



**Uscom Limited**

ABN 35 091 028 090

Level 7, 10 Loftus Street

Sydney NSW 2000 Australia

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[www.uscom.com.au](http://www.uscom.com.au)

# MARKET ANNOUNCEMENT

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## Uscom Half-year Financial Results and Appendix 4D Revenue up 147% for Half Year

*Earnings Conference Call: Thursday, 26th February 2015 at 12 pm. AEDT.*

**Sydney, Australia: Tuesday, 24th February 2015:** Uscom (ASX code: UCM) (the **Company** or **Uscom**), a revenue stage, cardiovascular medical technology company, today released to market its interim financial report and financial results for the half-year ended 31 December 2014.

### Financial Summary for Half-year

- **Revenue** for the half-year **up 147%** to \$0.96m from \$0.39m in the corresponding period.
- **Sales** revenue **up 125%** to \$0.84m from \$0.37m in the corresponding period.
- Operating expenses from ordinary activities increased to \$1.31m.
- Net loss for the half year down 40% to \$0.39m from \$0.65m.
- At 31 December 2014, the Company had approximately \$1.002m in cash.

### Operational Highlights

- **Johnson & Johnson Company of the Year** award for 2014.
- **Chinese FDA registration** for the USCOM 1A.
- **6 new distribution agreements** for BP+ and USCOM 1A in the United States and Europe.
- Sale of an USCOM unit into the Russian Federal Space Agency.

During the Half-year, sales and sales interest from current distributors continued to grow and the Company's focus has been on ensuring timely manufacture and fulfilment of orders. In relation to manufacturing, international strategies are ongoing, ensure uninterrupted supply of both the BP+ and USCOM devices.

Operating expenses reflect working capital requirements to meet customer demand, and regulatory work associated with the Chinese FDA registration process. Wages and salaries slightly increased with the addition of Ms Denise Pater to the position of Sales & distribution manager. Ms Pater has over 20 years of experience including at GE Healthcare, Datex-Omeda, Medtel and Ramsay Healthcare.

The Company also expects to receive a refund of its R&D expenditure in the first quarter of 2015.

Executive Chairman of Uscom, Dr Rob Phillips said, *"These results reflect our continued focus on distribution, marketing and sales with our first half revenue almost equal to total FY 2014 revenue. Last year we increased our distributors by 15 to 27 worldwide. These distributors are now starting to return early sales and we look forward to them increasing capacity over the next 12-18 months."*

*We are just beginning to see take up of the BP+, and expect this increase to continue over the next 12-18 months. We continue to appoint new distributors, seek incremental business opportunities and are committed to developing strategic partnerships with distributors of scale and reach.*

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*The quality of Uscom products is being increasingly recognised by the market and we look forward to this uptrend in sales continuing as we target profitability in the first half of calendar 2015."*

A briefing call to discuss financial results and business update will be held at 12pm. AEDT on Thursday, 26th February, 2015.

**Accessing the Briefing Call via Telephone:**

Please dial in five minutes prior to the start of the call and provide the pin number 3175198. Regional dial-in numbers are as follows:

- **Sydney:** 02 9007 4041
- **Melbourne:** 03 9912 0327
- **Brisbane:** 07 3107 0200
- **Australia:** toll-free 1800 556264
- **International:** +61 2 9007 4041

**Replay archive:**

The audiocast will be archived for 30 days following the call on the Uscom website at [www.uscom.com.au](http://www.uscom.com.au).

**About Uscom**

Uscom Limited (UCM) is an ASX listed cardiovascular medical device company. Uscom is an innovative developer and manufacturer of premium cardiovascular devices and has two practice leading technologies in the field of cardiovascular monitoring, the USCOM 1A and the Uscom BP+. Both devices are clinically validated with FDA, CE and TGA regulatory registration, and are currently being marketed into global distribution networks.

The USCOM 1A is a simple, cost-effective and non-invasive device that measures heart function, detects circulatory abnormalities and guides 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, heart failure, and for the guidance of fluid therapy.

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

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

**Uscom Contacts**

Dr Rob Phillips  
Executive Chairman  
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Catherine Officer  
Company Secretary  
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[www.uscom.com.au](http://www.uscom.com.au)**Uscom Limited and its controlled entity**

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**ASX Appendix 4D Half yearly report – 31 December 2014****Contents**

Results for announcement to the market	1
Dividends per share	1
Net Tangible Assets per ordinary share	1
Status of review	1
Commentary	1
Financial highlights	1
Half yearly report	2-15


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Reporting period ended:

31 December 2014

Previous corresponding reporting period:

31 December 2013

**Results for announcement to the market**

Revenues from ordinary activities	up	147%	to	\$956,886
<b>Loss</b> from ordinary activities after tax attributable to members	down	40%	to	\$391,307
<b>Net Loss</b> for the period attributable to members	down	40%	to	\$391,307

**Dividends per Share**

It is not proposed to pay a dividend.

**Net Tangible Asset per Ordinary Share**

	31 December 2014	31 December 2013
NTA backing	2.2c	1.8c

**Status of review**

The accounts have been reviewed.

**Commentary**

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

**Financial highlights**

Revenues from ordinary activities	\$956,886
Loss from ordinary activities	(\$391,307)
Sales revenue	\$835,449
Net operating cash consumption	(\$552,190)
Net decrease in cash held	(\$580,638)
Cash held at end of the period	\$1,002,196

## DIRECTORS' REPORT

Your directors present the financial report of Uscom Ltd and its controlled entity for the half-year ended 31 December 2014.

### Directors

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

Dr Rob Phillips  
Ms Sheena Jack  
Mr Christian Bernecker

### Review of operations

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

- **revenue** from ordinary activities increased from \$387k to \$957k, **up 147%**
- **sales** revenue increased from \$372k to \$835k, **up 125%**
- operating expenses from ordinary activities of \$1,308k
- net operating losses were reduced 40% from \$649k in 2014 to \$391k
- cash held at the end of December 2014 by the consolidated entity was \$1.002m

The operational results reported in the Appendix 4D reflect the consolidated entity's strategic focus on distribution, sales and revenue and confirm our approaching profitability. Uscom has focused on growing the number of feet on the ground selling Uscom products and improving their training, and this has been rewarded with revenue. At the other end of operations Uscom has focused on complying with the increasingly complex regulatory processes in multiple global jurisdictions to ensure a reliable stream of high quality technologies into global markets, both now and in the future. This combined strategy has resulted in more regions in which to sell and more distributors willing to sell, and in triple digit growth of sales and revenues.

The consolidated entity's principal objectives are now to continue with this "distribution, sales and revenue" strategy and to prepare alternative volume manufacturing opportunities to ensure uninterrupted stream of product to our rapidly growing distribution channels.

In conjunction with this strategy we intend to continue discussions with distributors of scale and reach so that we can incrementally expand our product penetration in current and new markets.

Uscom is also focused on incremental growth opportunities and is constantly reviewing and discussing potential acquisition targets which hold new products which are scientifically innovative and complementary to our current technologies, and which will provide revenue growth and operational synergies.

In summary, the first half of financial year 2015 saw the manufacture and preliminary marketing of the Uscom BP+ and the expansion of the USCOM 1A distribution. Our distributors are growing both in number and in effectiveness as the excellent science of our technologies receives additional endorsement from practice leaders worldwide and we are approaching profitability with triple digit sales and revenue growth. Our ongoing focus is the expansion of distribution, sales and revenue, the consolidation and exploitation of current products, and the development of new product and growth opportunities to ensure this rapid growth continues.


Uscom owns two world leading devices in the field of cardiovascular monitoring, the USCOM 1A and the Uscom BP+. The consolidated entity is in transition as we begin to capitalise on these technologies and establish Uscom as a successful and profitable global entity.

Uscom is continuing to execute its strategy as developed by Management and the Board. The Directors believe this strategy will continue to grow the consolidated entity and allow us to achieve profit projections and grow shareholder value off the back of increasing global clinical endorsement.

The Board and Management are confident that should the currently reported triple digit growth of sales and revenue continue the company will rapidly achieve profitability.

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

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

A handwritten signature in black ink, appearing to read 'Rob Phillips', written in a cursive style.

**Dr Rob Phillips  
Executive Chairman**

Sydney, 23 February 2015



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

As lead auditor for the review of Uscom Limited for the half-year ended 31 December 2014, 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 entity it controlled during the period.

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

Tim Sydenham  
Partner

**BDO East Coast Partnership**

Sydney, 23 February 2015

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

## Uscom Limited and its controlled entity

Consolidated statement of profit or loss and other comprehensive income  
for the half year ended 31 December 2014

Continuing operations	Note	31 Dec 2014 \$	31 Dec 2013 \$
Revenue and other income	2	956,886	387,119
Raw materials and consumables used		(190,182)	(94,207)
Expenses from continuing activities	3	(1,308,011)	(1,091,984)
<b>Loss before income tax from continuing operations</b>		(541,307)	(799,072)
Income tax credit		150,000	150,000
<b>Loss after income tax from continuing operations</b>		(391,307)	(649,072)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation difference for foreign operations		2,623	475
<b>Other comprehensive income for the period</b>		2,623	475
<b>Total comprehensive income for the period</b>		(388,684)	(648,597)
<b>Attributable to:</b>			
Owners of the Company		(388,684)	(648,597)
Minority interest		-	-
<b>Total comprehensive income for the period</b>		(388,684)	(648,597)
<b>Earnings per share (EPS)</b>			
<b>Basic earnings per share (cents per share)</b>		(0.5)	(0.9)
<b>Diluted earnings per share (cents per share)</b>		(0.5)	(0.9)

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 2014 and the attached notes.



## Uscom Limited and its controlled entity

Consolidated statement of financial position  
as at 31 December 2014

	Note	31 Dec 2014 \$	30 Jun 2014 \$
<b>Current assets</b>			
Cash and cash equivalents		1,002,196	1,582,834
Trade and other receivables		232,455	325,514
Inventories		492,842	216,870
Tax assets		463,050	313,050
Other assets		154,413	70,384
Total current assets		2,344,956	2,508,652
<b>Non-current assets</b>			
Plant and equipment		43,986	38,039
Intangible assets		1,177,083	1,222,518
Total non-current assets		1,221,069	1,260,557
<b>Total assets</b>		<b>3,566,025</b>	<b>3,769,209</b>
<b>Current liabilities</b>			
Trade and other payables		370,997	255,770
Short term provisions		183,245	172,474
Total current liabilities		554,242	428,244
<b>Non-current liabilities</b>			
Long term provisions		28,092	21,572
Total non-current liabilities		28,092	21,272
<b>Total liabilities</b>		<b>582,334</b>	<b>449,816</b>
<b>Net assets</b>		<b>2,983,691</b>	<b>3,319,393</b>
<b>Equity</b>			
Issued capital	4	26,019,429	26,006,168
Options and rights reserve	5	1,678,303	1,638,582
Accumulated losses		(24,794,244)	(24,402,937)
Foreign currency translation reserve		80,203	77,580
<b>Total equity</b>		<b>2,983,691</b>	<b>3,319,393</b>

This Consolidated statement of financial position is to be read in conjunction with the annual financial report for the year ended 30 June 2014 and the attached notes.

## Uscom Limited and its controlled entity

Consolidated statement of changes in equity  
for the half year ended 31 December 2014

	Ordinary share capital	Options and rights reserve	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	23,638,157	1,520,474	(22,882,437)	78,473	2,354,667
Loss for the period	-	-	(649,072)	-	(649,072)
Other comprehensive income	-	-	-	475	475
Total comprehensive income for the period	-	-	(649,072)	475	(648,597)
<i>Transactions with owners in their capacity as owners:</i>					
Shares Issued	1,125,206	-	-	-	1,125,206
Transaction costs on Shares Issued	(69,303)	-	-	-	(69,303)
Share-based payments	-	53,515	-	-	53,515
Total transactions with owners	1,055,903	53,515	-	-	1,109,418
<b>Balance at 31 December 2013</b>	24,694,060	1,573,989	(23,531,509)	78,948	2,815,488
<b>Balance at 1 July 2014</b>	26,006,168	1,638,582	(24,402,937)	77,580	3,319,393
Loss for the period	-	-	(391,307)	-	(391,307)
Other comprehensive income	-	-	-	2,623	2,623
Total comprehensive income for the period	-	-	(391,307)	2,623	(388,684)
<i>Transactions with owners in their capacity as owners:</i>					
Shares Issued	14,875	-	-	-	14,875
Transaction costs on Shares Issued	(1,614)	-	-	-	(1,614)
Share-based payments	-	39,721	-	-	39,721
Total transactions with owners	13,261	39,721	-	-	52,982
<b>Balance at 31 December 2014</b>	26,019,429	1,678,303	(24,794,244)	80,203	2,983,691

This Consolidated statement of changes in equity is to be read in conjunction with the annual financial report for the year ended 30 June 2014 and the attached notes.

## Uscom Limited and its controlled entity

Consolidated statement of cash flows  
for the half year ended 31 December 2014

	31 Dec 2014 \$	31 Dec 2013 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	722,481	327,109
Payments to suppliers and employees	(1,286,705)	(1,134,952)
Interest received	12,034	4,378
Net cash used in operating activities	(552,190)	(803,465)
<b>Cash flows from investing activities</b>		
Purchase of patents and trademarks	(32,403)	(32,065)
Purchase of plant and equipment	(9,306)	-
Net cash used in investing activities	(41,709)	(32,065)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares and options	14,875	1,125,206
Share issue costs	(1,614)	(69,303)
Net cash provided by financing activities	13,261	1,055,903
<b>Net increase (decrease) in cash and cash equivalents</b>	(580,638)	220,373
Net cash and cash equivalents at the beginning of the period	1,586,360	542,607
Exchange rate adjustments to cash and cash equivalents at the beginning of the period	(3,526)	(1,412)
Net cash and cash equivalents at the end of the period	1,002,196	761,568

This Consolidated statement of cash flows is to be read in conjunction with the annual financial report for the year ended 30 June 2014 and the attached notes.

**Uscom Limited and its controlled entity****Selected Explanatory Notes to the Financial Statements  
For the half year ended 31 December 2014****Note 1 – Statement of significant accounting policies**

The half-year consolidated financial report was approved by the Board of Directors on 23 February 2015. 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 2014. This is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Uscom Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

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

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

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

**Going Concern**

The consolidated entity incurred a net loss of \$391,307 (2013: \$649,072) and incurred operating cash outflows of \$552,190 (2013: \$803,465) during the period ended 31 December 2014, and had \$1,002,196 cash on hand as at 31 December 2014.

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

The first half of financial year 2015 saw the appointment of a global distribution and sales manager, and the signing of additional distribution deals and the appointment of the additional distributors. The revenue benefits from these additional distribution agreements should become evident in the next 6 months.

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

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

The Directors are satisfied that adequate plans and strategies have been formulated and will be adopted as required to allow the consolidated entity to have sufficient cash to meet its obligations through to February 2016 (12 months from date on review report). On this basis the financial report has been prepared on the going concern basis.

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

	31 Dec 2014 \$	31 Dec 2013 \$
<b>Note 2 – Revenue</b>		
Sale of goods	835,449	371,808
<u>Other revenue</u>		
Interest received	12,034	4,378
<u>Other income</u>		
Exchange gain	109,403	10,933
Total other income	109,403	10,933
Total revenue	956,886	387,119

<b>Note 3 – Expenses from ordinary activities</b>		
Depreciation and amortisation expenses	84,218	103,773
Employee expenses	417,600	365,237
Research and development expenses	252,752	207,781
Advertising and marketing expenses	251,450	154,890
Occupancy expenses	76,165	58,598
Regulatory expenses	31,353	47,960
Administrative expenses	194,473	153,745
Total expenses from ordinary activities	1,308,011	1,091,984

	31 Dec 2014 \$	30 June 2014 \$
<b>Note 4 – Issued capital</b>		
<u>Ordinary shares</u>		
Fully paid ordinary shares	26,019,429	26,006,168
Total contributed equity	26,019,429	26,006,168

<u>Movement in issued capital</u>		
Shares on issue at the beginning of the period	26,006,168	23,638,157
87,500 ordinary shares issued at 5.95 cents	-	5,206
150,000 ordinary shares issued at 20 cents	-	30,000
7,266,668 ordinary shares issued at 15 cents	-	1,090,000
5,783,337 ordinary shares issued at 24 cents	-	1,388,001
250,000 ordinary shares issued at 5.95 cents	14,875	-
Share issue cost	(1,614)	(145,196)
Ordinary shares at the end of the period	26,019,429	26,006,168

	Number	Number
Ordinary shares at the beginning of the period	81,459,490	68,171,985
25,000 ordinary shares issued by exercise of options on 30 July 2013	-	25,000
150,000 ordinary shares issued by private placement on 6 August 2013	-	150,000
62,500 ordinary shares issued by exercise of options on 18 September 2013	-	62,500
7,100,001 ordinary shares issued by private placement on 18 September 2013	-	7,100,001
166,667 ordinary shares issued by private placement on 14 November 2013	-	166,667
5,783,337 ordinary shares issued at by private placement on 24 May 2014	-	5,783,337
250,000 ordinary shares issued by exercise of options on 30 September 2014	250,000	-
Total fully paid ordinary shares at the end of the period	81,709,490	81,459,490

	31 Dec 2014 \$	30 June 2014 \$
<b>Note 5 – Options and rights reserve</b>		
Options and rights reserve balance at the beginning of the period	1,638,582	1,520,474
Expenses arising from share-based payment	39,721	118,108
Options and rights reserve balance at the end of the period	1,678,303	1,638,582
	<b>Number</b>	<b>Number</b>
<u>Movement in options</u>		
Options at the beginning of the period	2,100,000	6,287,500
Lapsed during the period	-	(2,050,000)
Cancelled during the period	-	(2,050,000)
Exercised during the period	(250,000)	(87,500)
Granted during the period	75,000	-
Options at the end of the period	1,925,000	2,100,000
<u>Movement in rights</u>		
Rights at the beginning of the period	-	-
Granted during the period	5,859,092	-
Rights at the end of the period	5,859,092	-

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 dependent on performance hurdles on 1 July 2018, 1 July 2019 & 1 July 2020. Nil consideration payable upon vesting. 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, vesting dependent on performance hurdles on 1 July 2018, 1 July 2019 and 1 July 2020. Consideration payable upon vesting is \$nil.

#### Note 6 – 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.

The largest customer group which operates in Asia accounts for 50% of the total sales revenue (2013: 47%).

	Australia / NZ \$	Asia \$	USA \$	Europe \$	Other region	Head office \$	Total \$
<b>31 Dec 2014</b>							
Sales to external customers	25,551	448,583	14,781	317,442	29,092	-	835,449
Other revenues	121,437	-	-	-	-	-	121,437
Total segment revenue	146,988	448,583	14,781	317,442	29,092	-	956,886
Segment expenses	(71,371)	(110,461)	(110,085)	(156,959)	(7,548)	(1,041,769)	(1,498,193)
Segment result before income tax	75,617	338,122	(95,304)	160,483	21,544	(1,041,769)	(541,307)
<b>31 Dec 2013</b>							
Sales to external customers	2,950	173,564	4,781	139,616	50,897	-	371,808
Other revenues	15,311	-	-	-	-	-	15,311
Total segment revenue	18,261	173,564	4,781	139,616	50,897	-	387,119
Segment expenses	(61,770)	(54,185)	(93,956)	(70,289)	(24,634)	(881,357)	(1,186,191)
Segment result before income tax	(43,509)	119,379	(89,175)	69,327	26,263	(881,357)	(799,072)

There is no material change to segment assets compared to 30 June 2014.

**Note 7 – Contingent liabilities**

There were no contingencies as at 31 December 2014.

**Note 8 – Events after the reporting date**

There were no events subsequent to 31 December 2014 that are required to be reported in this note.

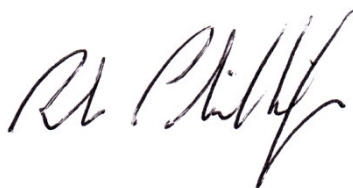
## DIRECTORS' DECLARATION

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 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



**Rob Phillips**

**Executive Chairman**



**Sheena Jack**

**Director**

Sydney, 23 February 2015





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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Uscom Limited and its controlled entity

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Uscom Limited and its controlled entity, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Uscom Limited and its controlled entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

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**Conclusion**

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001

**Emphasis of matter**

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss after tax of \$391,307 and incurred net operating cash outflows of \$522,190 for the half year ended 31 December 2014.

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

**BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'Tim Sydenham', is written below the printed name. The signature is stylized with a large, sweeping 'T' and 'S'.

**Tim Sydenham**  
Partner

Sydney, 23 February 2015