Sydenham', is written over the printed name and title.

Tim Sydenham
Partner

Sydney, 23 February 2016