Uscom
ASX Media Release

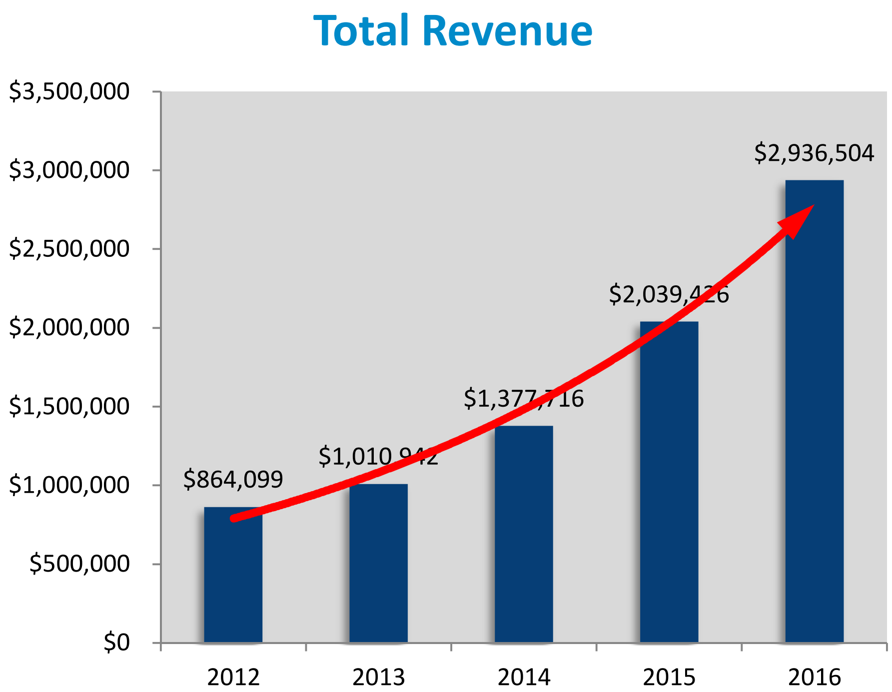
Uscom Annual Report 2016

Record growth – Total revenue up 44%, Cash receipts up 94%, Thor Laboratories acquired, global structure established, two new device series for market in 2017, CIIC agreement targeting $65m over 5 years.

SYDNEY, Australia, Wednesday 17th August 2016: Uscom Limited (ASX code: UCM) (the **Company** or **Uscom**), a revenue stage, cardiovascular medical devices company, today released to market its appendix 4E – Annual Results for the financial year 2016. Results are reported in Australian dollars.

2016 Headlines:

1. Record sales, total revenues and cash receipts (4 years of consecutive growth).
2. Total revenue up 44% to $2.94m (3 year CAGR – 43% pa).



3. Cash receipts from customers up 94% to $2.56m (3 year CAGR – 60% pa).
4. Share price up 61% (15.5c to 25c), and capitalised value up 114% ($12.2m to $27.1m).
5. Thor Laboratories acquired and integrated with accounts and reporting consolidated into Uscom Limited.
6. CIIC Shanghai Science and Technology agreement to import and wholesale new Uscom devices targeting AU$65m sales over 5 years.
7. New BP+ and SpiroSonic devices prepared for global market and revenue in FY 2017.
8. Strategic global operations with Uscom offices in Los Angeles, London, Budapest and Shanghai.
9. Continued growth in sales of flagship USCOM 1A devices.
10. Invested in further growth for 2017.

FY 2016 has seen the 4th consecutive year of growth in Uscom operations with total revenue rising at a CAGR of 43% and cash receipts by CAGR of 60% for the last 3 years. Total revenue grew by 44% to $2.94m in FY 2016, while cash from customer sales increased 94% to $2.56m. Total revenue from Uscom Budapest since acquisition (10 months) was $0.53m.

Cash on hand at the end of the period was $2.84m, up from $0.53m in 2015, following an oversubscribed private placement, which raised $2.3m. A further $1.2m in unexercised options priced at 0.25c remains outstanding. Total shareholder equity increased 117% to $4.94m from $2.29m.

Cash consumption for the year was increased to $1.29m from $0.99m in 2015, and the operating loss before income tax increased to $1.92m, up from $1.22m in 2015. This increase in costs reflected a number of non-recurring expenses for the period including the Thor acquisition ($0.59m), the establishment of the UK entity, the establishment of international corporate auditing and compliance monitoring, and increased management for Budapest. There were also non-recurring costs associated with R&D and regulatory preparation of the new Uscom BP+ and the SpiroSonic series, due for market early in FY 2017 (aprox $0.5m).

Executive Chairman of Uscom, Assoc. Professor Rob Phillips said *"While Uscom has delivered its fourth consecutive year of significant growth, the important result for investors this year has been the preparations and positioning of Uscom for accelerating future growth.*

We have invested in the acquisition and integration of two separate medical device companies, and established a new global corporate model that will operate as the backbone of our international business and the foundation for on going profitability. We have also developed two new device series, the BP+ and the SpiroSonic devices, in preparation for global marketing and sales in 2017, and signed a landmark CIIC Wholesale and Importation agreement into China with targets of $65m over 5 years. Importantly much of the spend associated with these investments has already been met and is reported in our current accounts, and it is the revenues from these investments that is planned to drive our on going commercial strategy and reliably underwrite growth and shareholder dividends over the coming decade.

Uscom is building a strong business based on sound fundamentals off the back of blue-sky science, with the objective of reliably returning profit to investors in line with prudent management. The quest to improve clinical science and create socially valuable cardiovascular and pulmonary devices to profitably improve global health is our business, and Uscom investors are our partners.

Investors can review Uscom's progress in 2016 with satisfaction and look forward to the rewards of 2017 and beyond. An investment in Uscom is an investment in the future."

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 granted or in application, 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 disinfect, don't require calibration, 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 asthma, COPD, sleep disordered breathing, occupational diseases and monitoring of pulmonary therapeutic compliance.

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

Uscom Contacts

Rob Phillips
Executive Chairman
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Brett Crowley
Company Secretary
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Uscom

ASX Media Release

Uscom Limited and its controlled entity

ABN 35 091 028 090

ASX Preliminary final report – 30 June 2016

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Uscom Limited (ABN 35 091 028 090) Suite 1, Level 7, 10 Loftus Street, Sydney NSW 2000 Australia, T +612 9247 4144 F +612 9247 8157
www.uscom.com.au

Reporting period:	Financial year ended 30 June 2016
Previous corresponding reporting period:	Financial year ended 30 June 2015

Results for announcement to the market

Revenues from ordinary activities	up	44%	to	$2,936,504
Loss from ordinary activities after tax attributable to members	up	58%	to	$1,915,029
Net Loss for the period attributable to members	up	58%	to	$1,915,029

Dividends per Share

It is not proposed to pay a dividend.

Net Tangible Asset per Ordinary Share

	30 June 2016	30 June 2015
NTA backing	c0.031	c0.015

Status of audit

The accounts have been audited. The annual report, including the unqualified audit report is attached.

Commentary

Refer to Chairman's Letter in 2016 Annual Report.

Financial highlights

Revenues from ordinary activities	$2,936,504
Loss from ordinary activities	$1,915,029
Sales Revenue	$2,482,925
Net operating cash consumption	$1,290,797
Net increase in cash held	$2,313,455
Cash held at end of the year	$2,839,773

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Uscom

Uscom Limited
ASX: UCM

2016 Annual Report

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Uscom

CHAIRMAN'S LETTER

"Uscom has acquired global assets to ensure reliable revenue growth for investors for the coming decade."

For Uscom shareholders, 2016 was a year of record sales, revenues and cash receipts. It was a year in which the Uscom Board and Management continued to execute our growth strategy and achieved milestones beyond our targets.

FY 2016 was a year in which Australian Reserve Bank interest rates fell below 2%, and superannuation funds returned in the order of 5%, and the Uscom share price increased by 61% and the capitalised value of UCM increased by 114%.

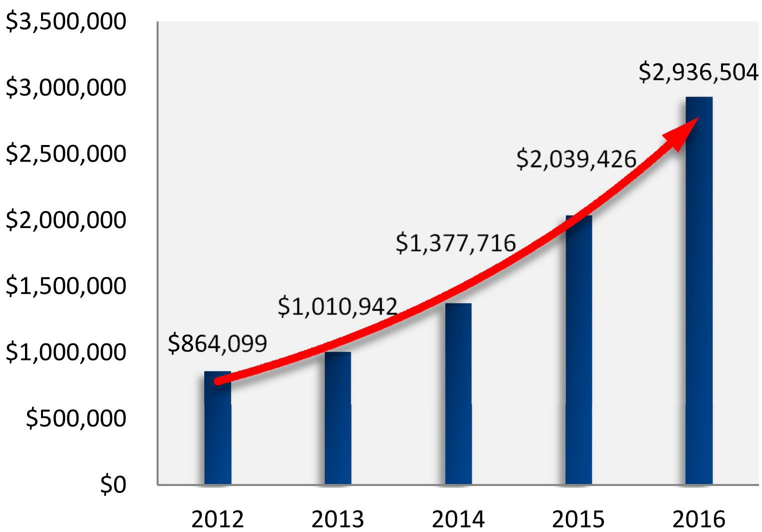
While delivering the fourth consecutive year of significant growth, the most important results for FY 2016 are the results of our continued investment in the future. Our strategic acquisitions, implementation of a global corporate model, preparation of the Budapest volume manufacturing facility, and development of two new product lines, combined with signing the transformational $65m Importation and Wholesale agreement with CIIC Shanghai Science and Technology Group, has prepared Uscom for sustained growth in FY 2017 and beyond. Importantly much of the spend associated with these investments has already been met and is reported in our current accounts, and it is the revenues from these investments that is planned to drive our on going commercial strategy and reliably underwrite growth and shareholder dividends over the coming decade.

Uscom has established a culture of developing an aggressive growth strategy, keeping investors engaged, and executing on our strategy to benefit our shareholders. This is planned to continue as we rapidly grow toward profitability in 2017.

2016 Results:

- Record sales, total revenues and cash receipts (4 years of consecutive growth).
- Total revenue up 44% to $2.94m (3 year CAGR – 43% pa).
- Cash receipts up 94% to $2.56m (3 year CAGR – 60% pa).
- Cash on hand $2.84m, up from $0.53m.

Total Revenue



- Net cash outflow $1.29m, up from $0.99m.
- Share price in 2016 up 61% (15.5c to 25c), and capitalised value up 114% ($12.2m to $27.1m).
- Thor Laboratories acquired, with accounts and reporting consolidated into Uscom Limited.
- CIIC Shanghai Science and Technology to import and wholesale Uscom devices, targeting A$65m over 5 years.
- New BP+ and SpiroSonic devices prepared for market and revenue in 2017.
- New Uscom offices in London and Shanghai.
- Continuing growth in sales of flagship USCOM 1A's.

Results:

This year was the fourth consecutive year of growth in Uscom operations, with total revenue growing at a compound annual growth rate (CAGR) of 43% for each of the last consecutive three years, while cash receipts grew by a CAGR of 60% each year for the same period.

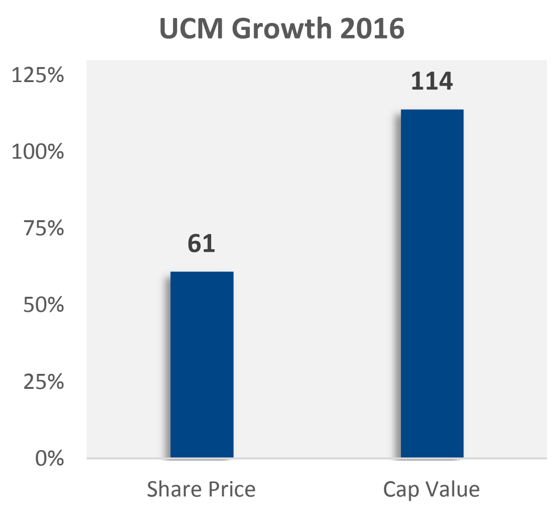
Total revenue for FY2016 grew by 44% to $2.94m, while cash from customer sales increased 94% to $2.56m. Total revenue from Uscom Budapest since acquisition (10 months) was $0.53m. The net cash outflow from operating activities for the year was $1.29m, up from $0.99m, and the operating loss before income tax increased to $1.92m, up from $1.22m in 2015, contributed by Uscom Budapest.

Non-recurring costs significantly contributed to the increased cash outflows during the period and included the acquisition of Thor Laboratories ($0.59m), the consolidation of Thor Laboratories into Uscom Limited, and the preparation of the BP+ and SpiroSonic ranges of products for global markets (approx $0.5m). Additional non-recurring costs associated with the acquisition included enhanced management, and the establishment of international corporate auditing and compliance monitoring for Uscom Budapest. Other non-recurring expenses during 2016 included the establishment of a regional office in London.

Capital:

Cash on hand at the end of the period was $2.84m, up from $0.53m in 2015, following an oversubscribed private placement, which raised $2.3m. A further $1.2m in unexercised options priced at 0.25c remains outstanding. Total shareholder equity increased 117% to $4.94m from $2.29m.

Share price:



While investors continue to pay a premium for growth, the Uscom share price grew 61% (15.5-25c) in FY 2016, and the capitalised value of the company increased 114% ($12.2m-$27.1m).

Products:

1. The USCOM 1A – the ultrasonic cardiac output monitor.
2. The Uscom BP+ – suprasystolic oscillometric central blood pressure monitor.
3. The Uscom SpiroSonic series of devices – high fidelity multi-path ultrasonic spirometers.

The flagship USCOM 1A continues to be recognised as an emerging gold standard for cardiovascular measurement and monitoring as it continues to replace invasive but less accurate technologies. With this recognition comes continued growth in global sales.

The new BP+ series of products based on suprasystolic oscillometry will revolutionise the measurement and management of hypertension, heart failure and maternal health (pre-eclampsia), and contribute to the science of vascular health and ageing. The devices are in the final stages of preparation for market and will be sold into critical care, clinical care and home care applications.

The SpiroSonic series of digital ultrasonic spirometers provide research quality pulmonary testing devices at clinical prices and address the massive and growing markets of asthma, Chronic Obstructive Pulmonary Disease (COPD) and occupational lung disease. The rebranded devices are in the final stages of preparation for market and will be sold in critical care, clinical and home care applications, as well as emerging markets in sleep medicine.

Sales and Distribution:

Distribution drives revenue, and we have invested into our global distributors to ensure they are aligned with our culture and aware of the distinguishing features of our devices. We continue to seek out the highest quality sales partners worldwide to consolidate our global distribution network. Having three separate suites of products is proving attractive for higher quality distributors seeking a range of practice leading and novel technologies. While some of our established distributors have applied to sell the new BP+ and SpiroSonic devices, we are also attracting interest from global groups seeking products with competitive advantages.

Uscom continues to take greater control of its sales and distribution processes, and has increased its distribution agreements to 43. Not only do we have more distributors, but these distributors have increased scale and reach which will result in improved access to markets. This distribution will be particularly useful once the new BP+ and SpiroSonic devices are ready for sale and can be rapidly fed into existing channels.

Our distributors are also being monitored more effectively and new marketing materials are being developed rapidly to assist the growing distribution network. Hanna Maartensson has joined the company in the last year and brings more than 15 years of medical device sales and marketing experience. She is actively preparing support materials for the new devices.

Uscom Budapest:

Uscom acquired Thor Laboratories in Budapest over 2016, an acquisition with significant clinical, strategic, and operational synergies for Uscom.

This productive acquisition required considerable strategic planning, legal oversight, accounting discipline and managerial focus. However, the result is a revenue-generating entity, with world-leading technology and a digital spirometric product series with global regulatory approvals, as well as staff with device specific experience. Thor also has significant R&D capability and internationally accredited manufacturing, and will deliver cost-effective volume manufacturing to support our new product releases in 2017. The Budapest team is central to the preparation and management of the regulatory materials and processes for the new BP+ and rebranded SpiroSonic series of devices as we prepare for global release.

Since the acquisition, we have established corporate accounting and financial reporting in Hungary and consolidated the entities, and are anticipating the operations to rapidly convert to profitability.

Mr George Ferenczi, a world-leading bio-engineer specialising in pulmonary devices, has become an integral part of our global business and is in charge of the Budapest operations and pulmonary device strategy worldwide.

Science:

Uscom devices address diseases that are responsible for approximately 80% of global mortality from preventable disease, including sepsis, heart failure, hypertension, stroke, asthma and COPD according to World Health Organisation figures. Our precision non-invasive devices improve the clinical decision making process for physicians and improve the management of patients, and are increasingly being preferred by world leading clinicians.

There were 36 new publications supporting the utility of the 1A and the BP+ in FY 2016, covering the fields of hypertension, heart failure, sepsis in adults, children and neonates, and pre-eclampsia.

The USCOM 1A continues to set standards of care for paediatric sepsis. This year a study from the Chulalongkorn University Department of Paediatrics and the King Chulalongkorn Memorial Hospital (KCMH) in Thailand demonstrated a reduction in mortality of 46% associated with use of USCOM 1A in paediatric patients suffering fluid refractory septic shock.

Importantly this year, ahead of the global release of the Uscom BP+, a study from the Great Ormond Hospital for Children compared BP+ measures beside cardiac catheter measurements of central BP in infants and children aged 1 to 19 years of age and found effective interchangeability. This confirms the strength of the BP+ science and its potential to replace invasive catheters by delivering a reliable "non-invasive art line" to clinicians for treating adults, children and infants.

In the US, central BP is now covered by a CPT Code, and is eligible for general reimbursement. The Uscom BP+ is being prepared to take advantage of this code and will be highly competitively priced, being marketed at a fraction of the cost of most of our competitors while delivering world leading technology.

Uscom is a company founded on scientific excellence and practice leading products, and this year confirms the growing success of this founding mission, a mission that will continue to support the global growth in sales.

Patents:

Uscom has a portfolio of more than 40 patents and patent applications covering various products and technologies, and in 2016 was granted two new key US patents relating to the BP+ technology. One of these was for the methods and algorithms used to measure the central blood pressure, and the other for the device to measure the central BP. This is further recognition of the strength and novelty of the Uscom BP+ suprasystolic oscillometric method for measuring central BP and protects our commercial opportunities going forward.

Strategy 2017:

Uscom's objective is to continue to execute on our strategy to maintain rapid financial growth based on world-leading cardiovascular and pulmonary monitoring technologies and to establish enduring profitability for investors.

Over the past four years, our strategy has been conceived and partially completed, with the acquisition and integration of Pulsecor and Thor, and the re-development of the two new Uscom product suites for market in 2017. This preparation has involved product optimisation including both hardware and software and in some products re-branding, resulting in additional regulatory approvals. In this time, we have also established strategic global operations with offices in Los Angeles, London, Budapest, Shanghai and Sydney.

We are proud to have acquired and developed two new series of cardiovascular and pulmonary products that are practice changing and that fit clinically into the vision we have to improve global health care. The short term objective for 2017 remains to deliver the new and improved Uscom BP+ and the rebranded SpiroSonic products to market. This is planned to drive future growth beyond USCOM 1A sales alone, and ensure our approaching sustainable profitability.

CHAIRMAN'S LETTER
continued

2017 revenue growth will be driven by:

1. Increasing sales to China through CIIC
2. Early BP+ and SpiroSonic sales
3. Continuing increased USCOM 1A sales
4. Improvements to our distribution and marketing network

To achieve this, we will continue our focus on CIIC and ensure they have all the marketing and sales resources and product required to supply the Chinese market and achieve our $65m revenue targets over the next 5 years.

We are also expanding our efforts in the UK and Europe, and 2017 will see BP+ and SpiroSonic entering this market with an associated revenue growth.

Uscom will also target BP+ and SprioSonic sales in the US in 2017. Both devices have reimbursement in the US, an essential requirement for sales in this market, and their release is ideally timed to coincide with an increasing incidence and social awareness of hypertension and asthma/COPD monitoring, and expanding eHealth opportunities.

A rapidly growing opportunity for Uscom devices is the eHealth and home care market. While many organisations have developed software platforms to receive and interpret electronic measurements of physiology, there are very few high quality, front end sensors with digital capabilities available to couple with these software products.

Uscom has the most cost-effective options for non-invasive, digital and accurate monitoring of the heart, vessels and lungs. Uscom's place in this sector is anticipated to become more definitive during 2017 as this dynamic market keeps evolving.
Accompanying this revenue growth will be the complimentary expansion of the Uscom Budapest operations to meet growing volume manufacturing demand.

While costs are expected to remain high for the coming period as we finalise global regulatory and marketing for our new product series, this should be offset by increasing revenue in the second half of the financial year.

For 2017, our strategy is to deliver the devices we have acquired into global markets. The components for execution are in place, and we have confidence that this will drive our growth foreseeably.

Conclusion:

Uscom is now a diversified, technologically de-risked medical device company with strong revenue growth, rapidly approaching profitability, and excellent short, mid and long-term revenue opportunities.

The aggressive expansionary strategy of the Uscom Board and Management is driving current growth as the excellent 2016 financials demonstrate. However, the more important result for investors has been the strategic positioning of the company for accelerating future growth as we deliver our new product ranges to market.

The investment in the acquisition and integration of two independent medical device companies, and the founding of a new global corporate model is designed to operate as the backbone of our international business and the pathway to ongoing profitability. The expenses for the acquisition and remodelling and re-branding of the BP+ and the SpiroSonic series for global marketing and sales in 2017 has been met, funded by investor equity and operational cash flow. Further, much of our reported spend is non-recurring, and as our new devices are released to market, the generated revenue should rapidly convert to profitability off a stable cost base.

Uscom is building a strong business based on sound fundamentals off the back of blue-sky science, with the objective of reliably returning profit to investors in line with prudent management. The quest to improve clinical science and create socially valuable cardiovascular and pulmonary devices to profitably improve global health is our business, and Uscom investors are our partners.

Together we can review 2016 with satisfaction and look forward to the opportunities of 2017 and beyond.

An investment in Uscom is an investment in the future.

Associate Professor Rob Phillips
PhD(med), MPhil(med), FASE, DMU(cardiol)
Executive Chairman
Uscom Limited

“Uscom on the cusp of a billion dollar transformation”

The Australian Business Review article, April 2016

Uscom Product Suite

Devices the experts use

USCOM 1A

The Fluid Solution.
Doppler Flow
Hemodynamics measured
Non-invasively at
the Aortic or Pulmonary
Valve

SpiroSonic Suite

Addressing the Challenges
of Asthma, COPD and
Occupational Lung Disease

Uscom BP+

Non-invasive Central and
Brachial Blood Pressure in
less than 60 seconds

HIGHLIGHTS OF THE YEAR

August September October

- Uscom completes its acquisition of 100% of Thor Laboratories following successful diligence and capital raising.
- Uscom establishes UK subsidiary in London, Uscom Medical Ltd.

November December January

- Los Angeles Children's Hospital, and the Keck School of Medicine, University of Southern California, validates the non-invasive USCOM 1A as a replacement technology for the invasive pulmonary artery catheter (PAC) in children.
- Great Ormond Street Hospital for Children (GOSH) publishes an independent study demonstrating equivalence of catheter based measures of central blood pressure (Cbp) with non-invasive Uscom BP+ Cbp measurements.

February March April

- Uscom awarded a two year contract for supply of Uscom BP+ central blood pressure devices into the UK NHS Supply Chain.
- Mr Chao Xian (David) He, former J&J Asia executive, appointed as a Director of Uscom Limited.
- Chulalongkorn University Department of Paediatrics and the King Chulalongkorn Memorial Hospital (KCMH) publish results demonstrating a reduction in mortality of 46% in paediatric fluid refractory septic shock patients using USCOM 1A.
- Uscom is featured in *The Australian Business Review* in an article titled "Uscom on the cusp of a billion dollar transformation" by Sarah-Jane Tasker.

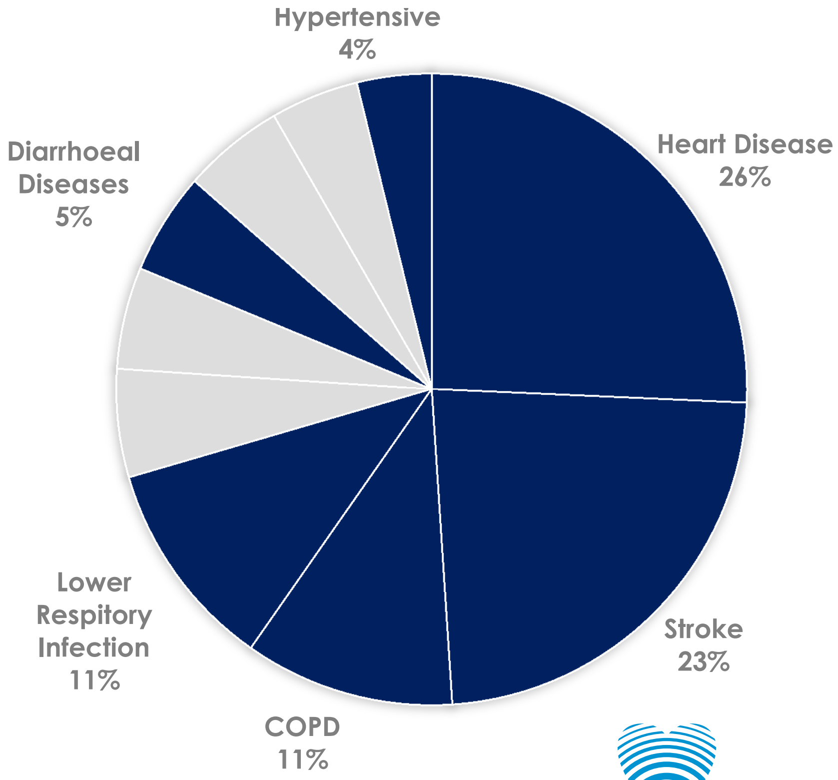
May June July

- Study from 524 US Hospitals, examining records of 655,426 patients, demonstrates the opportunity for use of the USCOM 1A to reduce medical complications and cost of care associated with routine surgery.
- Mr Brett Crowley, a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong appointed as Company Secretary.
- Uscom raises in excess of $2.2m from the sale of 11,072,125 FPO UCM shares at a price of $0.20.
- Uscom executes an agreement with China International Intellectech Corporation (CIIC) which is targeted to generate USD$48.2m (≈A$65m) in sales from China over the next five years.
- Uscom receives a Notice of Allowance for the patent covering the central algorithms in the Uscom BP+ suprasystolic oscillometric central blood pressure monitor.

GLOBAL IMPACT

“Uscom has acquired global assets to ensure **Reliable revenue growth** for investors for the coming decade.”

TOP 10 Preventable Causes of Global Mortality



Uscom devices address conditions associated with 80% of the top 10 preventable causes of global mortality

22.9m of 28.8m (80%)
(World Health Organisation 2012 criteria)

CORPORATE GOVERNANCE STATEMENT

This statement outlines the Corporate Governance framework and practices adopted by the Board of Directors of Uscom Limited (**the Board**) and in place for the financial year ended 30 June 2016, by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (**the Recommendations**). The Statement was approved by the Board on the 16th of August 2016.

The Board and Senior Management of Uscom are committed to acting responsibly, ethically and with high standards of integrity as the Company strives to create shareholder value. Uscom is committed to implementing the highest standards of corporate governance appropriate for a company of its size and operations.

The Board considers and applies the Recommendations taking into account the circumstances of the Company. Where the Company's practices depart from a Recommendation, this Statement identifies the area of divergence and reasons for it, or any alternative practices adopted by the Company.

The Board has established a number of corporate governance documents consistent with the Recommendations which form the basis of the Company's corporate governance framework – these documents are referenced in this Corporate Governance Statement where relevant, and are as follows:

- Uscom Board Charter (updated and adopted 27 May 2015);
- Uscom Continuous Disclosure & Shareholder Communications Policy (updated and adopted 27 May 2015);
- Uscom Code of Conduct (updated and adopted 27 May 2015); and
- Uscom Securities Trading Policy (updated and adopted 27 May 2015).

The corporate governance documents are available on the Uscom website under "Investor" then "Corporate Governance."

http://uscom.com.au/investor/corp_governance.html

Principle 1: Lay solid foundations for management and oversight

The Board has primary responsibility for guiding and monitoring the business and affairs of Uscom, including compliance with the Company's corporate governance framework, and in conjunction with senior management, setting the strategic direction of the Company.

It is the role of Senior Management to manage the Company in accordance with the direction and delegation of the Board and the responsibility of the Board to provide leadership to, and oversee the activities of Management in carrying out these delegated duties.

The Board Charter sets out the roles and responsibilities of the Board, including those matters specifically reserved to the Board. The Charter also sets out the role and responsibility of the Chief Executive Officer, which is primarily the day to day management of the Company, supported by the senior management team.

The Board Charter provides that prior to the appointment of a new Director, and before a candidate is put forward as a candidate for election as a Director, appropriate checks will be undertaken including checks regarding the person's experience, education, disqualification from holding certain offices, criminal record and bankruptcy history. At any AGM the Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Non-executive Directors are provided with a formal letter of appointment which sets out the key terms, conditions, responsibilities and expectations of their appointment. Senior Management are employed under individual service contracts which set out their terms of employment including details of their duties, responsibilities, rights and remuneration entitlements.

The Board Charter provides that Directors may seek independent professional advice at the expense of the Company, when considered necessary to discharge their

responsibilities to the Company. Any such advice is the property of the Company and may be provided to the other Directors.

The Board Charter provides that the Company Secretary is accountable to the Board through the Chairman for all matters concerning the proper functioning of the Board, including advising on governance matters, monitoring that the Board's policies and procedures are followed and ensuring that the business at Board meetings is accurately captured in the minutes. As a matter of practice, where the Board is considering any matters relating to the Executive Chairman in his capacity as Chief Executive Officer, the Company Secretary reports and is accountable to the Non-Executive Directors.

The Board does not have a formal Diversity Policy in place and has not established measurable objectives for achieving measurable objectives for achieving gender diversity at this time. Given the small size of the Company workforce and the stage of the Company's development, the Board considers that it is not currently necessary or practical to establish a Diversity Policy or have measurable objectives aimed at achieving gender diversity. The Company seeks to promote and support an appropriate mix of diversity on its Board, in senior management and the organisation more generally. The Board will continue to review this matter, including whether it may be appropriate to establish a formal framework in this regard as the Company meets its strategy and grows.

The proportion of women employees in the whole organisation, women in senior management positions and women on the Board are set out in the following table:

	Proportion of Women
Whole Organisation	8 of 20 (40%)
Senior Management Positions	0 of 2 (0%)
Board	1 of 4 (25%)

Recommendation 1.5(c)(1)
The Board has not established a formal process for evaluating its performance and that of individual directors to date. Given the small size of the Board, to date the Directors have considered that they have been able to assess and monitor each other's performance on an ongoing basis, and raise any concerns as they arise. The Board Charter provides that the Board is responsible for undertaking a formal evaluation process to review its performance once a year, therefore the Board will review this matter with a view to establishing a formal evaluation process in the next reporting period.

There is currently no formal evaluation process in place by which the Board assesses the performance of senior management against specific measurable performance criteria. The Board considers that given the size of the Company and the stage of its development, it is most appropriate to assess senior management's performance on a continuous informal basis.

Principle 2:
Structure the Board to add value

The current Board has 3 Directors comprising the Executive Chairman and Chief Executive Officer Rob Phillips, and two independent Non-Executive Directors, Christian Bernecker and Sheena Jack. The Board Charter provides that an independent director is determined by reference to the factors set out in Box 2.3 of the Recommendations.
Further details about the Directors, including their tenure, skills, experience and expertise relevant to the position of director, and their non-executive and independent status, are set out in the Directors' Report on pages 15 to 22 of the Annual Report.

The Executive Chairman Rob Phillips is not independent. The Board considers it is appropriate that Dr Phillips undertakes this role, given his specific qualifications, knowledge and experience, and deep understanding of the Company, its products and operations. The Board has also taken into account the size of the Company and the Board, and the stage of development of the Company's business and strategy.

The Board Charter sets out the distinct responsibilities of the role of the Executive Chairman and the Non-Executive Directors, and provides that an Independent Director will be appointed to fulfil the role of Chairman whenever the Executive Chairman is conflicted.

Dr Phillips is also the Chief Executive Officer of the Company, and therefore the role of the Chairman and Chief Executive Officer are undertaken by the same person. The Board believes this is appropriate, for the reasons given above in relation to Dr Phillips' role as Executive Chairman.

The Board has not established a Nominations Committee at this time, given the current size and composition of the Board and Company, and taking into account that it is not likely that the size of the Board will increase in the short to medium-term. The Board carries out the functions that would ordinarily be carried out by a Nomination Committee.

The Board considers that there is currently an appropriate mix of skills, diversity and experience on the Board, taking into account the size of the company, the stage of its development and the nature of its operations. The Company seeks to maintain a Board of Directors with a broad range of relevant financial, industry and other relevant skills, experience and knowledge. The Board has not developed a skills matrix at this time. The Board considered the attributes of its current Directors at the time of their appointment, including the specific skills, experience, expertise and diversity they brought to the Board, in light of the Company's stage of development, its operations and strategy. To date the Board has considered that given its small size, it is able to identify any possible gaps in Board skills. However, the Board believes that a skills matrix would provide a sound basis for both Board evaluation purposes and to assist in identifying what may be required of future Board candidates, in the event it determines to appoint a new Director. The Board intends to establish a skills matrix in the next reporting period. The Board will also consider establishing plans to manage the succession of senior management in the next reporting period.

The Board Charter provides that each new Director will be required to participate in an induction program to familiarise themselves with the Company, its strategy and operations, and policies and procedures. Directors may undertake and request training as appropriate for their role, with the permission of the Chairman. The Charter also provides that in carrying out their duties and responsibilities, Directors may seek independent professional advice at the Company's expense, after consultation with the Chairman.

Principle 3:
Promote ethical and responsible decision making

The Board is committed to ensuring that the Company maintains the highest standards of integrity, honesty and fairness in its dealings with all stakeholders, and that the Company complies with all legal and other obligations. The Company has established a Code of Conduct (**the Code**) which applies to all directors, senior management and staff (**Employees**). The Code promotes practices that aim to foster the Company's key values, which include providing a safe and healthy work environment, encouraging Employees to act with fairness, honesty and integrity, being aware of and abiding by relevant laws and regulations and maintaining high standards of professional behaviour. Employees are expected to be honest and ethical in their dealings with each other and all stakeholders.
The Company's Securities Trading Policy applies to all Directors, officers and employees of Uscom. The Policy sets out the prohibitions against insider trading, and prescribes certain requirements for dealing in Uscom securities. All Company personnel are prohibited from trading in Uscom securities while in possession of material non-public information, which is information a reasonable person would expect to have a material effect on the price or value of Uscom securities. The Policy provides for certain black-out periods when no trading may occur.

Principle 4:
Safeguard integrity in corporate reporting

The Board does not have an Audit Committee, having dissolved its Audit Committee in February 2014. The Board considers that taking into account the size of the Company and the Board, the nature of the Company's operations and the stage of the Company's development, it is not necessary to have a separate Audit Committee. The functions that would ordinarily be undertaken by an Audit Committee, including issues relating to the Company's financial information and review of the Company's risk controls and processes, are primarily carried out by the two Non-Executive Directors. Non-Executive Director Sheena Jack is an experienced financial professional who has held senior positions in that capacity.

The Board has not currently established a formal procedure for the selection, appointment and rotation of the external auditor. The performance of the external auditor is reviewed on an ongoing basis by the Board.
Prior to approval of the Company's half year and annual financial reports, the Executive Chairman and General Manager are required to provide the Board with written assurances in relation to the half year and annual financial reports that the declaration provided in accordance with section 295A of the *Corporations Act 2001*(Cth) is founded on a sound system of risk management and

internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks. These assurances were provided in the reporting period.

The external auditor attends the Company's Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and preparation and conduct of the Independent Auditor's Report. Shareholders are also given the opportunity to submit written questions prior to the meeting. The Company considers that this is important in promoting and encouraging shareholder participation and reflects and supports the roles of the auditor and the auditor's accountability to shareholders.

Principle 5:
Make timely and balanced disclosure

The Company's Continuous Disclosure Policy and External Communications Policy sets out the policies and procedures relating to:

- Uscom's continuous disclosure obligations under the ASX Listing Rules and *Corporations Act 2001* (Cth);
- How Uscom staff are required to deal with potentially price-sensitive information, and communications with external stakeholders such as the media, security holders and the community to ensure that the Company meets its continuous disclosure obligations; and
- The Company's shareholder communications policy generally.

It is Uscom's policy to ensure that all market participants have an equal opportunity to review and access material information made available by the Company, and that the Company complies with both the letter and spirit of its continuous disclosure obligations under the *ASX Listing Rules and the Corporations Act*.

The Continuous Disclosure and External Communications Policy facilitates compliance with the Company's continuous disclosure obligations by setting out procedures that must be followed if staff become aware of material information, and the obligations of senior management and the Board to continuously assess and consider continuous disclosure matters. The Policy specifies those persons authorised to speak to ASX or other external parties in relation to the Company, and those disclosure matters that fall within the reserved powers of the Board. Other matters dealt with in the Policy include:

- dealing with market speculation and rumours;
- trading halts;
- management of information during periods where the Company may be in possession of price-sensitive information;
- analyst briefings; and
- monitoring of media and social media.

Principle 6:
Respect the rights of shareholders

Uscom's Continuous Disclosure and Shareholder Communications Policy sets out its policy and practices in relation to Uscom's commitment to providing shareholders with the necessary information and facilities to allow them to exercise their rights effectively, including:

- providing shareholders with ready access to information about Uscom and its governance;
- communicating openly and honestly with shareholders; and
- encouraging and facilitating shareholder participation in shareholder meetings.

The Company's website www.uscom.com.au provides detailed information about its business and operations. The Investor section of the website provides helpful information to shareholders and a link to Uscom's Share Registrar, Boardroom. The Investor section also provides a link to the ASX share price and Annual and periodic Reports.
Shareholders can find information about the Company's corporate governance practices in the Uscom Corporate Governance section under "Investors". This includes the Company's Constitution, Board and Charter and the Company's corporate governance policies.

The Company provides shareholders with the option of receiving communications from, and sending communications to, the Company and Share Registry electronically, for reasons of cost, convenience and environmental considerations. The Company provides a printed copy of the Annual Report only to those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Company's website.

Shareholders are encouraged to register on the Company website to receive email alerts of ASX Announcements and Media Releases and other news.

The Company's Share Register is managed and maintained by Boardroom Limited. Shareholders can access their shareholding details or make enquiries about their shareholding electronically through the link provided on the Uscom website in the Investor section, or through the Boardroom InvestorServe facility or by emailing enquiries@boardroomlimited.com.au.

The Company has not implemented a formal investor relations program to facilitate effective two-way communication with investors. The Board will consider establishing such a program when it believes it is appropriate, taking into account the Company's stage of development, and the resources available to the Company.

Principle 7:
Recognise and manage risk

The Board is responsible for oversight of risk, including monitoring and review of risk management matters delegated to senior management. To date, the Board has not established a formal risk management framework and does not conduct formal periodic reviews of the effectiveness of specific risk controls. The Board assesses the Company's material business risks and controls, including accounting, financial and operating controls, on an informal and ongoing basis. The Board intends to establish a formal risk management framework and processes for monitoring the effectiveness of that framework in the next reporting period.

The Company does not retain an Internal Audit function. The Board considers this is appropriate, taking into account the Company's stage of development, the scale of its operations and the relative simplicity of its finance function. The Board intends to review the processes it employs to evaluate risk management processes and internal control processes as part of its overall consideration of its risk management framework in the next reporting period.

The Board does not consider that the Company has any material exposure to economic, environmental and social sustainability risks.

Principle 8:
Remunerate fairly and responsibly

The Board has not established a Remuneration Committee.

The Board is responsible for:

- reviewing the performance and remuneration of senior management. In the case of the Executive Chairman the two non-executive Directors are responsible for review of Dr Phillips' performance and remuneration package;
- establishing the remuneration framework for non-executive directors, within the threshold approved by shareholders; and
- reviewing and determining equity-based remuneration plans for senior management and employees.

The Company's remuneration structure distinguishes between non-executive Directors and that of the Executive Chairman and Senior Management. The Remuneration Report required under section 300A of the *Corporations Act 2001* (Cth) is provided in the Directors' Report on pages 17-22.

The Company's Securities Trading Policy specifically prohibits Directors and senior management from entering into transactions which would limit the economic risk of any unvested entitlements under any equity-based remuneration schemes.

Further, Directors and senior management are prohibited from entering into margin loan arrangements or other arrangements whereby their securities in the Company may be used as collateral, without prior approval. Breaches of this policy are regarded as serious misconduct.

DIRECTORS REPORT

The Directors present their report on Uscom Ltd and its Controlled Entities for the financial year ended 30 June 2016.

Directors

The following persons were Directors of Uscom Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated.

Associate Professor R A Phillips	Executive Director - Chairman
Ms S Jack	Non-Executive Director
Mr C Bernecker	Non-Executive Director
Mr C X He (since 23 March 2016)	Non-Executive Director

Directors' qualifications and experience

Associate Professor Rob Phillips
Rob Phillips is the founder of Uscom Ltd, the Chief Executive Officer, Executive Director and Chief Scientist of the Company. Rob has 13 years' experience as Executive Chairman of the Company, having taken Uscom to IPO in 2003, and has over 20 years in executive corporate management and capital raising. Rob has overseen the company's acquisition of two international medical device companies in 2013 and 2015. Rob has a Doctor of Philosophy and a Master of Philosophy in Cardiovascular Medicine from The University of Queensland and is an Adjunct Associate Professor with the Critical Care Research Group, at the School of Medicine, The University of Queensland. He is an Australian Post Graduate Award recipient and was a finalist in the Time-Google-CNN-Science-NYSE World Health and Medicine Technology Awards in 2004. Rob has pioneered novel clinical approaches to cardiovascular assessment having authored over 30 patents and patent applications and is an internationally recognised author, teacher and examiner in the field of cardiac ultrasound, cardiovascular function and circulation.

Ms Sheena Jack
Ms Sheena Jack is a Non-Executive Director of Uscom Ltd since November 2011. Sheena was until recently the Chief Financial Officer of HCF when she took up the role of HCF Chief Strategy Officer. Sheena has over 25 years' experience as a finance professional and corporate executive. She has had experience across a range of corporate organisations including ASX listed companies, government and not for profit in both mature and start-up businesses. Sheena has significant experience in mergers and acquisitions, business integration, strategy development and implementation, capital markets and organisational transformation. Sheena is a Chartered Accountant and a graduate member of the Australian Institute of Company Directors.

Mr Christian Bernecker
Mr Christian Bernecker is a Non-Executive Director of Uscom Ltd since November 2011. Christian is Non-Executive Director of Stream Group Limited and has more than 10 years of broad investment experience across capital raising, acquisitions and divestments. Christian qualified as a Chartered Accountant in Australia and holds a Bachelor of Commerce from Ballarat University.

Mr Chao Xiao He
Mr Chao Xiao He is a Non-Executive Director of Uscom Ltd since 23 March 2016. Mr He was born in Shanghai and educated in Sydney. For the last 9 years he was based in Shanghai and Singapore as Vice President of Business Development APAC with Johnson & Johnson. Prior to that Mr He was an Associate at McKinsey & Company in Shanghai, then Director of Business Development and External Growth APAC and VP Finance China with AB InBev. based in Hong Kong and Shanghai.

Company Secretary's qualifications and experience

Ms Catherine Officer
Catherine Officer is an experienced Company Secretary and Corporate Lawyer with over 20 years experience. She has previously hold senior positions at ASX Limited and Macquarie Group. She has a Bachelor of Laws from the University of Melbourne. Catherine Officer resigned on 24 May 2016.

Mr Brett Crowley
Brett Crowley was appointed as the Company Secretary on 24 May 2016. He is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong, and has worked in China establishing and managing JV companies there. Mr Crowley is an experienced chairman, finance director and company secretary of ASX-listed companies, and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal.

Meetings of Directors

Directors	Board of Directors	
	Meetings held while a Director	No. of meetings attended
R A Phillips	8	8
S Jack	8	8
C Bernecker	8	8
C X He (since 23 March 2016)	2	2

Principal activities

Uscom Ltd is engaged in the development, design, manufacture and marketing of premium non-invasive cardiovascular and pulmonary medical 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, and owns 100% of Thor Laboratories KFT., a company that manufactures respiratory devices based in Hungary.

Operating result

The loss of the Consolidated Entity after providing for income tax amounted to $1,915,029 (2015: $1,215,654)

Dividends

No dividends were declared or recommended for the financial year ended 30 June 2016 (2015: nil).

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 per the Chairman's letter on pages 2-5.

Events after the reporting date

Apart from the items disclosed in note 29 to the financial statements, no other matters or circumstances have 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 and, in particular, those matters discussed in the Operating and Financial Review, 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 regulations

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

Indemnifying officers

The Consolidated Entity 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 Consolidated Entity

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

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

Non-audit services

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

The Directors are of the opinion that the provision of non-audit services as disclosed in note 25 in the financial report does not compromise the external auditor's independence as outlined in the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in the Code of Conduct APES110 Code of Ethics of Professional Accountants issued by the Accounting
- Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in management decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Refer to note 25 of the financial statements on page 48 for details of auditors' remuneration.

The auditor's independence declaration as required under section 307C of the Corporation Act is set out on page 24 and forms part of the Directors' Report.

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

Remuneration report (Audited)

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 Australian Accounting Standards AASB 124 – Related Party Disclosures.

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
Sheena Jack, Non-Executive Director
Christian Bernecker, Non-Executive Director
Chao Xiao He, Non-Executive Director since 23 March 2016
Executive Directors
Rob Phillips, Executive Director, Chairman, Chief Executive Officer
Senior Executives
Nick Schicht, General Manager

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 Consolidated Entity, including the compensation arrangements of Executive Directors, Non-Executive Directors and Senior Executives.

The Consolidated Entity has adopted remuneration policies based on performance and contribution for determining the nature and amount of emoluments of Board Members and Senior Executives. The objective of these policies is to:

- Make Uscom Ltd and its Controlled Entities an employer of choice
- Attract and retain the highest calibre personnel
- Encourage a culture of reward for effort and contribution
- Set incentives that reward short and medium term performance for the Consolidated Entity
- 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 Consolidated Entity for their services as Directors including their service on a committee of Directors is $165,000 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 Executives remuneration

The Consolidated Entity'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 Consolidated Entity's operations and achieve its strategic and financial objectives.

The total remuneration packages of Executive Directors and Senior Executives 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 Consolidated Entity's Employee Share Option Plan.

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

Other than the Uscom Ltd Employee Share Option Plan, the Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity is limited to the statutory level 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. The Board may however

approve discretionary bonuses to Executives in relation to certain milestones being achieved.

Long-term incentives

The Consolidated Entity has adopted an Equity Incentive Plan for the benefit of the Executive Director, an employee, contractor, consultant or any other person whom the Board determines to be eligible to participate in the Plans.

The Board, at its discretion, may approve the issue of options and rights under the Equity Incentive Plan to the Senior Executives. The vesting of options and rights 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 and rights 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 Consolidated Entity has entered into an employment agreement with the Executives that

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

Details of the employment agreement are as follows:

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 Consolidated Entity.
The employment terms do not prescribe the duration of employment for executives.

Due to the small number of Executives the remuneration committee comprises the Board of Directors which is made up of two Non-Executive Directors. Reference is made to external market information in order to retain the most suitable Executives for meeting the entity's goals. Executive Directors are excluded from discussions on their remuneration. The remuneration of key Executives are not linked with the Consolidated Entity's performance as the focus is on retention of key Executives to ensure growth and traction in what is a new market. The Board of Directors will consider linking executive remuneration to the Consolidated Entity's performance once the Consolidated Entity has sufficient market traction.

Termination

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

If either the Consolidated Entity or the Executive gives notice of termination, the Consolidated Entity 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 them for the residual period of notice at the time of termination.

Where the Executive gives less than 3 months written notice, the Consolidated Entity 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 Consolidated Entity.

Key management personnel remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2016.

	Short term benefits			Post employment benefits	Equity	Total remuneration
	Directors' Base Fee $	Base salary $	Other payments $	Superannuation $	Share-based payment $	$
Non-Executive Director						
S Jack	35,000	-	-	3,325	-	38,325
C Bernecker	38,325					38,325
C X He		-	-	-	10,500	10,500
Executive Director						
R Phillips	-	243,000	-	40,605	225,176	508,781*
Senior Executive						
N Schicht	-	209,000		19,855	19,264	248,119
Total	73,325	452,000		63,785	254,940	**844,050**

*R Phillips cash remuneration of $243,300 included $14,000 payout from annual leave, and his superannuation of $40,605 included salary sacrifice of $16,000 payout from annual leave. His equity remuneration remains unvested.

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2015.

	Short term benefits			Post employment benefits	Equity	Total remuneration
	Directors' Base Fee $	Base salary $	Other payments $	Superannuation $	Share-based payment $	$
Non-Executive Director						
S Jack	35,000	-	-	3,325	-	38,325
C Bernecker	38,325	-	-	-	-	38,325
Executive Director						
R Phillips	-	170,000	-	16,150	147,603	333,753
Senior Executive						
N Schicht	-	166,000	20,000	17,670	12,450	216,120
Total	73,325	336,000	20,000	37,145	160,053	**626,523**

Equity Incentive Plan

The Consolidated Entity has adopted a new Equity Incentive Plan for the benefit of an employee, contractor, consultant or executive director of the Group or any other person whom the Board determines to be eligible to participate in the Plans.

The purpose of the Plan is to:

- provide Eligible Persons with an incentive plan which recognises ongoing contribution to the achievement by the Company of its strategic goals thereby encouraging the mutual interdependence of Participants and the Company;
- align the interests of Participants with shareholders of the Company through the sharing of a personal interest in the future growth and development of the Company as represented in the price of the Company's ordinary fully paid shares;
- encourage Eligible Persons to improve the performance of the Company and its total return to Shareholders; and
- provide a means of attracting and retaining skilled and experienced employees.

Under the Plan, the Consolidated Entity will be able to grant short-term incentive and long-term incentive awards to Eligible Employees (including Executive Directors). The Plan will provide the Board with the flexibility to grant equity incentives to Eligible Persons in the form of Plan Shares, rights or Options, will only vest on the satisfaction of appropriate hurdles.

Number of options over ordinary shares held by Directors and Senior Executives

	Balance	Granted	Exercised	Lapsed / Cancelled	Balance	Total vested	Total unexercisable
	1 July 2015	During FY2016	During FY2016	During FY2016	30 June 2016	30 June 2016	30 June 2016
	No.	No.	No.	No.	No.	No.	No.
Non-Executive Director							
S Jack	-	-	-	-	-	-	-
C Bernecker	-	-	-	-	-	-	-
Executive Director							
R Phillips	1,000,000	-	(500,000)	-	500,000	500,000	-
Senior Executive							
N Schicht	100,000	-	-	-	100,000	100,000	-
Total	1,100,000	-	(500,000)	-	600,000	600,000	-

Details of options outstanding as at end of year

Holders No.	Grant date	Exercisable at 30 June 2016	Expiry date	30 June 2016 Outstanding Option	Exercise Price	Issued date fair value
		%		No.	$	$
1 (Executive)	29 March 2012	100%	29 March 2017	100,000	0.0595	0.06
1 (Director)	7 November 2012	100%	7 November 2016	500,000	0.0595	0.07
1 (Consultant)	1 December 2014	67%	1 July 2018	75,000	0.1700	0.20
Total				675,000		

The options issued prior to this financial year were issued under the previous employee option plan and had an exercise price based on 85% of the average ASX closing price for the 5 days prior to offer/acceptance of the options. Each option was issued for a period of 4 years, which vested 25% in tranches throughout the period.

The options issued on 1 December 2014 were issued under the Equity Incentive Plan. The options vest one third each on the issue day 1 December 2014, 1 July 2015 and 1 July 2016.

Further details of the options are disclosed in note 18 of the financial statements.

Number of rights over ordinary shares held by Directors and Senior Executives

	Balance	Granted	Exercised	Lapsed / Cancelled	Balance	Total vested	Total unexercisable
	1 July 2015	During FY2016	During FY2016	During FY2016	30 June 2016	30 June 2016	30 June 2016
	No.	No.	No.	No.	No.	No.	No.
Non-Executive Director							
S Jack	-	-	-	-	-	-	-
C Bernecker	-	-	-	-	-	-	-
Executive Director							
R Phillips	5,409,902	-	-	-	5,409,902	-	5,409,902
Senior Executive							
N Schicht	450,000	-	-	-	450,000	-	450,000
Total	5,859,902	-	-	-	5,859,902	-	5,859,902

Details of rights outstanding as at end of year

Holders No.	Grant date	Exercisable at 30 June 2016	Expiry date	30 June 2016 Outstanding Right	Exercise Price	Issued date fair value
		%		No.	$	$
1 (Director)	26 November 2014	0%	1 July 2020	5,409,902	0.00	0.19
1 (Executive)	26 November 2014	0%	1 July 2020	450,000	0.00	0.19
Total				5,859,902		

5,409,902 Indeterminate Rights were issued to Rob Phillips on the terms and conditions approved by shareholders at the AGM on 26 November 2014. Vesting is dependent on performance hurdles on 1 July 2018, 1 July 2019 & 1 July 2020. Consideration payable upon vesting is $nil. The Board may exercise its discretion to pay cash in lieu of the issue of ordinary shares.

450,000 Performance Rights were issued to Nick Schicht on 26 November 2014, vesting is dependent on performance hurdles on 1 July 2018, 1 July 2019 and 1 July 2020. Consideration payable upon vesting is $nil.

Number of rights over ordinary shares held by Directors and Senior Executives

	Balance 1 July 2015 No.	Received as Remuneration No.	Options Exercised No.	Net change Other* No.	Balance 30 June 2016 No.
Non-Executive Director					
S Jack	796,667	-	-	3,333	800,000(1)
C Bernecker	-	-	-	-	-
Executive Director					
R Phillips	17,046,733	-	500,000	33,333	17,580,066(2)
Senior Executive					
N Schicht	218,200	-	-	-	218,200(3)
Total	18,061,600	-	500,000	36,666	18,598,266

*Net change other refers to share purchased or sold during the financial year, or cessation of categorisation as a Director or Senior Executive.

(1) All these ordinary shares are held by family associate.

(2) 7,577,433 of these ordinary shares are held by Australian Cardiac Sonography Pty Ltd as trustee for the Phillips Superannuation.

(3) 10,000 of these ordinary shares are held by family associate.

Additional Information

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2016	2015	2014	2013	2012
	$	$	$	$	$
Sales Revenue	2,482,925	1,515,381	1,056,502	578,753	794,135
Loss after income tax	(1,915,029)	(1,215,654)	(1,520,500)	(1,371,683)	(1,824,547)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016	2015	2014	2013	2012
Share Price at financial year end ($)	0.25	0.19	0.22	0.17	0.094
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings declared (cents per share)	(2.0)	(1.5)	(2.0)	(2.2)	(3.5)

This concludes the remuneration report, which has been audited.

This Directors' report is signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Associate Professor Rob Phillips	Ms Sheena Jack
Executive Director - Chairman	Non-Executive Director

Sydney, 17 August 2016

AUDITORS INDEPENDENCE DECLARATION

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Level 11, 1 Margaret St
Sydney NSW 2000

Australia

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

As lead auditor of Uscom Limited for the year ended 30 June 2016, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 17 August 2016

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the FY ended 30 June 2016

		Consolidated	
Continuing operations		2016	2015
	Note	$	$
Revenue and other income	3	2,936,504	2,039,426
Raw materials and consumables used		(708,013)	(341,718)
Expenses from continuing activities	4	(4,131,930)	(2,913,362)
Loss before income tax from continuing operations		(1,903,439)	(1,215,654)
Income tax	5	(11,590)	-
Loss after income tax from continuing operations	6	(1,915,029)	(1,215,654)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference for foreign operations		(18,250)	3,511
Other comprehensive income for the year, net of tax		(18,250)	3,511
Total comprehensive income for the year		(1,933,279)	(1,212,143)
Attributable to:			
Owners of the Company		(1,933,279)	(1,212,143)
Total comprehensive income for the year		(1,933,279)	(1,212,143)
Earnings per share from continuing operations attributable to the owners of the Company			
Earnings per share (EPS)			
Basic earnings per share (cents per share)	7	(2.0)	(1.5)
Diluted earnings per share (cents per share)	7	(2.0)	(1.5)

This Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		Consolidated	
		2016	2015
	Note	$	$
Current assets			
Cash and cash equivalents	8	2,839,773	526,317
Trade and other receivables	9	267,751	300,753
Inventories	10	418,707	525,672
Tax asset	11	429,516	366,831
Other assets	14	137,039	104,820
Total current assets		4,092,786	1,824,393
Non-current assets			
Plant and equipment	12	74,895	46,150
Intangible assets	13	1,544,065	1,065,812
Total non-current assets		1,618,960	1,111,962
Total assets		5,711,746	2,936,355
Current liabilities			
Trade and other payables	15	545,899	418,524
Current provisions	16	209,902	196,073
Total current liabilities		755,801	614,597
Non-current liabilities			
Non-current provisions	16	17,954	33,097
Total non-current liabilities		17,954	33,097
Total liabilities		773,755	647,694
Net assets		4,937,991	2,288,661
Equity			
Issued capital	17	30,308,877	26,019,429
Options and rights reserve	18	2,099,893	1,806,732
Accumulated losses	6	(27,533,620)	(25,618,591)
Translation reserve	19	62,841	81,091
Total equity		4,937,991	2,288,661

This Statement of Financial Position is to be read in conjunction with the attached notes.

STATEMENT OF CHANGES IN EQUITY

For the FY ended 30 June 2016

Consolidated	Issued Capital $	Options Reserve $	Accumulated Losses $	Foreign Currency Translation Reserve $	Total $
Balance at 30 June 2014	26,006,168	1,638,582	(24,402,937)	77,580	3,319,393
Loss for the year	-	-	(1,215,654)	-	(1,215,654)
Other Comprehensive Income	-	-	-	3,511	3,511
Total Comprehensive Income for the year	-	-	(1,215,654)	3,511	(1,212,143)
Transactions with Owners in their capacity as owners:					
Shares Issued	14,875	-	-	-	14,875
Transaction costs on Shares Issued	(1,614)	-	-	-	(1,614)
Share-based payments	-	168,150	-	-	168,150
Balance at 30 June 2015	26,019,429	1,806,732	(25,618,591)	81,091	2,288,661
Loss for the year	-	-	(1,915,029)	-	(1,915,029)
Other Comprehensive Income	-	-	-	(18,250)	(18,250)
Total Comprehensive Income for the year	-	-	(1,915,029)	(18,250)	(1,933,279)
Transactions with Owners in their capacity as owners:					
Shares Issued	4,539,630	-	-	-	4,539,630
Transaction costs on Shares Issued	(250,182)	-	-	-	(250,182)
Share-based payments	-	293,161	-	-	293,161
Balance at 30 June 2016	30,308,877	2,099,893	(27,533,620)	62,841	4,937,991

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

STATEMENT OF CASH FLOWS

For the FY ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,563,145	1,321,080
Interest received		10,733	12,652
Payments to suppliers and employees (inclusive of GST)		(4,231,505)	(2,639,578)
Grant and other income received		366,831	313,050
Net cash used in operating activities	20(b)	(1,290,796)	(992,796)
Cash flows from investing activities			
Purchase of patents and trademarks		(91,365)	(60,370)
Purchase of plant and equipment		(2,507)	(16,612)
Acquisition of Thor Laboratories – Net of cash acquired	27	(591,324)	-
Net cash used in investing activities		(685,196)	(76,982)
Cash flows from financing activities			
Issue of shares (net of share issue cost)	17	4,289,448	13,261
Net cash provided by financing activities		4,289,448	13,261
Net increase/(decrease) in cash held		2,313,456	(1,056,517)
Cash and cash equivalents at the beginning of the year		527,631	1,588,214
Exchange rate adjustment for opening balance		(1,314)	(5,380)
Cash and cash equivalents at the end of the year	20 (a)	2,839,773	526,317

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

Note 1: Adoption of new and revised accounting standards

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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

Note 2: Statement of significant accounting policies

(a) Introduction

The financial report covers the Consolidated Entity of Uscom Ltd and its Controlled Entities. 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 cardiovascular and pulmonary 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, Australian Accounting Interpretations, the Corporations Act 2001 and complies with other requirements of the law, as appropriate for-profit oriented entities.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Currency

The financial report is presented in Australian dollars, which is the Parent Company's functional and presentational currency.

Note 2: Statement of significant accounting policies (continued)

Historical Cost Convention
This financial report has been prepared under the Historical Cost Convention.

Reporting period
The financial report is presented for the year ended 30 June 2016. The comparative reporting period was for the year ended 30 June 2015.

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 15 August 2016 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.

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(d) Financial assets and financial liabilities
Financial assets and financial liabilities are recognised on the Statement of Financial Position 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 statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

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 the statement of profit and loss and other comprehensive income.

Financial assets not measured at fair value comprise receivables and investment in subsidiary. 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, and borrowings and are measured at amortised cost using the effective interest method.

Trade accounts payable represent the principal amounts outstanding at reporting 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 reporting 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 asset 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.

Note 2: Statement of significant accounting policies (continued)

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 or 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 or 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 22 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 policies of Subsidiaries have been changed where necessary to ensure consistencies with those polices applied by the Parent Entity.

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 statement of profit or loss and other comprehensive income 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 continuous operations as they arise.

(g) Revenue recognition

- 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.
- 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.
- Interest revenue
  Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
- Government grants
  Government grants revenue is recognised at fair value when there is reasonable assurance that the grant will be received and the grant conditions will be met.

(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 are depreciated on diminishing value 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 statement of profit or loss and other comprehensive income.

The depreciation rates used for each class of depreciable assets are:

Class Of Fixed Asset	
Depreciation Rate	
- Plant & Equipment	10% - 40%
- Office Furniture & Equipment	15%
- Computer Software	40%
- Low Value Pool	37.5%

Note 2: Statement of significant accounting policies (continued)

(j) Intangibles
Patents and Trademarks are valued in the financial statements at cost of acquisition less accumulated amortisation and are amortised on diminishing value basis at 12.5% per annum.

The value of Regulatory Approvals was recognised at the acquisition of Thor Laboratories. Regulatory Approvals are amortised over 5 years on straight line basis from the date of acquisition.

(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 statement of profit or loss and other comprehensive income. In assessing value in use, the estimated future cash flows discounted to their present value using a pre-tax discount rate.

(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 diminishing value 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 cash on hand and at call deposits with banks or financial institutions.

(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 the statement of profit or loss and other comprehensive income as incurred, or deferred where it is probable that sufficient future benefits will be derived so as to recover those deferred costs.

(p) 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 charge for current income tax expense/credit is based on the profit or loss for the year adjusted for any non- assessable or disallowed items. It is credited using tax rates that have been enacted or are substantively enacted by the reporting 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.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. 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.

Note 2: Statement of significant accounting policies (continued)

Where the Consolidated Entity is entitled to a research and development tax offset, this is treated as other income in the period to which the entitlement relates.

(q) 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 Consolidated Entity has a present obligation to pay resulting from employee services provided up to reporting 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.

(r) 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 services are rendered.

Uscom Ltd has adopted an Employee Share Option Plan for the benefit of Executive Directors and full-time or part-time staff members employed by the Consolidated Entity. Refer note 18 to the financial statements for details.

An Executive Share Option Plan has also been developed to provide approved participants further incentive in their performance for the Consolidated Entity and an opportunity to acquire an ownership interest in the Consolidated Entity.

(s) Share-based payment arrangement
Goods or services received or acquired in a share-based payment transaction are recognised as an 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.

(t) 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 Financial Position are shown inclusive of GST.

(u) Receivables
Trade receivables and other receivables represent the principal amounts due at reporting 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.

(v) 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.

(w) Warranties
Provision is made in respect of the Consolidated Entity's estimated liability on all products and services under warranty at reporting 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.

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

(y) Business combinations
Assets and liabilities are adjusted for events incurring after the reporting date that provide evidence of conditions.

Note 2: Statement of significant accounting policies (continued)

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

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

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

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

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

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

The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

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

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

The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

	Consolidated	
	2016	2015
	$	$
Note 3: Revenue and other income		
Operating revenue		
Sale of goods	2,482,925	1,515,381
Other revenue		
Interest received	10,733	12,652
Other income		
Grants receivable – R&D Tax Incentive	429,516	366,831
Sundry income	13,330	-
Exchange gain	-	144,562
Total other income	442,846	511,393
Total revenues and other income from continuing operations	2,936,504	2,039,426
Note 4: Expenses from continuing activities, excluding finance costs		
Depreciation and amortisation expenses	278,713	172,019
Impairment of patents	-	59,768
Employee benefits expense	1,765,193	992,060
Research and development expenses	542,903	488,178
Advertising and marketing expenses	784,493	557,523
Occupancy expenses	156,967	154,613
Auditors remuneration (audit and review)	66,630	50,000
Regulatory expenses	37,164	71,944
Administrative expenses	491,099	367,257
Exchange losses	8,768	-
Total expenses from continuing activities, excluding finance costs	4,131,930	2,913,362

Operating lease expenses of $142,215 in 2016 (2015: $138,955) are included in occupancy expenses above.

Share based expenses of $246,286 in 2016 (2015: $168,150) are included in employee benefits expenses above.

	Consolidated 2016 $	Consolidated 2015 $
Note 5: Income tax		
Major components of income tax		
Current income tax	(11,590)	-
Income tax	(11,590)	-
Reconciliation between income tax credit and prima facie tax on accounting loss		
Accounting loss before income tax	1,903,439	1,215,654
Tax benefit at 30% in Australia, 15% in USA, 12% in Hungary (2015: 30% in Australia)	538,596	369,318
Tax effect on non-taxable income and non-deductible expenses	(203,386)	(167,151)
Temporary differences	(28,508)	(36,909)
Deferred tax asset not brought to account	(295,112)	(165,258)
Income tax	(11,590)	-

As at 30 June 2016, the Consolidated Entity had estimated unrecouped operating income tax losses of $18,959,811 (2015: $17,685,151). The benefit of these losses of $5,454,498 (2015: $5,095,594) has not been brought to account as realisation is not probable. The benefit will only be obtained if:

- 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 be realised;
- The Consolidated Entity continues to comply with the conditions for deductibility imposed by the law;
- No changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deduction for the losses.

	2016	2015
Note 6: Accumulated losses		
Accumulated losses at the beginning of the financial year	(25,618,591)	(24,402,937)
Net loss attributable to members of the Entity	(1,915,029)	(1,215,654)
Accumulated losses at the end of the financial year	(27,533,620)	(25,618,591)
Note 7: Earnings per share		
Loss after tax used in calculation of basic and diluted EPS	(1,915,029)	(1,215,654)
	Number	Number
Weighted average number of ordinary shares during the year used in calculation of basic EPS	96,118,052	81,647,161
Weighted average number of options outstanding	5,630,323	1,944,418
Weighted average number of rights outstanding	5,859,902	3,483,832
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	107,608,277	87,075,411
Basic earnings per share (cents per share)	(2.0)	(1.5)
Diluted earnings per share (cents per share)	(2.0)	(1.5)

The options and rights in existence have an anti-dilutive effect on EPS, therefore there is no difference between basic earnings per share and diluted earnings per share as shown above.

	Consolidated 2016 $	Consolidated 2015 $
Note 8: Cash and cash equivalents		
Cash on hand	7,672	132
Bank: Cheque accounts	1,767,777	447,026
Bank: Cash management	23,906	38,741
Bank: Term deposits	1,040,418	40,418
Total cash and cash equivalents	2,839,773	526,317

Note 9: Trade and other receivables

	2016 $	2015 $
Current		
Trade receivables	267,751	300,753
Total current receivables	267,751	300,753

Trade receivables are non-interest bearing and on an average of 45 day terms. Details of trade receivables past due but not impaired are disclosed in note 21.

Note 10: Inventories

	2016 $	2015 $
Current inventories at cost		
Raw materials	239,745	162,172
Work in Progress	61,526	105,340
Finished products	117,436	258,160
Total inventories	418,707	525,672

Note 11: Tax asset

	2016 $	2015 $
R & D tax incentive	429,516	366,831
Total tax asset	429,516	366,831

Note 12: Plant and equipment

	2016 $	2015 $
Plant and equipment at cost	645,943	581,315
Accumulated depreciation – including foreign exchange impact	(588,089)	(542,194)
	57,854	39,121
Office furniture and equipment at cost	71,027	59,166
Accumulated depreciation – including foreign exchange impact	(59,832)	(57,422)
	11,195	1,744
Computer software at cost	36,910	26,130
Accumulated depreciation – including foreign exchange impact	(32,337)	(22,881)
	4,573	3,249
Low value asset pool at cost	50,314	34,619
Accumulated depreciation – including foreign exchange impact	(49,041)	(32,583)
	1,273	2,036
Total plant and equipment	74,895	46,150

Note 12: Plant and equipment (continued)

Movements in carrying amounts	Plant and equipment	Office furniture and equipment	Computer software	Low value asset pool
Useful life	2-7 years $	2-7 years $	3 years $	3 years $
Consolidated Entity				
Carrying amount at 1 July 2015	39,121	1,744	3,249	2,036
Acquisitions through business combinations	38,361	11,156	5,611	-
Additions	3,831	800	1,800	458
Disposals	(363)	(365)	(955)	-
Depreciation expense	(23,095)	(2,140)	(5,133)	(1,221)
Carrying amount at 30 June 2016	57,855	11,195	4,572	1,273

Note 13: Intangible assets

		Consolidated	
		2016 $	2015 $
Non-current			
Patents at cost	(i)	1,797,260	2,037,460
Accumulated amortisation and impairment		(778,803)	(971,648)
Carrying amount at 30 June		1,018,457	1,065,812
Regulatory approvals -acquisitions through business combinations	27	630,730	-
Accumulated amortisation		(105,122)	-
Carrying amount at 30 June		525,608	-
Total intangible assets		1,544,065	-
Movements in carrying amounts			
Patents carrying amount at 1 July		1,065,812	1,222,518
Additions	(ii)	93,647	60,370
Impairment		-	(59,768)
Amortisation		(141,002)	(157,308)
Patents carrying amount at 30 June		1,018,457	1,065,812
Regulatory approvals -acquisitions through business combinations	(ii)	630,730	-
Additions		-	-
Impairment		-	-
Amortisation		(105,122)	-
Regulatory approvals carrying amount at 30 June		525,608	-

(i) Patents at costs for 2016 has excluded the patents being written down in the prior years.

(ii) Intangible Assets comprise Intellectual Property in the form of Patents and Regulatory approvals (FDA and CE). Patents and Regulatory approvals have finite useful lives. The current amortisation charge in respect of Patents and Regulatory approvals is included under Expenses from Continuing Activities in the Statement of Profit or Loss and Other Comprehensive Income.

	Consolidated	
	2016	2015
	$	$
Note 14: Other assets		
Current		
GST/VAT receivable	92,311	26,240
Prepayments	44,728	78,580
Total other current assets	137,039	104,820
Note 15: Trade and other payables		
Current		
Trade payables	72,811	179,815
Sundry payables and accrued expenses	418,643	198,888
Employee related payables	54,445	39,821
Total payables	545,899	418,524
Note 16: Provisions		
Current		
Provision for annual leave	132,693	129,837
Provision for long service leave	77,209	66,236
	209,902	196,073
Non-current		
Provision for long service leave	4,354	19,797
Provision for warranties	13,600	13,300
	17,954	33,097
(a) Aggregate employee benefits	214,256	215,870
(b) Movement in employee benefits		
Balance at beginning of the year	215,870	185,146
Additional provision	143,421	99,870
Amounts used	(145,035)	(69,146)
Balance at end of the year	214,256	215,870

	Consolidated 2016 $	Consolidated 2015 $
Note 17: Issued capital		
Issued capital		
Fully paid ordinary shares	30,308,877	26,019,429
Total contributed equity	30,308,877	26,019,429
Movement in issued capital		
Shares on issue at the beginning of the year	26,019,429	26,006,168
250,000 ordinary shares issued at 5.95 cents on 30 September 2014	-	14,875
9,666,669 ordinary shares issued at 15 cents on 23 July 2015	1,450,000	-
275,000 ordinary shares issued at 15 cents on 31 July 2015	41,250	-
12,500 ordinary shares issued at 5.95 cents on 31 July 2015	744	-
666,667 ordinary shares issued at 15 cents on 14 August 2015	100,000	-
3,963,319 ordinary shares issued at 15 cents on 21 August 2015	594,498	-
500,000 ordinary shares issued at 5.95 cents on 30 Sep 2015	29,750	-
75,000 ordinary shares issued at 5.95 cents on 23 March 2016	4,463	-
11,594,625 ordinary shares issued at 20 cents on 10 Jun 2016	2,318,925	-
Share issue costs	(250,182)	(1,614)
Issued Equity at the end of the year	30,308,877	26,019,429

Fully paid ordinary shares	Number	Number
Ordinary shares at the beginning of the year	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 at 15 cents by private placement on 23 July 2015	9,666,669	-
275,000 ordinary shares issued at 15 cents by private placement on 31 July 2015	275,000	-
12,500 ordinary shares issued at 5.95 cents by exercise of option on 31 July 2015	12,500	-
666,667 ordinary shares issued at 15 cents 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 option on 30 September 2015	500,000	-
75,000 ordinary shares issued by exercise of option on 23 March 2016	75,000	-
11,594,625 ordinary shares issued by private placement on 10 Jun 2016	11,594,625	-
Total ordinary shares at the end of the year	108,463,270	81,709,490

The Company's authorised share capital amounted to 108,463,270 ordinary shares of no par value at 30 June 2016.

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.

Note 18: Options and rights reserve

The Consolidated Entity has adopted a new Equity Incentive Plan for the benefit of an employee, contractor, consultant, executive director of the Group or any other person whom the Board determines to be eligible to participate in the Plans. The Board may impose conditions, including performance related conditions, on the right to exercise any options and rights granted under the Equity Incentive Plan.

The purpose of the Plan is to:

- provide Eligible Persons with an incentive plan which recognises ongoing contribution to the achievement by the Company of its strategic goals thereby encouraging the mutual interdependence of Participants and the Company;
- align the interests of Participants with shareholders of the Company through the sharing of a personal interest in the future growth and development of the Company as represented in the price of the Company's ordinary fully paid shares;
- encourage Eligible Persons to improve the performance of the Company and its total return to Shareholders; and
- provide a means of attracting and retaining skilled and experienced employees.

Under the Plan, the Consolidated Entity will be able to grant short-term incentive and long-term incentive awards to Eligible Employees (including Executive Directors). The Plan will provide the Board with the flexibility to grant equity incentives to Eligible Persons in the form of Plan Shares, rights or Options, will only vest on the satisfaction of appropriate hurdles.

	Consolidated	
	2016	2015
	$	$
Effect of share-based payment transactions		
Share Option Plan		
Options and rights reserve balance at the beginning of the year	1,806,732	1,638,582
Expenses arising from share-based payment transactions	293,161	168,150
Options and rights reserve balance for Share Option Plan at the end of the year	2,099,893	1,806,732

Movement in options during the financial year

Movement during the financial year	Number of Options 2016	Weighted average exercise price	Number of Options 2015	Weighted average exercise price
Opening number of options	1,912,500	0.06	2,100,000	0.06
Granted during the financial year – Consultant	4,765,544	0.25	75,000	0.17
Lapsed during the financial year	(650,000)	0.06	(12,500)	0.06
Cancelled during the financial year	-		-	
Exercised during the financial year	(587,500)	0.06	(250,000)	0.06
Closing number of options	5,440,544	0.21	1,912,500	0.06

Note 18: Options and rights reserve (continued)

Details of options outstanding as at end of the year

Holders No.	Grant date	Exercisable at 30 June 2016	Expiry date	30 June 2016 Outstanding Option	Exercise Price	Issued date fair value
		%		No.	$	$
1 (Executive)	29 March 2012	100%	29 March 2017	100,000	0.0595	0.06
1 (Director)	7 November 2012	100%	7 November 2016	500,000	0.0595	0.06
1 (Consultant)	1 December 2014	67%	1 July 2018	75,000	0.1700	0.20
32 (Investors)	23 July 2015	100%	31 July 2017	3,222,211	0.2500	0.16
1 (Investor)	14 August 2015	100%	31 July 2017	222,222	0.2500	0.15
1 (Investor)	21 August 2015	100%	31 July 2017	888,889	0.2500	0.15
1 (Investor)	27 October 2015	100%	31 July 2017	432,222	0.2500	0.185
Total				5,440,544		

The options issued prior to this financial year were issued under the previous employee option plan, have an exercise price 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 options issued on 1 December 2014 were issued under the Equity Incentive plan. The options vest one third each on the issue day, 1 July 2015 and 1 July 2016 respectively.

Fair value

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

Weighted average share price	Range from $0.06 to $0.25
Exercise price	600,000 at $0.0595, 75,000 at $0.17 and 4,765,544 at $0.25
Option life	2-4 years
Risk-free interest rate	Range from 2.13% to 4.17%
Expected dividends	0
Expected volatility*	Range from 62% to 76%

* 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.

Movement in rights during the financial year

	2016	2015
	Number	Number
Rights at the beginning of the period	5,859,902	-
Granted during the period	-	5,859,902
Rights at the end of the period	5,859,902	5,859,902

5,409,902 Indeterminate rights were issued to Rob Phillips on the terms and conditions approved by shareholders at the AGM on 26 November 2014 under the Equity Incentive Plan, vesting dependent on performance hurdles on 1 July 2018, 1 July 2019 & 1 July 2020. Consideration payable upon vesting is $nil. The Board may exercise its discretion to pay cash in lieu of issue of ordinary shares.

450,000 Performance rights were issued to Nick Schicht on 26 November 2014 under the Equity Incentive Plan, vesting dependent on performance hurdles on 1 July 2018, 1 July 2019 and 1 July 2020. Consideration payable upon vesting is $nil.

	2016	2015
	$	$
Note 19: Translation reserve		
Opening balance	81,091	77,580
Translation of financial statements of foreign Controlled Entities	(18,250)	3,511
Closing balance	62,841	81,091

Translation reserve is the movement of assets and liabilities' value for the foreign subsidiaries due to the fluctuation of foreign exchange.

	Consolidated 2016 $	Consolidated 2015 $
Note 20: Cash flow information		
(a) Reconciliation of cash		
Cash at bank and on hand	2,839,773	526,317
Total cash at end of year	2,839,773	526,317
(b) Reconciliation of cash flow from operations to loss from continuing operations after income tax		
Loss from continuing operations after income tax	(1,915,029)	(1,215,654)
Non cash flows in loss from continuing operations		
Depreciation	32,590	14,711
Amortisation	246,123	157,308
Impairment of patents	-	59,768
Options reserve	246,286	168,150
Translation reserve	(18,250)	3,511
(Increase)/decrease in assets		
Trade debtors	33,002	24,761
Inventories	105,905	(314,513)
Prepayments	33,852	(37,332)
R & D tax incentive	(62,685)	(53,781)
GST assets	(66,071)	2,896
Increase/(decrease) in liabilities		
Trade payables	(107,004)	118,307
Sundry payables and accrued expenses	219,756	32,991
Employee related payables	(37,957)	10,963
Employee provisions	(1,614)	30,724
Other provisions	300	4,394
Net cash used in operating activities	(1,290,796)	(992,796)

Note 21: 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. The capital structure of the Entity consists of cash and cash equivalents (note 8 on page 37) and equity attributable to equity holders of the Parent Entity, comprising issued capital (note 17 on page 40), and accumulated losses (note 6 on page 36).

(c) Outstanding contracts

At 30 June 2016, there were no outstanding contracts.

(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 Consolidated Entity from either cash in the bank or term deposits, and continually monitors interest rate movements.

Note 21: Financial instruments (continued)

(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 2016 and is exposed to foreign currency risk on sales and purchases denominated in a currency other than Australian dollars.

The currencies giving rise to this risk is primarily the US Dollar, Euro and British Pound. The Consolidated Entity incurs costs in US Dollars for its operations which provide a natural hedge for a portion of 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	
	2016	2015
	US$	US$
Cash	656,326	156,591
Current trade debtors	199,456	216,605
Current trade creditors	20,707	75,467
	€	€
Cash	94,253	87,791
Current trade debtors	-	12,850
	£	£
Current trade debtors	-	-

(f) Foreign currency sensitivity

The Consolidated Entity is mainly exposed to exchange rate risks arising from movements in the US Dollar, Euro and British Pound against the Australian Dollar, and the US Dollar from the translation of the operations of its Controlled Entity.

The analysis below demonstrates the profit impact of a 10% movement of US Dollar and a 5% movement of Euro and British Pound rates 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	
	2016	2015
	$	$
Profit/Loss - increase 10% (US$) and 5% (€) & (£)	(205,126)	(138,891)
- decrease 10% (US$) and 5% (€) & (£)	205,126	138,891

(g) Interest rate risk management

The Consolidated Entity does not have any external loans or borrowings as at 30 June 2016 and is not exposed to interest rate risks related to debt.

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

Note 21: Financial instruments (continued)

(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	
	2016	2015
	$	$
Profit/Loss - increase 100 basis points	1,072	1,265
- decrease 100 basis points	(1,072)	(1,265)

(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, as recognised on the Statement of Financial Position, is the carrying amount, net of any allowance for doubtful debts. Credit risk in respect of cash and deposits is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

	Consolidated	
Debtors past due but not impaired	2016	2015
	$	$
0 - 45 days	16,592	-
46 – 90 days	-	-
Over 90 days	18,736	9,685
Total	35,328	9,685

No bad debt was written off during the year (2015: $Nil). There was no doubtful debt provision as at 30 June 2016 (2015: Nil). The past due debts of $35,328 from two debtors is still outstanding subsequent to the reporting date, but full recovery is expected based on communication with the debtor.

(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.

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

The following table details 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.

Note 21: Financial instruments (continued)

Consolidated	Weighted Average effective interest Rate %	Floating interest $	Fixed interest rate maturing Within 1 year $	1 to 5 years $	Non-interest bearing $	Total $
2016						
Financial assets						
Cash	1.3	718,349	1,040,418	-	1,081,006	2,839,773
Trade receivables		-	-	-	267,751	267,751
Other receivables	-	-	-	-	92,311	92,311
Total financial assets		718,349	1,040,418	-	1,441,068	3,199,835
Financial liabilities						
Trade creditors		-	-	-	72,811	72,811
Payables		-	-	-	54,445	54,445
Total financial liabilities		-	-	-	127,256	127,256
Net financial assets		718,349	1,040,418	-	1,313,812	3,072,579

Consolidated	Weighted Average effective interest Rate %	Floating interest $	Fixed interest rate maturing Within 1 year $	1 to 5 years $	Non-interest bearing $	Total $
2015						
Financial assets						
Cash	0.5	485,899	40,418	-	-	526,317
Trade receivables		-	-	-	300,753	300,753
Other receivables	-	-	-	-	26,240	26,240
Total financial assets		485,899	40,418	-	326,993	853,310
Financial liabilities						
Trade creditors		-	-	-	179,815	179,815
Sundry payables		-	-	-	39,821	39,821
Total financial liabilities		-	-	-	219,636	219,636
Net financial assets		485,899	40,418	-	107,357	633,674

Reconciliation of net financial assets to net assets	2016 $	2015 $
Net financial assets as above	3,072,579	633,674
Non-financial assets and liabilities		
R & D tax incentive receivable	429,516	366,831
Inventories	418,707	525,672
Prepayments	44,728	78,580
Plant and equipment	74,895	46,150
Intangible assets	1,544,065	1,065,812
Accruals	(418,643)	(198,888)
Provisions	(227,856)	(229,170)
Net assets per Statement of Financial Position	4,937,991	2,288,661

The carrying amounts of the consolidated entity's financial assets and financial liabilities are assumed to approximate their fair values due to their short-term nature.

Note 22: Related party disclosures

Transactions between related parties are on normal commercial terms and conditions, no more favourable 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%
Significant investments in subsidiaries:	Uscom Medical Ltd
Country of subsidiary incorporation:	U.K.
Proportion of ownership interest:	100%
Significant investments in subsidiaries:	Thor Laboratories KFT.
Country of subsidiary incorporation:	Hungary
Proportion of ownership interest:	100%

Consolidated
The Parent and Ultimate Parent Entity is Uscom Limited.

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
Sheena Jack, Non-Executive Director
Christian Bernecker, Non-Executive Director
Chao Xiao He, Non-Executive Director since 23 March 2016
Executive Directors
Rob Phillips, Executive Director, Chairman, Chief Executive Officer
Senior Executives
Nick Schicht, General Manager

For further remuneration information of key management personnel refer to the remuneration report in the Directors' report on pages 20-22.

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	
	2016	2015
	$	$
Short-term employee benefits	525,325	409,325
Post-employment benefits	63,785	37,145
Other payments	-	20,000
Share-based payment	254,940	160,053
Total key management personnel remuneration	844,050	626,523

Note 23: Parent entity information

	Parent	
	2016	2015
	$	$
Set out below is the supplementary information about the parent entity.		
Statement of comprehensive income		
Loss after income tax	(1,831,167)	(1,246,463)
Total comprehensive income	(1,831,167)	(1,246,463)
Statement of financial position		
Total current assets	3,828,705	1,785,997
Total assets	5,541,184	2,751,433
Total current liabilities	660,407	606,955
Total liabilities	678,361	640,052
Equity		
Contributed equity	30,308,877	26,019,429
Options reserve	2,099,893	1,806,732
Accumulated losses	(27,545,947)	(25,714,780)
Total equity	4,862,823	2,111,381

Contingent liabilities
The parent entity has provided a guarantee in respect of obligations under premises lease of $40,418 (2015: $40,418). No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee.

Other than the guarantee mentioned above, the parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2.

	Consolidated	
	2016	2015
	$	$
Note 24: Commitments		
Operating lease commitments		
Operating commitments represent payments due for office rentals and have an average term from 18 to 30 months and month to month thereafter.		
Less than 1 year	139,607	67,334
Between 1 and 5 years	71,321	-
Total operating commitments	210,928	67,334
Note 25: Auditors' remuneration		
a. Audit services		
BDO East Coast Partnership for Audit and review of financial reports	56,500	50,000
BDO Hungary Audit and review of financial reports	10,130	-
Total remuneration for audit services	66,630	50,000
b. Non-audit services		
BDO East Coast Partnership for Accounting advice	2,000	1,000
BDO East Coast Partnership for Taxation advice	-	1,250
BDO Hungary for Due diligence service	2,501	-
BDO Hungary for Taxation advice	1,395	-
Total remuneration for Non-audit services	5,896	2,250
Total auditors' remuneration	72,526	52,250

Note 26: Operating segments

Segment information
The Consolidated Entity operates in the global health and medical products industry.

The Consolidated Entity sells two cardiovascular products, the USCOM 1A cardiac output monitor and the Uscom BP+ central blood pressure monitor and a series of pulmonary products the Uscom SpiroSonic spirometers.

Globally the Company has five geographic sales and distribution segments Australia, Asia, the Americas, Europe and Mid East and Africa, and other regions. For each segment, the CEO and General Manager review internal management reports on at least a monthly basis.

The largest customer group operates in Asia and accounts for 47% of the total sales. For the current period Uscom 1A comprised 76%, SpiroSonic spirometers 21% and BP+ 3% of the total Uscom sales revenue.

Basis of accounting for purposes of reporting by operating segments
Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 2 and accounting standard AASB 8 Operating Segments which requires a 'Management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in no change to the reportable segments as operating segments continue to be reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which is the Board of Directors.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of inventories, property, plant and equipment and intangible assets. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are not allocated. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions for warranties. Segment assets and liabilities do not include deferred income taxes.

	Australia	Asia	Americas	Europe	Other regions	Consolidated
	$	$	$	$	$	$
2016						
Sales to external customers	35,768	1,271,234	466,389	428,350	281,184	2,482,925
Other income	440,239	-	-	13,340	-	453,579
Total segment revenue/income	476,007	1,271,234	466,389	441,690	281,184	2,936,504
Segment expenses	3,014,003	355,941	649,810	710,858	109,331	4,839,943
Segment result	(2,537,996)	915,293	(183,421)	(269,168)	171,853	(1,903,439)
Income tax				(11,590)		(11,590)
Consolidated loss from ordinary activities after income tax						(1,915,029)
Segment assets	4,338,477	125,411	542,804	705,054	-	5,711,746
Segment liabilities	678,361	-	10,373	85,021	-	773,755
Acquisition of property, plant and equipment and intangibles	16,881	1,199	51,550	716,763	-	786,393
Impairment of patents	-	-	-	-	-	-
Depreciation and amortisation	27,904	18,684	32,895	199,230	-	278,713

Note 26: Operating segments (continued)

	Australia	Asia	Americas	Europe	Other regions	Consolidated
	$	$	$	$	$	$
2015						
Sales to external customers	37,234	952,429	27,491	410,635	87,592	1,515,381
Other income	524,045	-	-	-	-	524,045
Total segment revenues/income	561,279	952,429	27,491	410,635	87,592	2,039,426
Segment expenses	2,199,629	234,915	502,072	294,573	23,891	3,255,080
Segment result	(1,638,350)	717,514	(474,581)	116,062	63,701	(1,215,654)
Consolidated loss from ordinary activities after income tax						(1,215,654)
Segment assets	1,781,216	141,229	434,569	579,341	-	2,936,355
Segment liabilities	640,052	-	7,642	-	-	647,694
Acquisition of property, plant and equipment and intangibles	30,228	4,265	30,483	17,716	-	82,692
Impairment of patents	5,355	-	13,109	41,304	-	59,768
Depreciation and amortisation	28,252	20,149	34,803	88,322	-	171,526

Note 27: Business combination

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. Thor is a medical device business based in Hungary. It was acquired to expand and diversify the existing business and leverage the existing distribution channels. The acquired business contributed revenues of $527,661 and loss after tax of $50,435 to the consolidated entity for the period from 1 September 2015 to 30 June 2016.

Details of the acquisition are as follows:

	$
Cash and cash equivalents	108,676
Trade receivables	12,949
Inventory	95,154
Prepaid Tax	32,367
Prepayments	1,383
Plant and equipment	59,073
Trade payables	(61,226)
Net assets acquired	248,376
Intangible assets – Regulatory approvals	630,730
Acquisition-date fair value of the total consideration	879,106
Representing:	
Cash paid	700,000
Contingent payable to vendor	132,231
Equity based contingent consideration	46,875
	879,106
Cash used to acquire business, net of cash acquired:	
Cash paid	700,000
Less: cash and cash equivalents	(108,676)
Net cash used	591,324

NOTES TO FINANCIAL STATEMENTS
Continued

Note 27: Business combination (continued)

If the consolidated entity acquired the business on 1 July 2015, the business would have contributed revenues of $527,661 and loss after tax of $50,435 to the consolidated entity for the period from 1 July 2015 to 30 June 2016.

Deferred consideration payable for the acquisition

The consolidated entity recognises the fair value of deferred considerations for the acquisition, as of its acquisition date as part of the consideration transferred in exchange for the acquired business. The fair value measurements require, among other things, significant estimation of post-acquisition financial performance of the acquired business. This calculation uses cash flow projection for post-acquisition performance.

Any projected earnout payments are discounted to present value, using a discount rate deemed appropriate by the consolidated entity to account for the time value of money in addition to the inherent risk in the earnout calculation projection. The discount rate used is 10% pre-tax.

Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

Note 28: Contingencies

Other than the guarantee mentioned at Note 23, the consolidated entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

Note 29: Events after the reporting date

No matters or circumstances have 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.

DIRECTORS DECLARATION

Uscom Limited and its Controlled Entity

1. The directors of the company declare that: The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standards and the Corporations Regulations 2001; and

    b. give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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 directors have been given the declarations required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Associate Professor Rob Phillips	Ms Sheena Jack
Executive Director - Chairman	Non-Executive Director

Sydney, 17 August 2016

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Uscom Limited

Report on the Financial Report

We have audited the accompanying financial report of Uscom Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Uscom Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards 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 the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Uscom Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 17 August 2016

SHAREHOLDER INFORMATION

Additional information required by Australian Stock Exchange Listing Rules is as follows. This information is current as at 31 July 2016.

(a) Distribution Schedules of Shareholder

Holdings Ranges	Holders	Ordinary shares	
	Number	Number	%
1 – 1,000	108	69,763	0.06%
1,001 – 5,000	195	580,662	0.54%
5,001 – 10,000	83	682,007	0.63%
10,001 – 100,000	280	11,642,102	10.73%
100,001 – 99,999,999,999	132	95,488,736	88.04%
Total	798	108,463,270	100%

There were 133 holders of less than a marketable parcel of 105,602 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 2016 are:

DR ROBERT ALLAN PHILLIPS	17,580,066
DR STEPHEN FREDERICK WOODFORD	10,268,475
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,266,609
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,500,366
DONGJUN SUN	2,414,125

(d) Twenty largest registered holders – ordinary shares

Balance as at 31 July 2016	Ordinary shares	
	Number	%
DR ROBERT ALLAN PHILLIPS	17,580,066	16.208%
DR STEPHEN FREDERICK WOODFORD	10,268,475	9.467%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,266,609	5.778%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,500,366	3.227%
DONGJUN SUN	2,414,125	2.226%
DRP CARTONS (NSW) PTY LTD <DRP CARTONS (NSW) PL S/F A/C>	2,359,616	2.175%
MR JOHN LIONEL GLEESON	2,351,680	2.168%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	2,116,636	1.951%
INVIA CUSTODIAN PTY LIMITED <RIVERBEL FAMILY NO 3 A/C>	2,088,118	1.925%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,014,982	1.858%
CHESAPEAKE CAPITAL LTD	2,000,000	1.844%
CORF CORPORATION PTY LIMITED <MADDISON FAMILY S/F A/C>	1,920,000	1.770%
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,792,029	1.652%
RAEWYN JANETTE LOVETT & STRUAN GRANT MCOMISH	1,477,640	1.362%
LINK TRADERS (AUST) PTY LTD	1,220,809	1.126%
EASTBOURNE ROAD PTY LTD <JACK BOYD SUPER FUND A/C>	1,187,995	1.095%
QUERION PTY LTD PO BOX 1324	1,166,667	1.076%
MR FREDRIK HOLGER UDEN	1,120,948	1.033%
MR DAVID LEROY BOYLES	1,000,000	0.922%
INVIA CUSTODIAN PTY LIMITED <BOZWALD PTY LTD A/C>	991,667	0.914%
Total	64,838,428	59.779%

SHAREHOLDER INFORMATION

Continued

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

Brett Crowley

Registers of securities

Boardroom Pty Limited

Level 12, 225 George Street
Sydney NSW 2000 Australia

GPO Box 3993
Sydney NSW 2001 Australia

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

Stock exchange listing

Quotation has been granted for 108,463,270 ordinary shares of the Company as at 31 July 2016 on all Member Exchanges of the Australian Stock Exchange Limited.

Unquoted securities

Options and rights over unissued shares as at 31 July 2016
A total of 5,440,544 options over ordinary shares are on issue. 500,000 options are on issue to a director. 100,000 options are on issue to an executive under the previous Uscom Executive Share Option Plan; 75,000 options are on issue to a consultant under the new Equity Incentive Plan. 4,765,544 options are on issue to investors.

A total of 5,859,902 rights over ordinary shares are on issue. 5,409,902 rights are on issue to a director and 450,000 are on issue to an executive under the new Equity Incentive Plan.

Uscom Limited,
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Uscom