



## ASX MEDIA RELEASE

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### Appendix 4D Results and News

**Half Year ended 31 December 2019**

New sales and distribution models for China, Europe and the US

NMPA received and cash increasing

China Government recommends USCOM 1A treatment for Coronavirus

SCCM International Paediatric Sepsis Guidelines for USCOM 1A

**SYDNEY, Australia, Friday 28<sup>th</sup> February 2020:** Uscom Limited (ASX code: UCM) (the **Company** or **Uscom**) today released its Appendix 4D interim financial report and financial results for the half year ended 31 December 2019 (the **Half** or **H1**). The results disclosed in the attached Appendix 4D are in Australian dollars.

#### Financial Background

- H1 Total Revenue \$0.96m down from \$1.49M in pcp (down 35%)
- Cash on hand 31-12-19 = \$1.48M
- Cash on hand 26-02-20 = \$2.0M (increased \$0.52M in eight weeks)

#### Operational Summary

- H1 revenue delayed as Uscom China takes over China distribution
- NMPA approval at end of period - 30th December 2019
- China Government Coronavirus Guidelines for Adults and Children received end January
- Uscom China distribution model initiated 30<sup>th</sup> December 2019 increasing margin and volume
- Previous China distributors re-signed with new distributors appointed January 2020
- SCCM Paediatric Sepsis Guidelines includes USCOM 1A technology
- BP+ and SpiroSonic devices progress toward NMPA approval
- New European sales distribution model and appointment of Sales and Marketing manager through European HQ in Budapest
- 28 new US sales staff contracted to cover distribution in >80% of US geography in December



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### China

H1 was focused on a significant restructure in China as Uscom commissioned the new Uscom China subsidiary in Beijing, with the first imports of our devices directly into the China market late in H1 as the distribution model was restructured. This change delayed H1 sales and revenue. In addition the delayed USCOM 1A NMPA approval delayed appointment of distributors and sales in H1.

At the end of H1 Uscom received a new five year NMPA approval. Uscom China re-signed all previous distributors to revised contracts, increasing both margins and volume, and appointed new distributors to expand our provincial reach. These changes plus the issuance of six new China National Health and Medical Commission Coronavirus Guidelines in the last four weeks, have combined to create a rapid increase in cash receipts following the close of the period, increasing cash on hand by \$0.52M in the first eight weeks of H2.

### Europe

In Europe Uscom appointed Dr Antonio Ferrario as its new European Sales and Marketing Manager to lead Uscom sales and marketing initiatives in Europe out of the Uscom European HQ in Budapest. Dr Ferrario has over 30 years experience in medical device sales in Europe.

H1 has been slow for the European HQ as regulatory approvals, following our relocation early in the year, have been slow to be released resulting in reduced international sales. However as the approvals are received, Dr Ferrario's activities begin to gain traction, and with a renewed sales focus on the SE Asian region, sales opportunities are expected to increase.

### US

In the US in December Uscom contracted an additional 28 sales personnel to sell devices into >80% of the nation's geography. This significant increase in reach into the largest medical device market in the world has increased sales leads and product demonstrations and, we expect, sales.

The significant restructuring of distribution across all three major markets is in preparation for our new wave of regulatory approvals for BP+ and SpiroSonic have delayed sales.

### Guidelines

In the last four weeks Uscom technology has received very powerful global professional endorsements which reflect Uscom's 20 years of commitment to improved care of infectious diseases. The Chinese Government has recommended USCOM 1A for treating severe cases of the most significant global health epidemic in the last 20 years, coronavirus, in children and adults and is progressing to install our devices into Chinese hospitals under these Guidelines. While the SCCM International Paediatric Sepsis Guidelines inclusion of the USCOM 1A represents two decades of commitment by Uscom engineers and scientists, and world clinical leaders to the improved treatment of sepsis. A significant number of the authors of the SCCM guidelines are USCOM 1A users, authors or advocates.



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Executive Chairman of Uscom, Associate Professor Rob Phillips said, *“The Chinese National Health and Medical Commission publishing national coronavirus guidelines specifically and generally recommending USCOM 1A technology to treat adults and children with the most severe cases of the most significant global health epidemic in 20 years. This Government recognition for the years of science to develop our USCOM 1A demonstrates we are changing global practice. More recently international critical care guidelines from the SCCM also recommended USCOM 1A technology for monitoring and management of sepsis in Children. Uscom science has always been respected world wide and there are very few medical devices which have ever had such a global impact. We are proud our devices are saving lives of adults and children with severe infections worldwide and are now being endorsed by Governments and Medical Academies.*

*Operationally our significant restructure of sales and marketing strategies across China, Europe and the US is beginning to generate results and significant incoming cash. With the new 5 year NMPA approval for USCOM1A in China and the Chinese Government coronavirus recommendation for USCOM 1A, we are shifting manufacturing into top gear to meet anticipated demand. Restructuring our China distribution model has taken 6 months to complete and could only be enacted after receipt of the NMPA approval received in the last week of H1. Since then sales have increased reflecting both pent up demand and the Government adult and paediatric Coronavirus guidelines. The new China distribution model has increased per unit margins for devices and increased the number and scale of our distributors. In H1 we also initiated significant upregulation of and restructuring of European and US sales and distribution models, both of which are starting to show very positive responses. Revenue from all these initiatives are expected to be further enhanced as our SpiroSonic and BP+ devices move toward NMPA and FDA approvals and can be fed into our new and expanded global sales and distribution models.”*

### Risks

Potential business operational risks include supply chain challenges for components, and disruption of sales and distribution activities from sickness and Government restrictions if Coronavirus continues its international spread.

### Summary

The first eight weeks of H2 reflect the fundamental change in our business with receipt of the five year China NMPA approval for USCOM 1A opening the door for us in the Chinese market. This also combined with the restructure of Chinese distribution and the full commissioning of Uscom China in the first week of January. The increased activity in China has been considerable resulting in an increase of \$0.52M in cash on hand in the first eight weeks of H2 predominantly from Chinese sales. The new Chinese National Coronavirus Guidelines and International SCCM Pediatric Sepsis Guidelines recommending USCOM 1A use in treatment of severe coronavirus and sepsis cases is predicted to further stimulate clinical adoption and sales over the next twelve months. Restructuring of both our European and US sales and distribution models is also beginning to show results. Operationally we are reviewing our manufacturing strategies to ensure adequate capacity to meet demand. Uscom looks forward to the year ahead as the anticipated results of our global strategies from H1 convert into on-going growth and revenue.



## ASX MEDIA RELEASE

Uscom manufactures and markets the USCOM 1A, the Uscom BP+, and the Uscom SpiroSonic digital ultrasonic spirometry technologies. These premium digital devices are changing the way we diagnose and treat cardiovascular and pulmonary diseases and are platform technologies for eHealth applications. The USCOM 1A provides vital guidance for optimising management of sepsis and the administration of fluid, inotropes and vasoactive therapies in critical care monitoring of children, adults, pregnancy and the elderly. The BP+ SpiroSonic devices improve diagnosis and management of hypertension, heart failure, asthma, COPD and sleep disorders in the clinical and home care environments.

### About Uscom

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

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

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

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

For more information, please visit: [www.uscom.com.au](http://www.uscom.com.au)

### Uscom Contacts

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Brett Crowley  
Company Secretary  
[secretary@uscom.com.au](mailto:secretary@uscom.com.au)



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ASX Media Release

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## **Uscom Limited and its controlled entities**

ABN 35 091 028 090

## **ASX Appendix 4D Half yearly report – 31 December 2019**

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**Uscom**

## ASX Media Release

Reporting period ended: 31 December 2019  
Previous corresponding reporting period: 31 December 2018

The consolidated entity has adopted Accounting Standard AASB 16 'Leases' for the half-year ended 31 December 2019 using the modified retrospective approach and as such comparatives have not been restated.

### Results for announcement to the market

Revenue and other income	down	35%	to	\$964,185
<b>Loss</b> from ordinary activities after tax attributable to members	up	97%	to	(\$1,496,352)
<b>Net Loss</b> for the period attributable to members	up	97%	to	(\$1,496,352)

### Dividends per Share

It is not proposed to pay a dividend.

### Comments

AASB 16 'Leases' had a significant impact on the current period. The current period profit before income tax expense was reduced by \$51,075. This included an increased depreciation and amortisation expense of \$125,670 and increased finance costs of \$44,718, offset by a reduction in rental expense and operating leases of \$119,313. As at 31 December 2019, net current assets were reduced by \$253,669 (attributable to current lease liabilities) and net assets were reduced by \$51,075 (attributable to right-of-use assets and lease liabilities).

### Net Tangible Asset per Ordinary Share

	31 December 2019	31 December 2018
NTA backing	1.5c	2.2c

### Status of review

The consolidated entity's Half-Year Report contains an independent review report that is not subject to a modified conclusion, emphasis of matter or other matter paragraph.

### Commentary

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

### Financial highlights

Revenue and other income	\$964,185
Loss from ordinary activities	(\$1,496,352)
Sales revenue	\$683,922
Net operating cash outflow	(\$751,605)
Net increase in cash held	\$274,119
Cash held at end of the period	\$1,480,811

## DIRECTORS' REPORT

Your directors present the financial report of Uscom Ltd and its controlled entities for the half-year ended 31 December 2019.

### Directors

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

Dr Rob Phillips  
Mr Christian Bernecker  
Mr Brett Crowley  
Mr Xianhui Meng (appointed 16 December 2019)

### UPDATE

Uscom H1 sales were reduced by delayed regulatory approvals across China, Europe and the US. Restructuring of Uscom China operations also delayed sales as we negotiated with and signed sales and distribution partners. This sales and marketing re-organisation was replicated across Europe and the US. Since H1 completion there has been a rapid increase of operations for the first 8 weeks of H2 as restructuring and approvals combined with new Chinese Government recommendations supporting USCOM 1A use in severe coronavirus cases to rapidly grow cash receipts.

#### China

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Potential business risks ahead include supply chain challenges for components, and disruption of sales and distribution activities from sickness and Government restrictions if Coronavirus continues its international spread.

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**Asso. Professor Rob Phillips**  
**Executive Chairman**

Sydney, 28 February 2020



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

As lead auditor for the review of Uscom Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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



Gareth Few  
Partner

**BDO East Coast Partnership**

Sydney, 28 February 2020

**Uscom Limited and its controlled entities**  
**Consolidated statement of profit or loss and other comprehensive income**  
**for the half year ended 31 December 2019**

<b>Continuing operations</b>	<i>Note</i>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
		<b>\$</b>	<b>\$</b>
Revenue and other income	2	964,185	1,485,823
Raw materials and consumables used		(23,883)	(249,351)
Expenses from continuing activities	3	(2,428,627)	(1,990,392)
<b>Loss before income tax from continuing operations</b>		<b>(1,488,325)</b>	<b>(753,920)</b>
Income tax expense		(8,027)	(4,052)
<b>Loss after income tax from continuing operations</b>		<b>(1,496,352)</b>	<b>(757,972)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation difference for foreign operations		(36,582)	11,204
<b>Other comprehensive income for the period</b>		<b>(36,582)</b>	<b>11,204</b>
<b>Total comprehensive income for the period</b>		<b>(1,532,934)</b>	<b>(746,768)</b>
<b>Attributable to:</b>			
Owners of the Company		(1,532,934)	(746,768)
<b>Total comprehensive income for the period</b>		<b>(1,532,934)</b>	<b>(746,768)</b>
<b>Earnings per share (EPS)</b>			
<b>Basic earnings per share (cents per share)</b>		<b>(1.1)</b>	<b>(0.5)</b>
<b>Diluted earnings per share (cents per share)</b>		<b>(1.1)</b>	<b>(0.5)</b>

This Consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the annual financial report for the year ended 30 June 2019 and the attached notes.

**Uscom Limited and its controlled entities**  
**Consolidated statement of financial position**  
**as at 31 December 2019**

	<i>Note</i>	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents		1,480,811	1,208,496
Trade and other receivables		210,233	583,306
Inventories		717,751	511,334
Research and development tax assets		240,416	462,997
Other assets		173,539	108,639
<b>Total current assets</b>		<b>2,822,750</b>	<b>2,874,772</b>
<b>Non-current assets</b>			
Other assets		83,457	83,456
Plant and equipment		188,936	223,387
Intangible assets	4	858,168	957,329
Right-of-use assets	1	1,545,205	-
<b>Total non-current assets</b>		<b>2,675,766</b>	<b>1,264,172</b>
<b>Total assets</b>		<b>5,498,516</b>	<b>4,138,944</b>
<b>Current liabilities</b>			
Trade and other payables		524,933	437,159
Provisions		226,524	175,827
Lease liabilities	1	147,611	-
<b>Total current liabilities</b>		<b>899,068</b>	<b>612,986</b>
<b>Non-current liabilities</b>			
Provisions		33,261	38,002
Lease liabilities	1	1,448,669	-
<b>Total non-current liabilities</b>		<b>1,481,930</b>	<b>38,002</b>
<b>Total liabilities</b>		<b>2,380,998</b>	<b>650,988</b>
<b>Net assets</b>		<b>3,117,518</b>	<b>3,487,956</b>
<b>Equity</b>			
Issued capital	5	34,160,864	33,300,933
Options and rights reserve	6(i)	2,827,225	2,824,660
Other reserves	6(ii)	300,000	-
Accumulated losses		(34,181,142)	(32,684,790)
Foreign currency translation reserve		10,571	47,153
<b>Total equity</b>		<b>3,117,518</b>	<b>3,487,956</b>

This Consolidated statement of financial position is to be read in conjunction with the annual financial report for the year ended 30 June 2019 and the attached notes.

## Interim Financial Report

## Half yearly report

Uscom Limited and its controlled entities  
Consolidated statement of changes in equity  
for the half year ended 31 December 2019

	Issued capital	Options and rights reserve	Other reserves	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	33,254,701	2,813,371	-	(31,295,392)	72,078	4,844,758
Loss for the period	-	-	-	(757,972)	-	(757,972)
Other comprehensive income	-	-	-	-	11,204	11,204
Total comprehensive loss for the period	-	-	-	(757,972)	11,204	(746,768)
<i>Transactions with owners in their capacity as owners:</i>						
Shares Issued	25,000	-	-	-	-	25,000
Transaction costs on Shares Issued	(1,884)	-	-	-	-	(1,884)
Share-based payments	-	5,691	-	-	-	5,691
Total transactions with owners	23,116	5,691	-	-	-	28,807
<b>Balance at 31 December 2018</b>	33,277,817	2,819,062	-	(32,053,364)	83,282	4,126,797
<b>Balance at 1 July 2019</b>	33,300,933	2,824,660	-	(32,684,790)	47,153	3,487,956
Loss for the period	-	-	-	(1,496,352)	-	(1,496,352)
Other comprehensive income	-	-	-	-	(36,582)	(36,582)
Total comprehensive income for the period	-	-	-	(1,496,352)	(36,582)	(1,532,934)
<i>Transactions with owners in their capacity as owners:</i>						
Shares Issued	750,000	-	-	-	-	750,000
Transaction costs on Shares Issued	(9,021)	-	-	-	-	(9,021)
Share-based payments	118,952	2,565	-	-	-	121,517
Unissued equity	-	-	300,000	-	-	300,000
Total transactions with owners	859,931	2,565	300,000	-	-	1,162,496
<b>Balance at 31 December 2019</b>	34,160,864	2,827,225	300,000	(34,181,142)	10,571	3,117,518

This Consolidated statement of changes in equity is to be read in conjunction with the annual financial report for the year ended 30 June 2019 and the attached notes.

**Uscom Limited and its controlled entities**  
**Consolidated statement of cash flows**  
**for the half year ended 31 December 2019**

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,111,295	915,918
Payments to suppliers and employees		(2,332,277)	(1,989,556)
Grants received		465,833	790,962
Interest received		3,544	34,903
Net cash used in operating activities		(751,605)	(247,773)
<b>Cash flows from investing activities</b>			
Purchase of patents and trademarks		(15,255)	(23,489)
Purchase of plant and equipment		-	(37,759)
Net cash used in investing activities		(15,255)	(61,248)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options		750,000	-
Share issue costs		(9,021)	(1,884)
Unissued equity contributions received	6(ii)	300,000	-
Net cash provided by (used in) financing activities		1,040,979	(1,884)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>274,119</b>	<b>(310,905)</b>
Net cash and cash equivalents at the beginning of the period		1,208,496	2,493,575
Foreign exchange impact on cash flows		(1,804)	-
Net cash and cash equivalents at the end of the period		1,480,811	2,182,670

This Consolidated statement of cash flows is to be read in conjunction with the annual financial report for the year ended 30 June 2019 and the attached notes.

**Uscom Limited and its controlled entity****Selected Explanatory Notes to the Financial Statements  
For the half year ended 31 December 2019****Note 1 – Statement of significant accounting policies**

The half-year consolidated financial report was approved by the Board of Directors on 28 February 2020. This half-year consolidated financial report has been prepared in accordance with Accounting Standard AASB 134 and is to be read in conjunction with the annual financial report for the financial year ended 30 June 2019. This half-year consolidated financial report has been prepared in accordance with Australian Accounting Standard AASB134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Uscom Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

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

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

**New, revised or amending Accounting Standards and Interpretations adopted****New or amended Accounting Standards and Interpretations adopted**

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

**AASB 16 Leases**

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact on the financial performance and position of the consolidated entity from the adoption of AASB 16 is detailed below.

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Impact of adoption**

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not restated. The impact of the adoption is summarised as follows:

	Accounting under new accounting policy (AASB 16)	Accounting under previous policy (AASB 117)	Effect of change to accounting policy
<b>Statement of Profit or Loss and Other Comprehensive Income</b>			
Occupancy expenses	2,665	121,979	(119,313)
Depreciation and amortisation expenses	160,946	35,276	125,670
Finance expenses	45,663	945	44,718
	209,275	158,200	51,075
<b>Statement of Financial Position</b>			
Right-of-use assets	1,545,205	-	1,607,432
Lease liabilities – current	(147,611)	-	(253,669)
Lease liabilities – non current	(1,448,669)	-	(1,450,298)
	(51,075)	-	(51,075)
Retained losses	(34,181,142)	(34,130,067)	(51,075)
Total equity	(34,181,142)	(34,130,067)	(51,075)

*Reconciliation of operating lease commitments as at 30 June 2019 to lease liability recognised as at 1 July 2019:*

	31 December 2019 \$
Current	147,611
Non-current	1,448,669
Total lease liabilities	1,596,280
Operating lease commitments disclosed as at 30 June 2019	830,485
Short term and low value lease commitments as at 30 June 2019	(39,497)
Further terms reasonably certain to exercise	1,304,168
Discounted using the Group's incremental borrowing rate on 1 July 2019	(474,621)
Lease liability recognised as at 1 July 2019	1,620,535

*Reconciliation of movement in lease liabilities:*

Lease liability recognised as at 1 July 2019	1,620,535
Additions	46,744
Interest expense	44,718
Repayment of lease liabilities	(115,718)
Total lease liabilities as at 31 December 2019	1,596,280

	31 Dec 2019 \$	31 Dec 2018 \$
<b>Note 2 – Revenue and other income</b>		
Sale of goods	683,922	1,059,589
<u>Other revenue</u>		
Interest received	3,304	17,675
<u>Other income</u>		
Grants	261,681	363,859
Other income	-	1,837
Exchange gain	15,278	42,863
Total other income	276,959	408,559
Total revenue and other income	964,185	1,485,823

<b>Note 3 – Expenses from ordinary activities</b>		
Depreciation and amortisation expenses	149,691	157,972
Depreciation – right-of-use assets	125,670	-
Employee expenses	1,001,331	713,161
Research and development expenses	419,888	362,967
Advertising and marketing expenses	353,568	310,774
Occupancy expenses	2,665	105,615
Regulatory expenses	62,404	91,873
Administrative expenses	267,747	246,274
Finance costs	45,663	1,012
Total expenses from ordinary activities	2,428,622	1,990,392

	31 Dec 2019 \$	30 Jun 2019 \$
<b>Note 4 – Intangible assets</b>		
Patents	774,071	810,159
Regulatory approvals	84,097	147,170
Total Intangible assets	858,168	957,329

	Patents \$	Regulatory approval \$	Total \$
<i>Movements in carrying amounts</i>			
Opening balance	810,159	147,170	957,329
Additions	15,254	-	15,254
Impairment	-	-	-
Amortisation	(51,342)	(63,073)	(114,415)
Intangible assets at the end of the period	774,071	84,097	858,168

	31 Dec 2019 \$	31 Dec 2018 \$
<b>Note 5 – Issued capital</b>		
<u>Ordinary shares</u>		
Fully paid ordinary shares	34,160,864	33,300,933



Total contributed equity			34,160,864	33,300,933
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	31 Dec 2019 Number	30 Jun 2019 Number	31 Dec 2019 \$	30 Jun 2019 \$
<u>Movement in issued capital</u>				
Opening balance	137,640,866	137,259,372	33,300,933	33,254,701
Ordinary shares issued	7,500,000	-	750,000	-
Ordinary shares issued in lieu of salary	982,611	381,494	118,952	50,000
Share issue costs	-	-	(9,021)	(3,768)
Ordinary shares at the end of the period	146,123,477	137,640,866	34,160,864	33,300,933

	31 Dec 2019 \$	30 Jun 2019 \$
<b>Note 6 – Reserves</b>		
Options and rights reserves (i)	2,827,225	2,824,660
Other equity reserves (ii)	300,000	-
Foreign currency translation reserves	10,571	47,153
Total reserves	3,137,796	2,871,813

	31 Dec 2019 Number	30 Jun 2019 Number	31 Dec 2019 \$	30 Jun 2019 \$
<u>(i) Movement in options and rights reserves</u>				
<i>Options reserve</i>				
Opening balance	-	75,000	-	-
Exercised during the period	-	-	-	-
Granted during the period	-	-	-	-
Lapsed during the period	-	(75,000)	-	-
Options at the end of the period	-	-	-	-
<i>Performance rights reserve</i>				
Opening balance	1,640,476	450,000	2,824,660	2,813,371
Exercised during the period	-	-	-	-
Granted during the period (a)	2,173,913	1,190,476	-	-
Lapsed during the period	-	-	-	-
Expenses from share-based payment	-	-	2,565	11,289
Options at the end of the period	3,814,389	1,640,476	2,827,225	2,824,660
Total			2,827,225	2,824,660

(a) 2,173,913 Indeterminate rights were issued to Rob Philips on the terms and conditions approved by shareholders at the AGM on 16 October 2019 under the Equity Incentive plan. The rights are subject to the Company making a formal offer of rights to Rob Philips, and Rob Philips accepting that offer, and this has not yet occurred. The rights can be settled by unissued ordinary shares in the company or alternatively cash, at the Company's options.

(ii) On 30 September 2019, the Company announced the private placement of shares to management and major shareholders. Included in the placement was the issue of 3 million shares to the Company Executive Chairman Rob Philips at \$0.10 per share. The issue is conditional on shareholder approval which will be sought at the general meeting. An amount of \$300,000 was received by the company from Rob Philips as an advance on the placement which will be allocated to the allotted capital once approved. In the event the shareholders reject the placement, the amount will be repaid to Rob Philips without attracting interest.

**Note 7 – Operating segments**Segment information

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

	Australia / NZ	Asia	USA	Europe	Other region	Total
	\$	\$	\$	\$	\$	\$
<b>31 Dec 2019</b>						
Sales to external customers	3,550	268,057	657	406,964	4,694	683,922
Other revenues	243,637	-	-	36,626	-	280,263
Total segment revenue	247,187	268,057	657	443,590	4,694	964,185
Segment expenses	1,508,563	196,882	264,676	481,080	1,309	2,452,510
Segment result before income tax	(1,261,376)	71,175	(264,019)	(37,490)	3,384	(1,488,325)
<b>31 Dec 2018</b>						
Sales to external customers	31,335	720,447	67,748	192,063	47,996	1,059,589
Other revenues	298,885	-	-	127,349	-	426,234
Total segment revenue	330,220	720,447	67,748	319,412	47,996	1,485,823
Segment expenses	1,362,924	240,995	249,959	377,745	8,120	2,239,743
Segment result before income tax	(1,032,704)	479,452	(182,211)	(58,333)	39,876	(753,920)

There is no material change to segment assets compared to 30 June 2019.

**Note 8 – Contingent liabilities**

There were no contingencies as at 31 December 2019.

**Note 9 – Events after the reporting date**

There were no other events subsequent to 31 December 2019 that are required to be reported in this note.


## **DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



**Rob Phillips**

**Executive Chairman**

Sydney, 28 February 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Uscom Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Uscom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards



and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

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

#### **BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'Gareth Few', is written over a faint, stylized 'BDO' logo.

**Gareth Few**  
**Partner**

Sydney, 28 February 2020