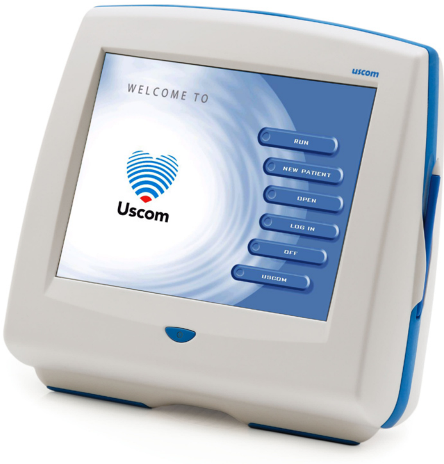
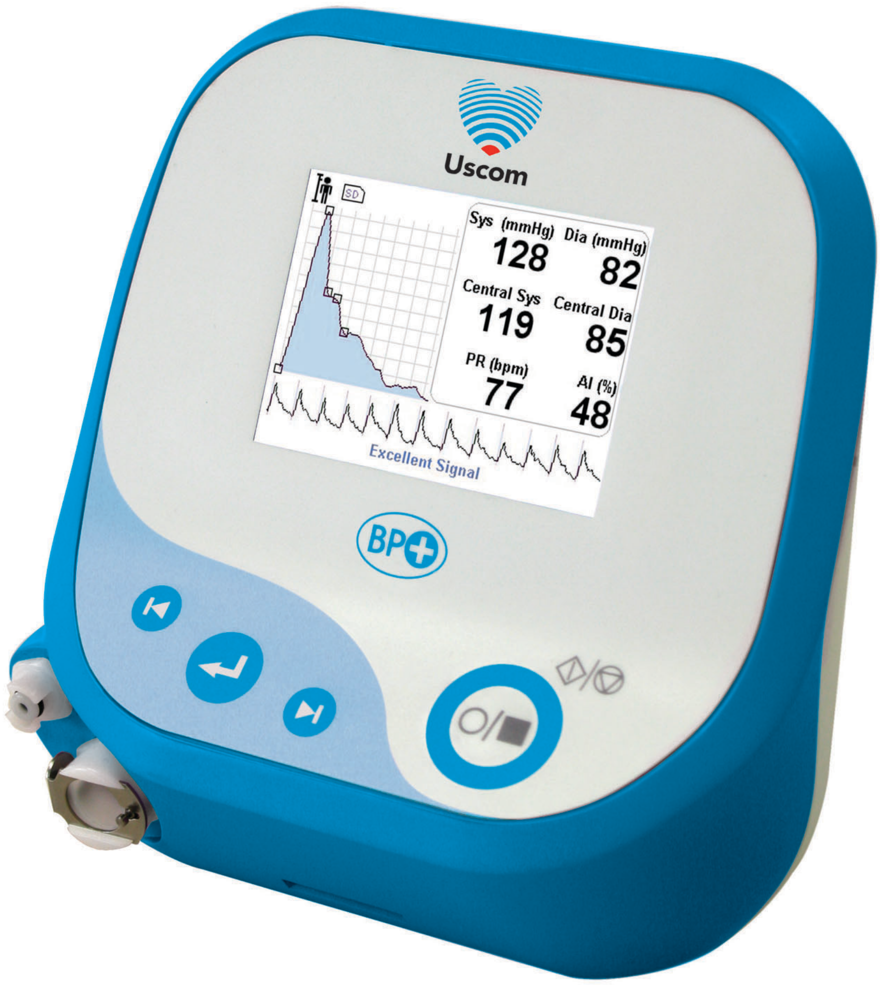
ANNUAL REPORT 2013

Uscom





Uscom

Fellow shareholders

Overview: 2013 has been a landmark year for Uscom and for Uscom shareholders with the company growing significantly with the acquisition of the BP+ technology from Pulsecor Limited. The acquisition was driven by a belief in the scientific, operational and strategic synergies of combining the two operations. Both the BP+ and USCOM are premium, breakthrough, non invasive cardiovascular devices that are market approved, revenue generating products with widespread and proven clinical needs. USCOM and BP+ represent the best of cardiac output and blood pressure monitoring, and are now under the one corporate umbrella. This combination is the Holy Grail of cardiovascular medicine and Uscom now has practice leading products in both fields, with outstanding commercial opportunities. Finalising the acquisition has ensured Uscom has grown rapidly and without risk from a single product company to a two product company at minimal cash cost. The BP+ technology comes with a significant patent portfolio, and is another platform technology on which we can build future products. As the BP+ is fed into our current and new distribution channels, directly growing revenue, the commercial value of this acquisition will become evident to the market.

Uscom now has two breakthrough cardiovascular devices, two revenue streams and two technologies to feed into distribution channels and this provides us with unique leverage into global distribution networks. For FY 2014 we are focused on establishing new sales, distribution and licensing opportunities and positioning Uscom so it will directly benefit as the pace of global health care recovery begins to accelerate. We have invested in the difficult times and are poised to realise the returns as the recovery gathers pace and our distribution network becomes more expansive and effective. The immediate future looks particularly exciting as the interest in our products from global distributors of scale continues to increase and these partnership discussions continue to progress. These discussions will result in new partnerships and a changed operational environment for Uscom; one that should immediately reward shareholders.

It is with this optimistic background that I present to shareholders the Company results for the 2013 financial year, and update investors on the objectives, activities and early results of the current Company strategy. 2013 was a year of investment in which operations were consolidated and Pulsecor was acquired. The year ahead promises to capitalise on this success as our product sales ambitions are converted through expanded distribution networks into revenue.

Milestones: At the 2012 AGM the Board committed to a three point strategy –

1. Restore operational soundness – Cash consumption was reduced by a further 41.3%.
2. Focus on incremental growth opportunities – Uscom acquired Pulsecor Limited in a scrip issue deal effectively doubling the product offering of the company for the issue of 5 million shares.
3. Realise the capital value of the technology and company – The VWAP share price for the company increased by 50% in 2013 on increased volumes to 15c. The overall increase in 20 mths has been approximately 310%. The most recent VWAP for Q1 2014 was 20c indicating a further 33% increase to date.

Despite a parlous international global economy, and modest capital reserves, these objectives have been achieved.

Strategy: The strategy for the 2014 financial year is simply global distribution and sales to achieve sustainable profitability. Achieving this profitability will be via addition of new sales, distribution and licensing partnerships, and enhancement of current channels to achieve deeper and wider market penetration of USCOM and the BP+ technology.

Uscom is focused on rapidly delivering the BP+ device into currently approved international markets. To ensure optimal market penetration and profitability Uscom is investigating new and more cost effective, high volume manufacturing strategies for the BP+ device. Global marketing of the BP+ will be focused on hypertension, medical clinics, home care and hypertension research centres. We are also in discussions to bring the BP+ technology to market via strategic partnerships and licensing deals with specialised hypertension manufacturing and distribution groups.

Uscom now owns a total of 56 cardiovascular patents and 6 registered trademarks, a significant source of unrecognised shareholder value. We will rationalise these holdings and plan a product pipeline of new patent protected devices to further generate revenue off the back of this IP.

Results: For 2013 cash consumption was reduced by 41.3% to $971,576. Our reduced spend was reflected in a decreased revenue of 26%. This result was the outcome of our expressed strategy to preserve resources while we sought strategic distribution partnerships of global scale. The reduction in cash consumption results in a 25% reduction in loss after tax for 2013 from $1,824,547 in 2012 to $1,371,683, and leaving cash on hand at the end of the period of $541,195.

In addition we acquired the Pulsecor assets at minimal cash cost in June 2013. The acquisition imposes an annual operational cost to Uscom of approximately $200k for the acquisition of a new and complimentary product and generated $84k revenue in 2013 for Pulsecor Limited. It is expected that this revenue will grow significantly once the manufacturing and distribution details are finalised and sales channels become effective.

Capital: Uscom is currently raising capital and focused on securing the funds required to support the company while the sales, distribution and licensing agreements are completed and begin to generate revenue. While Australian capital markets are difficult, the strength of the Uscom story and the likely short term turn around in operations give the Board comfort that the capital objectives are achievable.

Sales: While sales were down 26% last year, mostly from poor US sales, Uscom now has two products with CE, FDA and TGA approval and so the commercial opportunities are significantly expanded. In 2013 GrupoSIM from Mexico and Vega in Italy were added to the USCOM regional distribution network to increase USCOM sales coverage to an additional 182m people. Both current distributors and new partners are excited about the opportunity that the new BP+ technology has brought to the company. Uscom is now focused on expanding both the reach and the depth of current distribution networks and identifying networks that match the features of USCOM and BP+ and adding them to our team to ensure a rapid uptick in revenue. Uscom is developing partnerships in China where the current 5 year plan includes a commitment to increase spending on medical devices by 20% pa. China has a GDP of $8.87trillion AUD and spends approximately 5% pa of GDP on Health in 2012 ($443bn AUD).

Share price: The strategic repositioning of Uscom, the improved operational strength of the company and the acquisition of the Pulsecor assets, which effectively doubled the intrinsic value of current shareholdings, has contributed to the continuing strength of the share price. The VWAP for 2013 was 15c, 50% up from 10c in 2012, while year to year records demonstrated a 160% increase.

Risks: The risks for the Company remain in delivering practice changing technology to slow responding markets damaged by global lack of confidence. However the appointment of globally powerful distributors with more sales personnel and a second product may mitigate such exposure. Additionally product regulatory approvals may be slower and more costly than anticipated as we prepare BP+ for global distribution. This may slow the performance of new distributors and delay expected revenues. There are always competitive risks and patent breach risks in global markets; these risks are continuously monitored and mitigation strategies developed. There is always the risk that global revenue will be slower than expected and current capital inadequate to achieve profitability before further capital raising.

Science: Both Pulsecor and USCOM are breakthrough cardiovascular technologies, representing the best of blood pressure and cardiac output monitoring technology, all under the one corporate umbrella. While the USCOM evidence has been published in over 350 papers and presentations this year saw landmark presentations in the fields of hypertension in ICU adults and pregnancy. Further presentation of Professor Brendan Smith's research on management of sepsis and septic shock continues to impact the debate on future trends of this deadly disease, the treatment of which Uscom is becoming an accepted tool.

This year saw the publication and widespread acknowledgement that central blood pressure, or pressure in the heart, a parameter best identified using BP+ supra-systolic oscillometry, is an improvement on conventional cuff based measures of arm pressure. This establishes BP+ as a standard of care technology for measurement of hypertension.

The scientific highlights for this year include:

- New research from two separate leading centres in London demonstrated the importance of USCOM for management of sepsis in children
- Professor Smith demonstrated a reduced mortality in management of sepsis of 90% using USCOM. The evidence was presented at the Society of Critical Care Medicine in Puerto Rico in January.
- Professor Brendan Smith of Charles Sturt University developed a new method for measuring cardiac function using the USCOM published in the British Journal of Anaesthesia

CHAIRMANS LETTER continued

- USCOM was proven in a study published in British Journal of Anaesthesia, to be more accurate than blood pressure monitoring for evaluating changes in circulation in pregnant women with hypertension; these changes had only ever previously been demonstrated using intra-cardiac catheters.
- Three publications were presented at the International Society of Hypertension demonstrating the usefulness of USCOM in management of hypertension.
- USCOM was proven effective for use in management of chemotherapy in cancer.
- USCOM was declared "State of the Art" for management of hypertension in pregnant women at the International Society for Hypertension in Pregnancy.

With the increasing scientific validation, the pressure for adoption of USCOM as a global standard of care is increasing. The USCOM science is now unequalled, with lives being saved weekly, if not daily, worldwide.

Partnership strategy: USCOM and BP+ are both practice leading and platform technologies with wide reaching clinical applications. Our objective is to establish a network of specialised distributors, OEM manufacturers and sales teams to cost-effectively and rapidly deliver these two outstanding technologies to the largest portion of the global market possible in the most effective and profitable way. We are looking forward to getting these systems operating.

Conclusion: 2013 has been a milestone year for Uscom as we move a step closer to profitable global operations. Not only have we fulfilled the commitments we made to shareholders in 2012, but we have grown the company through acquisition of complimentary and practice leading technology. We are now poised for significant growth as new sales, distribution and licensing partnerships are positioned to shift the company to profitability and an accompanying capital revaluation. Uscom has a history of meeting corporate milestones and our focus for this year is very much on achieving the market penetration and commercial success our sector leading technology deserves.

Thank you.

Rob Phillips
Executive Chairman
Uscom Limited

CORPORATE GOVERNANCE STATEMENT

As outlined in previous annual reports, Uscom is committed to continuing its high standards of corporate governance. Effective corporate governance aids the Company to set and achieve its objectives. Our Governance Statement for 2012/2013 outlines our policies and practices by reference to the Corporate Governance Principles and Recommendations with 2010 Amendments published by the ASX Corporate Governance Council ("ASX Principles").

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1: Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
The Board has adopted a charter that sets out the responsibilities reserved by the Board, those delegated to the Executive Chairman. For a copy of the Board Charter refer to Uscom Corporate Governance Documentation on the Company website.

Recommendation 1.2: Disclose the process for evaluating the performance of senior executives.
The Chief Executive Officer and General Manager attend the scheduled board meetings and present to the Board regarding the Company's performance against its goals and objectives. The Board assesses the performance of the Senior Executives against their individual goals and objectives and those of the Company on a regular basis at these meetings. The Company conducts annual performance appraisals of all employees.

Recommendation 1.3: Provide the information indicated in the Guide to reporting on Principle 1.
A performance evaluation of Senior Executives has taken place during the reporting period in accordance with the process disclosed above. A copy of the Board Charter is included with the Uscom Corporate Governance Documentation on the Company website.

Principle 2: Structure the board to add value

Uscom Ltd has the services of a Board with a wide range of professional experience in fields such as science, medicine, marketing and international business. Further information regarding the Directors is provided in the Directors' Report (refer to page 10).

Recommendation 2.1: A majority of the board should be independent directors.
The Board consists of three members, two of whom are Non-Executive Directors. The Company takes the view that the two Non-Executive Directors are also Independent Directors. In the interests of transparency, the Company discloses relationships or business associations which may impact a person's own interpretation of the definition of independent.

The Board believes that the composition is appropriate for the Company due to its small size and the nature of the business. The Board will continue to review this on an ongoing basis.

Recommendation 2.2: The chairperson should be an independent director.
The Chairman of Uscom Ltd, Mr Rob Phillips, is an executive director and is therefore not an independent director. The Board believes that an Executive Chairman is appropriate given the size of the Company and the nature of the business.

Recommendation 2.3: The roles of chairperson and chief executive officer should not be exercised by the same individual.
Mr Rob Phillips is the Executive Chairman and Chief Executive Officer. The Board believes this is appropriate given the size of the Company and the nature of the business.

Recommendation 2.4: Establish a nomination committee.
The Company believes that a nomination committee is not necessary at this stage of the Company's development. Issues relating to board membership will continue to be overseen by the full Board. The Company believes this to be justified given the relatively small size of the board and that significant growth in the number of Directors is not envisaged in the medium term.

Recommendation 2.5: Disclose the process for evaluating the performance of the board, its committees and individual directors.
A director's performance is evaluated informally by assessing their contribution and attendance at all Board meetings.

Recommendation 2.6: Provide the information indicated in the Guide to reporting on principle 2.

- The skills, experience and expertise relevant to the position of Director held by each director in office can be found in the Directors' Report.
- The names of the Directors considered by the Board to constitute Independent Directors and the Company's materiality threshold can be found in the Directors' Report.
- All Company Non-Executive Directors are considered independent, notwithstanding the existence of relationships stated in the Guide.
- The term of office held by each Director in office can be found in the Directors' Report.
- As set out above, the Company believes that a nomination committee is not necessary at this stage of the Company's development therefore does not hold nomination meetings.
- A statement detailing the procedure agreed by the Board for Directors to take independent professional advice at the expense of the Company can be found in the Remuneration Report.
- The Board's membership and structure is selected for optimum efficiency while providing high levels of expertise in science, medicine and business. The Board as a whole considers nomination issues, including the mix of skills and diversity of the Board, in an ongoing, informal manner. As stated above the Board is not looking to significantly expand its membership in the medium term.
- A formal performance evaluation for the Board, its committees and Directors has not taken place in the reporting period however performance is measured as described in 2.5 above.

Principle 3: Promoting ethical and responsible decision-making

Recommendation 3.1: Establish a code of conduct to guide the Directors, the Chief Executive Officer and other key Executives as to:

- The practices necessary to maintain confidence in the Company's integrity.
- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

The Company has developed a Code of Conduct for Directors, management and staff, underlining the Company's commitment to high ethical standards in the conduct of the Company's business. The Board is responsible for ensuring the Company's compliance with the Code and the good and fair management of reports of any breaches.

For detailed Code of Conduct refer to Uscom Corporate Governance Documentation on the Company website.

Recommendation 3.2: Establish a policy concerning diversity and disclose the policy or a summary of that policy.
The Company has adopted a policy in relation to diversity. For details refer to Uscom Corporate Governance Documentation on the Company website.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
The Company has not established measurable objectives for achieving gender diversity at this time.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
The proportion of women within the organisation is: 36%

Women within whole organisation:	4
Women in senior executive positions:	0%
Women on the board:	1

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.
Information can be found in the Uscom Corporate Governance Documentation on the Company website.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1: Establish an audit committee.
The Board has established an Audit and Risk Committee.

Recommendation 4.2: Structure the audit committee so that it consists of only non-executive directors; a majority of independent directors; an independent chairperson, who is not chairperson of the board; at least three members.
The Company has appointed an Audit and Risk Committee ("Committee"), responsible for reporting to the full Board on issues relating to the Company's financial information and a regular review of the Company's risk environment.

The Committee is made up of two members, both independent Directors. The Chairman of the Committee is an independent director. The size of the Committee, although not in compliance with the ASX Principles, is considered appropriate for the size of the Company. The Committee will meet at least three times per year.

Recommendation 4.3: The audit committee should have a formal charter.
The Committee operates according to a formal charter.

Recommendation 4.4: Provide the information indicated in the Guide to reporting on Principle 4.
The qualifications of the Committee members are set out in the Directors' Report together with their attendance at Committee meetings.

The Committee charter, which includes information regarding the external auditor's engagement, is included in the Uscom Corporate Governance Documentation on the Company website.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
The Company has adopted a disclosure policy, which has been communicated to all Directors, managers and employees.

The Board, Company Secretary and senior executives are aware of the ASX Listing Rules and Corporations Act disclosure requirements, and take steps to actively monitor and ensure ongoing compliance.

The Executive Chairman in consultation with the Company Secretary, continually monitors developments in the Company and its business and reports any developments immediately to the Board for consideration.

Recommendation 5.2: Provide information indicated in the Guide to reporting on Principle 5.
Refer to the Uscom Corporate Governance documentation on the Company website.

Principle 6: Respect the rights of shareholders

Recommendation 6.1: Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
Uscom Ltd is committed to keeping shareholders fully informed of significant developments and activities at the Company.

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

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

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

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

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

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

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

Recommendation 6.2: Provide the information indicated in the Guide to reporting on Principle 6.
Refer to the Uscom Corporate Governance documentation on the Company website.

Principle 7: Recognise and manage risk

Recommendation 7.1: Establish policies for the oversight and management of material business risks and disclose a summary of those policies.
The Company has appointed an Audit and Risk Committee, which is charged with oversight of the Company's risk profile. The Committee assesses the adequacy of the Company's control and risk environment, including accounting, financial and operating controls and the appropriateness of its accounting policies and practices. The committee manages a dynamic checklist of potential risk components and reviews each component during the course of a year.

Recommendation 7.2: Require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.
The Board has required Management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Management has reported to the Board as to the effectiveness of the Company's management of its material business risk.

Recommendation 7.3: Disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
The Board has received assurance from the Chief Executive Officer and the General Manager that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4: Provide the information indicated in the Guide to reporting on Principle 7.
The Board has received the report from management under recommendation 7.2 and the assurance from the Chief Executive Officer and the General Manager under recommendation 7.3.

Refer to the Audit and Risk Committee Charter included in Uscom Corporate Governance on the Company website for further information regarding the Company's policies on risk oversight and management of material business risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1: Establish a Remuneration Committee.
Given the relatively small size of the Uscom board, the Company does not currently see the need for a separate remuneration committee.

Uscom Ltd has adopted a remuneration policy based on performance and contribution.

Recommendation 8.2: The remuneration committee should be structured so that it:

- Consists of a majority of independent directors
- Is chaired by an independent chair
- Has at least three members.

As set out above, given the relatively small size of the Uscom board, the Company does not currently see the need for a separate remuneration committee.

Recommendation 8.3: Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Information regarding the remuneration of non-executive Directors, executive Directors and Senior Executives is provided in the Company's Remuneration Report from pages 12 to 16.

Recommendation 8.4: Companies should provide the information indicated in the guide to reporting on Principle 8.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors. Non-executive directors do not receive options or bonus payments.

The Company's departure from Recommendations 8.1 and 8.2 are explained above.

DIRECTORS' REPORT

The Directors present their report on Uscom Ltd and its Controlled Entity for the financial year ended 30 June 2013.

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.

Mr R A Phillips	Executive Director - Chairman
Ms S Jack	Non-Executive Director
Mr C Bernecker	Non-Executive Director

Directors' qualifications and experience

Mr Rob Phillips

Rob Phillips is the founder of Uscom Ltd, the Chief Executive Officer, Executive Director and Chief Scientist of the Company. Rob has 10 years experience as Executive Chairman of the Company, having taken the Company to IPO in 2003, and has over 20 years in executive corporate management. The Company received the Frost and Sullivan Global Entropolis Award for the Emerging Medical Device Company of the Year in 2007. He has a Master of Philosophy in Medicine from The University of Queensland and is currently completing his PhD. He is an Australian Post Graduate Award recipient and was a finalist in the Time-CNN 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 teacher and examiner in the field of echocardiography.

Ms Sheena Jack

Ms Sheena Jack is a Non-Executive Director of Uscom Ltd and is also the Chairman of the Audit and Risk Committee.

Sheena is currently the Chief Financial Officer of HCF and has 27 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. She is a Director of Moneytime Health Pty Ltd and Treytell Pty Ltd. 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 and is also a member of the Audit & Risk Committee.

Christian is Managing Director of Nightingale Partners Pty Limited, an active investment company which provides expansion capital to small cap companies. He is currently a Non-Executive Director of LongReach Group Limited, DSQ Holdings Limited, Australis Music Group Pty Limited, Cerno Limited, Mayfield Industries Pty Limited, Stream Group Holdings Pty Limited and a number of other private companies.

Christian is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce from Ballarat University.

Company Secretary's qualifications and experience

Ms Sarah Prince

Ms Sarah Prince was appointed the Company Secretary of Uscom Ltd on 7th November 2012. Ms Prince holds a BA LLB from the University of Tasmania and is an Associate of the Chartered Institute of Secretaries.

Meetings of Directors

Directors	Board of Directors		Audit and Risk Committee	
	Meetings held while a Director	No. of meetings attended	Meetings held while a Director	No. of meetings attended
R A Phillips	13	12	-	-
S Jack	13	12	3	3
C Bernecker	13	13	3	2

Principal activities

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

Operating result

The loss of the Consolidated Entity after providing for income tax amounted to $1,371,683 (2012: $1,824,547)

Dividends

No dividends were declared or recommended for the financial year ended 30 June 2013.

Significant changes in state of affairs

There were no significant changes in state of affairs during the financial year apart from the acquisition of the assets of Pulsecor Limited, a New Zealand company which has developed novel non-invasive central blood pressure measurement methods.

Operating and financial review

The operating and financial review is stated on pages 2 to 4 of this report.

Events after the reporting date

Apart from the items disclosed in note 30 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 Review of Operations, the Board is not aware of any likely developments in the foreseeable future which may materially impact on the financial outlook of the Consolidated Entity.

Environmental issues

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

Indemnifying officers

The 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.

During the year, there were no non-audit services provided to the Consolidated Entity.

The Directors are of the opinion that the provision of non-audit services as disclosed in note 27 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 27 of the financial statements on page 42 for details of auditors' remuneration.

The auditor's independence declaration as required under section 307C of the Corporation Act is set out on page 17 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

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
Executive Directors
Rob Phillips, Executive Director, Chairman, Chief Executive Officer
Senior Executives
Tom Rowe, Company Secretary (ceased on 7th November 2012)
Sarah Prince, Company Secretary (from 7th November 2012 to 18th July 2013)
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 Member and Senior Executives. The objective of these policies is to:

- Make Uscom Ltd and its Controlled Entity 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 in 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 a Share Option Plan for the benefit of Executive Directors, full-time and part-time staff members employed by the Consolidated Entity.

In accordance with the employee option plan, options issued under the 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.

An Executive Share Option Plan has also been developed for approved participants.

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

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

During the year, 3,000,000 options were issued to Mr Rob Phillips under the Executive Share Option Plan at an exercise price of 5.95 cents per option with the approval at the AGM held in November 2012.

Service agreements

The Consolidated Entity has entered into an employment agreement with the Chairman 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.

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 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.

Directors and Executives remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2013.

	Short term benefits			Post employment benefits	Equity		Total remuneration
	Directors' Base Fee $	Base salary $	Other payments $	Superannuation $	Share-based payment $	% of total	$
Non-Executive Director							
S Jack	55,417	-	-	4,987	-	-	60,404
C Bernecker	60,404	-	-	-	-	-	60,404
Executive Director							
R Phillips	-	170,000	-	15,300	91,538	33.1%	276,838
Senior Executive							
T Rowe (to 7 Nov 2012)	-	-	9,501(1)	-	-	-	9,501
S Prince (from 7 Nov 2012)	-	-	8,149(2)	-	-	-	8,149
N Schicht	-	166,000	-	14,940	12,665	6.5%	193,605
Total	115,821	336,000	17,650	35,227	104,203	-	608,901

(1) Payments were made to Company Matters Pty Ltd for the services provided by Mr Rowe.
(2) Payments were made to Company Matters Pty Ltd for the services provided by Ms Prince.

Directors and Executives remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2012.

	Short term benefits			Post employment benefits	Equity		Total remuneration
	Directors' Base Fee $	Base salary $	Other payments $	Superannuation $	Share-based payment $	% of total	$
Non-Executive Director							
S Jack (from 25 Nov 2011)	-	-	-	-	-	-	-
C Bernecker (from 25 Nov 2011)	-	-	-	-	-	-	-
B Rathie (to 30 Aug 2011)	5,833	-	-	525	-	-	6,358
J Bonitz (to 22 Nov 2011)	-	-	-	-	-	-	-
Executive Director							
R Phillips	-	171,090	-	46,281[1]	-	-	217,371
P Kiely (to 22 Nov 2011)	-	-	60,000[2]	-	-	-	60,000
Senior Executive							
T Rowe (from 7 Dec 2011)	-	-	1,965[3]	-	-	-	1,965
N Schicht	-	166,000	-	14,940	642	0.4%	181,582
D Fah (to 30 Nov 2011)	-	-	26,360[4]	-	-	-	26,360
D Johnson (to 8 Jun 2012)	-	139,640	14,323	-	564	0.4%	154,527
J Trygar (from 15 Jul to 2 Dec 2011)	-	58,145	-	-	-	-	58,145
Total	5,833	534,875	102,648	61,746	1,206	-	706,308

(1) $28,333 of Directors' salary was sacrificed to post employment benefit during FY2012
(2) Payments were made to Ecrucis Pty Ltd for the services provided by Mr Kiely.
(3) Payments were made to Company Matters Pty Ltd for the services provided by Mr Rowe.
(4) Payments were made to CFO Strategic Chartered Accountants for the services provided by Mr Fah.

Employee Share Option Plan

The Consolidated Entity 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. At the date of this Report the following options had been issued pursuant to the Employee Share Option Plan. Each option was issued for a period of 4 years and vest in tranches of 25% after 9 months, 12 months, 24 months and 36 months.

Exercise price is based on 85% of the average ASX closing price for the 5 days prior to offer/acceptance of the options, in accordance with the Employee Share Option Plan.

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.

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

	Balance	Granted	Exercised	Lapsed / Transferred out	Balance	Total vested	Total unexercisable
	1 July 2012 No.	During FY2013 No.	During FY2013 No.	During FY2013 No.	30 June 2013 No.	30 June 2013 No.	30 June 2013 No.
Non-Executive Director							
S Jack	-	-	-	-	-	-	-
C Bernecker	-	-	-	-	-	-	-
Executive Director							
R Phillips	-	3,000,000	-	-	3,000,000	-	3,000,000
Senior Executive							
T Rowe (to 7 Nov 2012)	-	-	-	-	-	-	-
S Prince (from 7 Nov 2012)	-	-	-	-	-	-	-
N Schicht	400,000	-	-	(100,000)	300,000	150,000	150,000
Total	400,000	3,000,000	-	(100,000)	3,300,000	150,000	3,150,000

DIRECTORS' REPORT continued

Details of options outstanding as at end of year

Holders No.	Grant date	Exercisable at 30 June 2013 %	Expiry date	30 June 2013 Outstanding Option No.	Exercise Price $	Issued date fair value $
1 (Investor)	17 December 2008	100%	17 December 2013	2,000,000	0.375	0.12
10 (Employees & Executive)	29 March 2012	50%	29 March 2016	1,287,500	0.0595	0.06
1 (Director)	7 November 2012	0%	7 November 2016	3,000,000	0.0595	0.07
Total				6,287,500		

Further details of the options are disclosed in note 19 of the financial statements.

Number of shares held by Directors and Senior Executives (including indirect interest)

	Balance 1 July 2012 No.	Received as Remuneration No.	Options Exercised No.	Net change Other* No.	Balance 30 June 2013 No.
Non-Executive Director					
S Jack	80,000	-	-	550,000	630,000(1)
C Bernecker	-	-	-	-	-
Executive Director					
R Phillips	16,996,733	-	-	50,000	17,046,733(2)
Senior Executive					
T Rowe (to 7 Nov 2012)	-	-	-	-	-
S Prince (from 7 Nov 2012)	-	-	-	-	-
N Schicht	18,200	-	-	-	18,200(3)
Total	17,094,933	-	-	600,000	17,694,933

*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) 6,432,924 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.

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

Rob Phillips

Executive Director - Chairman

Sydney, 30 August 2013

Sheena Jack

Non-Executive Director

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Fax: +61 2 9240 9821
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Level 10, 1 Margaret St
Sydney NSW 2000
Australia

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

As lead auditor of Uscom Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

Tim Sydenham

Partner

BDO East Coast Partnership

Sydney, 30 August 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2013

		Consolidated	
Continuing operations		2013	2012
	Note	$	$
Revenue and other income	3	638,734	864,099
Raw materials and consumables used		(140,644)	(212,924)
Expenses from continuing activities	4	(2,241,981)	(2,881,975)
Loss before income tax credit from continuing operations		(1,743,891)	(2,230,800)
Income tax credit	5	372,208	406,253
Loss after income tax credit from continuing operations	6	(1,371,683)	(1,824,547)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference for foreign operations		4,246	2,830
Other comprehensive income for the year		4,246	2,830
Total comprehensive income for the year		(1,367,437)	(1,821,717)
Attributable to:			
Owners of the Company		(1,367,437)	(1,821,717)
Total comprehensive income for the year		(1,367,437)	(1,821,717)
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	(2.2)	(3.5)
Diluted earnings per share (cents per share)	7	(2.2)	(3.5)

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 2013

		Consolidated	
		2013	2012
	Note	$	$
Current assets			
Cash and cash equivalents	8	541,195	544,463
Trade and other receivables	9	98,436	140,936
Inventories	10	190,654	191,030
Tax asset	11	372,208	406,253
Other assets	14	54,472	41,946
Total current assets		1,256,965	1,324,628
Non-current assets			
Plant and equipment	12	51,589	68,258
Intangible assets	13	1,506,634	435,472
Total non-current assets		1,558,223	503,730
Total assets		2,815,188	1,828,358
Current liabilities			
Trade and other payables	15	196,107	108,357
Short term provisions	16	241,797	122,983
Total current liabilities		437,904	231,340
Non-current liabilities			
Long term provisions	16	22,617	126,952
Total non-current liabilities		22,617	126,952
Total liabilities		460,521	358,292
Net assets		2,354,667	1,470,066
Equity			
Issued capital	17	23,638,157	21,376,920
Unissued capital	18	-	150,000
Options reserve	19	1,520,474	1,379,673
Accumulated losses	6	(22,882,437)	(21,510,754)
Translation reserve	20	78,473	74,227
Total equity		2,354,667	1,470,066

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2013

	Issued Capital	Options Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total
Consolidated	$	$	$	$	$
Balance at 1 July 2011	21,376,920	1,373,495	(19,686,207)	71,397	3,135,605
Loss for the year	-	-	(1,824,547)	-	(1,824,547)
Other Comprehensive Income	-	-	-	2,830	2,830
Total Comprehensive Income for the year	-	-	(1,824,547)	2,830	(1,821,717)
Transactions with Owners in their capacity as owners:					
Unissued share capital	150,000	-	-	-	150,000
Share-based payments	-	6,178	-	-	6,178
Balance at 30 June 2012	21,526,920	1,379,673	(21,510,754)	74,227	1,470,066
Loss for the year	-	-	(1,371,683)	-	(1,371,683)
Other Comprehensive Income	-	-	-	4,246	4,246
Total Comprehensive Income for the year	-	-	(1,371,683)	4,246	(1,367,437)
Transactions with Owners in their capacity as owners:					
Shares Issued	2,284,944	-	-	-	2,284,944
Unissued share capital	(150,000)	-	-	-	(150,000)
Transaction costs on Shares Issued	(23,707)	-	-	-	(23,707)
Share-based payments	-	140,801	-	-	140,801
Balance at 30 June 2013	23,638,157	1,520,474	(22,882,437)	78,473	2,354,667

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

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2013

	Note	Consolidated 2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		621,253	817,190
Interest received		11,741	61,400
Payments to suppliers and employees		(2,015,036)	(2,888,232)
Grant and other income received		4,213	8,564
Income tax receipt		406,253	344,896
Net cash used in operating activities	21(b)	(971,576)	(1,656,182)
Cash flows from investing activities			
Purchase of patents and trademarks		(92,929)	(74,148)
Purchase of plant and equipment		-	(363)
Net cash used in investing activities		(92,929)	(74,511)
Cash flows from financing activities			
Issue of shares	17	1,061,237	-
Share application monies received from private placement	18	-	150,000
Net cash provided by financing activities		1,061,237	150,000
Net decrease in cash held		(3,268)	(1,580,693)
Cash and cash equivalents at the beginning of the year		548,238	2,127,265
Exchange rate adjustment for opening balance		(3,775)	(2,109)
Cash and cash equivalents at the end of the year	21 (a)	541,195	544,463

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

Note 1: Adoption of new and revised accounting standards

As at the date of this report there are a number of new accounting standards and interpretations that have been issued but are not yet effective as detailed below:

Australian Accounting Standards

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
9	Financial Instruments * amended to 1 Jan 2015 by AASB 2012–6 (refer below)	Dec 2010	1 Jan 2013*
10	Consolidated Financial Statements	Aug 2011	1 Jan 2013
11	Joint Arrangements	Aug 2011	1 Jan 2013
12	Disclosure of Interests in Other Entities	Aug 2011	1 Jan 2013
13	Fair Value Measurement	Sep 2011	1 Jan 2013
119	Employee Benefits (September 2011)	Sep 2011	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	Jun 2010	1 Jul 2013
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	Jun 2010	1 Jul 2013
2010 – 7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Sep 2012	1 Jan 2015
2010 – 10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec 2010	1 Jan 2013
2011 – 2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	May 2011	1 Jul 2013
2011 – 4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	Jul 2011	1 Jul 2013
2011 – 6	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]	Jul 2011	1 Jul 2013
2011 – 7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	Sep 2012	1 Jan 2013
2011 – 8	Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	Sep 2012	1 Jan 2013

Note 1: Adoption of new and revised accounting standards (continued)

Australian Accounting Standards

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
2011 – 10	Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14]	Sep 2011	1 Jan 2013
2011 – 11	Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	Sep 2011	1 Jul 2013
2011 – 12	Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	Nov 2011	1 Jan 2013
2012 – 1	Amendments to AASB 119 (September 2011) – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	Mar 2012	1 Jul 2013
2012 – 2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	Jun 2012	1 Jan 2013
2012 – 3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Jun 2012	1 Jan 2014
2012 – 4	Amendments to Australian Accounting Standards – Government Loans [AASB 1]	Jun 2012	1 Jan 2013
2012 – 5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	Jun 2012	1 Jan 2013
2012 – 6	Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009–11, AASB 2010–7, AASB 2011–7 & AASB 2011–8]	Sep 2012	1 Jan 2013
2012 – 7	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, AASB 12, AASB 101 & AASB 127]	Sep 2012	1 Jul 2013
2012 – 9	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Dec 2012	1 Jan 2013
2012 – 10	Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011–7 and Interpretation 12]	Dec 2012	1 Jan 2013
2012 – 11	Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, AASB 2, AASB 8, AASB 10, AASB 107, AASB 128, AASB 133, AASB 134 & AASB 2011–4]	Dec 2012	1 Jul 2013
2013 – 1	Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements	Mar 2013	1 Jul 2014
2013 – 2	Amendments to AASB 1038 – Regulatory Capital	Mar 2013	Ending on or after 31 Mar 2013
IFRS	Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	Oct 2012	1 Jan 2014

Note 1: Adoption of new and revised accounting standards (continued)

Australian Interpretations

INT No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
20	Stripping Costs in the Production Phase of a Surface Mine	Nov 2011	1 Jan 2013

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Consolidated Entity.

These Standards and Interpretations will be first applied in the financial statements of the Consolidated Entity that relates to the annual reporting period beginning after the effective date of each pronouncement.

New Standards Adopted During the Year

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards 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 impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

Note 2: Statement of significant accounting policies

(a) Introduction

The financial report covers the Consolidated Entity of Uscom Ltd and its Controlled Entity. Uscom Ltd is a listed public company, incorporated and domiciled in Australia.

Operations and principal activities

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

Scope of financial statements

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, the Corporations Act 2001 and complies with other requirements of the law, as appropriate for-profit oriented entities.

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

Going Concern

The consolidated entity incurred an operating cash outflow of $971,576 during the year ended 30 June 2013 (2012: $1,656,182). The total comprehensive loss for the year ended 30 June 2013 was $1,367,437 (2012: $1,821,717) and the cash on hand as at 30 June 2013 was $541,195.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the consolidated entity's continuance as a going concern.

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

Note 2: Statement of significant accounting policies (continued)

As noted in the review of operations in the directors' report the consolidated entity acquired an additional product and revenue stream in 2013, and existing sales channels are currently being activated to distribute this product. In addition a number of new sales channels are currently being appointed so that revenue will be generated rapidly. An increase in USCOM sales combined with sales of BP+ is projected for FY 2014. Discussions are in progress with new distributors which if completed favourably would significantly change the profitability of the business.

Further the current operating costs have been reduced over the 2013 financial year, so that any increase in revenue will positively impact the profit and loss accounts.

The Company is currently in the process of raising capital and it is anticipated that sufficient cash will be raised to meet any unexpected cash shortfall in the current operating period.

Global markets remain subdued, however early signs of recovery are emerging from the US, and China, our main market which, remains strong.

The timing and sales volumes may vary from those forecast by management as the time from appointment to effective operation of new distributors is unpredictable. As such the timing of operating cash flows may differ to those forecast by management. Should the timing of operating cash flows be significantly different to those forecast the consolidated entity may need to seek alternative financing options to enable it to settle its liabilities as they fall due.

The Directors are satisfied that adequate plans and strategies have been formulated and will be adopted as required to allow the company to have sufficient cash to meet its obligations as they fall due in the foreseeable future. On this basis the financial report has been prepared on the going concern basis.

Should the company 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 company be unable to continue as a going concern and meet its debts as and when they fall due.

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

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 2013. The comparative reporting period was for the year ended 30 June 2012.

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 30 August 2013 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.

Note 2: Statement of significant accounting policies (continued)

(c) Significant judgment and key assumptions

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

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

(d) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the 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 balance date plus, where applicable, any accrued interest.

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

Financial assets, other than those at fair value through profit or loss, are reassessed for indicators of impairment at each 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.

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

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

Note 2: Statement of significant accounting policies (continued)

(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 23 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.

(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 settle. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Note 2: Statement of significant accounting policies (continued)

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.

(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 19 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.

Note 2: Statement of significant accounting policies (continued)

(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 30 to the financial statements.

	Consolidated	
	2013	2012
	$	$
Note 3: Revenue and other income		
Operating revenue		
Sale of goods	578,753	794,135
Other revenue		
Interest received	11,741	61,400
Other income		
Grants received - VAT return	684	4,928
Exchange gain	44,027	-
Miscellaneous income	3,529	3,636
Total other income	48,240	8,564
Total revenues and other income from continuing operations	638,734	864,099
Note 4: Expenses from continuing activities, excluding finance costs		
Depreciation and amortisation expenses	79,022	103,465
Impairment of patents	15,161	80,497
Employee benefits expense	866,313	944,173
Research and development expenses	531,395	509,858
Advertising and marketing expenses	216,769	544,746
Occupancy expenses	149,733	152,531
Auditors remuneration (audit)	46,000	39,000
Auditors remuneration (audit review)	18,500	18,000
Regulatory expenses	70,817	55,577
Administrative expenses	248,271	427,832
Exchange losses	-	6,296
Total expenses from continuing activities, excluding finance costs	2,241,981	2,881,975

Operating lease expenses of $135,677 in 2013 (2012: $139,544) are included in occupancy expenses above

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	Consolidated 2013 $	Consolidated 2012 $
Note 5: Income tax credit		
Major components of income tax credit		
Current income tax credit	372,208	406,253
Income tax credit	372,208	406,253
Reconciliation between income tax credit and prima facie tax on accounting loss		
Accounting loss before income tax	1,743,891	2,230,800
Tax benefit at 30% in Australia, 15% in USA (2012: 30% in Australia)	524,782	678,128
Tax effect on non deductible expenses	(279,507)	(289,844)
Temporary differences	(10,015)	(37,077)
Deferred tax asset not brought to account	(235,260)	(351,207)
Research and development tax offset - current year	372,208	406,253
Income tax credit	372,208	406,253

As at 30 June 2013, the Consolidated Entity had estimated unrecouped operating income tax losses of $15,821,412 (2012: $14,923,319). The benefit of these losses of $4,570,418 (2012: $4,300,155) 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.

	2013 $	2012 $
Note 6: Accumulated losses		
Accumulated losses at the beginning of the financial year	(21,510,754)	(19,686,207)
Net loss attributable to members of the Entity	(1,371,683)	(1,824,547)
Accumulated losses at the end of the financial year	(22,882,437)	(21,510,754)
Note 7: Earnings per share		
Loss after tax used in calculation of basic and diluted EPS	(1,371,683)	(1,824,547)
	Number	Number
Weighted average number of ordinary shares during the year used in calculation of basic EPS	61,174,959	52,124,488
Weighted average number of options outstanding	5,227,226	2,594,795
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	66,402,185	54,719,283
Basic earnings per share (cents per share)	(2.2)	(3.5)
Diluted earnings per share (cents per share)	(2.2)	(3.5)

The options 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. After the reporting date, 25,000 ordinary shares were issued on 30 July 2013 and 150,000 ordinary shares were issued on 6 August 2013 which have not been included in the calculations of basic and dilutive EPS.

	2013 $	2012 $
Note 8: Cash and cash equivalents		
Cash on hand	177	185
Bank: Cheque accounts	438,960	463,633
Bank: Cash management	33,749	28,758
Bank: Term deposits	35,230	35,230
Bank: Deposit at call	33,079	16,657
Total cash and cash equivalents	541,195	544,463

	Consolidated 2013 $	Consolidated 2012 $
Note 9: Trade and other receivables		
Current		
Trade receivables	98,436	140,936
Total current receivables	98,436	140,936

Trade receivables are non-interest bearing and on an average of 45 day terms. Details of trade receivables due but not impaired are disclosed in note 22.

	Consolidated 2013 $	Consolidated 2012 $
Note 10: Inventories		
Current inventories at cost		
Raw materials	163,029	113,367
Finished products	27,625	77,663
Total inventories	190,654	191,030
Note 11: Tax asset		
Income tax credit	372,208	406,253
Total tax asset	372,208	406,253
Note 12: Plant and equipment		
Plant and equipment at cost	562,158	556,216
Accumulated depreciation	(514,028)	(492,603)
	48,130	63,613
Office furniture and equipment at cost	59,166	59,166
Accumulated depreciation	(56,752)	(56,326)
	2,414	2,840
Computer software at cost	22,120	22,120
Accumulated depreciation	(21,819)	(21,505)
	301	615
Low value asset pool at cost	32,089	32,089
Accumulated depreciation	(31,345)	(30,899)
	744	1,190
Total plant and equipment	51,589	68,258

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 2012	63,613	2,840	615	1,190
Additions	5,741	-	-	-
Disposals	-	-	-	-
Depreciation expense	(21,231)	(426)	(314)	(446)
Effects of foreign currency exchange differences	7	-	-	-
Carrying amount at 30 June 2013	48,130	2,414	301	744

		Consolidated 2013 $	Consolidated 2012 $
Note 13: Intangible assets			
Non-current			
Patents at cost		762,330	839,505
Additions		1,142,928	74,147
Impairment		(15,894)	(151,322)
Accumulated amortisation, net of impairment		(382,730)	(326,858)
Carrying amount at 30 June		1,506,634	435,472
Movements in carrying amounts			
Carrying amount at 1 July		435,472	510,487
Additions	(i)	1,142,928	74,147
Amortisation		(56,605)	(68,665)
Impairment		(15,161)	(80,497)
Carrying amount at 30 June		1,506,634	435,472

Intangible Assets comprise Intellectual Property in the form of Patents. The Patents have finite useful lives. The current amortisation charge in respect of Patents is included under Expenses from Continuing Activities in the Statement of Profit or Loss and Other Comprehensive Income. An impairment charge of $15,161 has been recognised in the current year (2012: $80,497) in relation to Patents carried in Australia and Japan where there have been no sales for several years. The impairment charge is recorded under Expenses from Continuing Activities (refer to note 4).

(i) $1,106,497 of additions related to the acquisition of Pulsecor Limited's assets – refer to note 25 for more details.

		Consolidated 2013 $	Consolidated 2012 $
Note 14: Other assets			
Current			
GST receivable		20,547	11,067
Deposit paid		17,331	-
Prepayments		16,594	30,879
Total other current assets		54,472	41,946
Note 15: Trade and other payables			
Current			
Trade payables		107,976	37,584
Sundry payables and accrued expenses		55,652	41,019
Employee related payables		32,479	29,754
Total payables		196,107	108,357
Note 16: Provisions			
Short term			
Provision for annual leave		115,819	122,983
Provision for long service leave		125,978	-
		241,797	122,983
Long term			
Provision for long service leave		14,936	119,734
Provision for warranties		7,681	7,218
		22,617	126,952
(a) Aggregate employee benefits		256,733	242,717

	Consolidated 2013 $	Consolidated 2012 $
Note 16: Provisions (continued)		
(b) Movement in employee benefits		
Balance at beginning of the year	242,717	233,517
Additional provision	95,383	129,767
Amounts used	(81,367)	(120,567)
Balance at end of the year	256,733	242,717
	Number	Number
(c) Number of employees at year-end	11	11

		Consolidated 2013 $	Consolidated 2012 $
Note 17: Issued capital			
Issued capital			
Fully paid ordinary shares		23,638,157	21,376,920
Total contributed equity		23,638,157	21,376,920
Movement in issued capital			
Shares on issue at the beginning of the year		21,376,920	21,376,920
2,000,000 ordinary shares issued at 7.5 cents	(i)	150,000	-
9,034,997 ordinary shares issued at 12 cents	(ii)	1,084,200	-
12,500 ordinary shares issued at 5.95 cents	(ii)	744	-
5,000,000 ordinary shares issued at 21 cents		1,050,000	-
Share issue costs	(ii)	(23,707)	-
Ordinary shares at the end of the year		23,638,157	21,376,920

(i) Cash received in prior year (refer to note 18).
(ii) Cash received / (paid) in current year totalling $1,061,237.

	2013 Number	2012 Number
Fully paid ordinary shares	Number	Number
Ordinary shares at the beginning of the year	52,124,488	52,124,488
2,000,000 ordinary shares issued by private placement	2,000,000	-
9,034,997 ordinary shares issued by private placement	9,034,997	-
12,500 ordinary shares issued by exercise of options	12,500	-
5,000,000 ordinary shares issued for acquisition of assets	5,000,000	-
Total ordinary shares at the end of the year	68,171,985	52,124,488

11,034,997 ordinary shares were issued by private placement during July to November 2012. 12,500 ordinary shares were issued by exercise of options on 25 January 2013. 5,000,000 ordinary shares were issued as consideration for acquisition of assets of Pulsecor Limited on 17 June 2013.
The Company's authorised share capital amounted to 68,171,985 ordinary shares of no par value at 30 June 2013.

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.

After the reporting date, a total of 175,000 ordinary shares were issued in July and August 2013.

	Consolidated 2013 $	2012 $
Note 18: Unissued capital		
Unissued capital		
Application monies received in advance for share allotment	-	150,000
Total contributed equity	-	150,000
Movement in unissued capital		
Balance at the beginning of the year	150,000	-
Application monies received in advance for share allotment	-	150,000
Shares issued	(150,000)	-
Unissued capital at the end of the year	-	150,000

Note 19: Options reserve

The Consolidated Entity has adopted an Employee Share Option Plan and an Executive Share Option Plan for the benefit of Executive Directors and full-time or part-time staff members employed by the Consolidated Entity. At the date of this Report the following options had been issued pursuant to the Employee Share Option Plan. Each option was issued for a period of 4 years and vest in tranches of 25% after 9 months, 12 months, 24 months and 36 months. Exercise price is based on 85% of the average ASX closing price for the 5 days prior to offer/acceptance of the options, in accordance with the Employee Share Option Plan and the Executive Share Option Plan. The Board may impose conditions, including performance related conditions, on the right to exercise any options granted under the Executive Share Option Plan.

During the year, 3,000,000 options were granted to a director under the Executive Share Option Plan.

	2013	2012
Effect of share-based payment transactions		
Share Option Plan		
Options reserve balance at the beginning of the year	1,379,672	1,373,494
Expenses arising from share-based payment transactions	140,801	6,178
Options reserve balance for Share Option Plan at the end of the year	1,520,473	1,379,672
OSI Systems		
Right to participate in options	1	1
Option reserve at the end of the year	1,520,474	1,379,673

Movement during the financial year	Number of Options 2013	Weighted average exercise price	Number of Options 2012	Weighted average exercise price
Opening number of options	3,560,000	0.25	7,710,000	1.10
Granted during the financial year – Director	3,000,000	0.06	-	-
Granted during the financial year – Employees & Executives	-	-	1,300,000	0.06
Lapsed during the financial year	(260,000)	0.29	(5,450,000)	1.40
Exercised during the financial year	(12,500)	0.06	-	-
Closing number of options	6,287,500	0.16	3,560,000	0.25

Details of options outstanding as at end of the year

Holders No.	Grant date	Exercisable at 30 June 2013 %	Expiry date	30 June 2013 Outstanding Option No.	Exercise Price $	Issued date fair value $
1 (Investor)	17 December 2008	100%	17 December 2013	2,000,000	0.375	0.12
10 (Employees & Executives)	29 March 2012	50%	29 March 2016	1,287,500	0.0595	0.06
1 (Director)	7 November 2012	0%	7 November 2016	3,000,000	0.0595	0.07
Total				6,287,500		

Note 19: Options reserve (continued)

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	2,000,000 at $0.375; 4,287,500 at $0.0595
Option life	4-5 years
Risk-free interest rate	Range from 3.15% to 4.6%
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.

	Consolidated	
	2013	2012
	$	$
Note 20: Translation reserve		
Opening balance	74,227	71,397
Translation of financial statements of foreign Controlled Entity	4,246	2,830
Closing balance	78,473	74,227
Note 21: Cash flow information		
(a) Reconciliation of cash		
Cash at bank and on hand	541,195	544,463
Total cash at end of year	541,195	544,463
(b) Reconciliation of cash flow from operations to loss from continuing operations after income tax		
Loss from continuing operations after income tax	(1,371,683)	(1,824,547)
Non cash flows in loss from continuing operations		
Depreciation	22,417	34,800
Amortisation	56,605	68,665
Impairment of patents	15,161	80,497
Options reserve	140,801	6,178
Translation reserve	4,246	2,822
(Increase)/decrease in assets		
Trade debtors	42,500	23,055
Inventories	(5,365)	13,455
Prepayments	(3,046)	21,899
Income tax	34,045	(61,357)
GST assets	(9,480)	8,744
Increase/(decrease) in liabilities		
Trade payables	70,392	(16,803)
Sundry payables and accrued expenses	14,633	(21,032)
Employee related payables	2,725	(2,081)
Employee provisions	14,016	9,200
Other provisions	457	323
Net cash used in operating activities	(971,576)	(1,656,182)

Note 22: 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 31) and equity attributable to equity holders of the Parent Entity, comprising issued capital (note 17 on page 34), and accumulated losses (note 6 on page 31).

Note 22: Financial instruments (continued)

(c) Financial instruments
At 30 June 2013, 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.

(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 2013 and is exposed to foreign currency risk on sales and purchases dominated 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	
	2013	2012
	US$	US$
Cash	304,132	211,041
Current trade debtors	70,525	136,890
Current trade creditors	17,400	20,385
	€	€
Cash	17,252	63,323
Current trade debtors	-	5,350
Current trade creditors	-	2,052
	£	£
Current trade debtors	13,600	-

(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	
	2013	2012
	$	$
Profit/Loss - increase 10% (US$) and 5% (€) & (£)	(54,055)	(73,584)
- decrease 10% (US$) and 5% (€) & (£)	54,055	73,584

Note 22: Financial instruments (continued)

(g) Interest rate risk management
The Consolidated Entity does not have any external loans or borrowings as at 30 June 2013 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.

(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	
	2013	2012
	$	$
Profit/Loss - increase 100 basis points	1,174	6,140
- decrease 100 basis points	(1,174)	(6,140)

(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	2013	2012
	$	$
0 - 45 days	-	17,035
46 – 90 days	-	-
Over 90 days	-	15,821
Total	-	32,856

No bad debt was written off during the year (2012: $Nil). There was no doubtful debt provision as at 30 June 2013 (2012: Nil).

(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.

Note 22: Financial instruments (continued)

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.

Consolidated	Weighted Average effective interest Rate %	Floating interest $	Fixed interest rate maturing: Within 1 year $	Fixed interest rate maturing: 1 to 5 years $	Non-interest bearing $	Total $
2013						
Financial assets						
Cash	0.5	505,965	35,230	-	-	541,195
Trade receivables		-	-	-	98,436	98,436
Other receivables	-	-	-	-	20,547	20,547
Total financial assets		505,965	35,230	-	118,983	660,178
Financial liabilities						
Trade creditors		-	-	-	107,976	107,976
Payables		-	-	-	32,479	32,479
Total financial liabilities		-	-	-	140,455	140,455
Net financial assets		505,965	35,230	-	(21,472)	519,723
2012						
Financial assets						
Cash	1.3	509,233	35,230	-	-	544,463
Trade receivables		-	-	-	140,936	140,936
Other receivables	-	-	-	-	11,067	11,067
Total financial assets		509,233	35,230	-	152,003	696,466
Financial liabilities						
Trade creditors		-	-	-	37,584	37,584
Payables		-	-	-	29,754	29,754
Total financial liabilities		-	-	-	67,338	67,338
Net financial assets		509,233	35,230	-	84,665	629,128

Reconciliation of net financial assets to net assets	2013 $	2012 $
Net financial assets as above	519,723	629,128
Non financial assets and liabilities		
Current tax receivable	372,208	406,253
Inventories	190,654	191,030
Deposit paid	17,331	-
Prepayments	16,594	30,879
Plant and equipment	51,589	68,258
Intangible assets	1,506,634	435,472
Accruals	(55,652)	(41,019)
Provisions	(264,414)	(249,935)
Net assets per Statement of Financial Position	2,354,667	1,470,066

Note 23: 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%
Consolidated
The Parent and Ultimate Parent Entity is Uscom Ltd.

	Consolidated	
	2013	2012
	$	$
Transactions between related parties		
Other related parties		
Company Matters Pty Limited		
As a Company Secretary of Uscom Ltd from 7th November 2012, Ms Sarah Prince provides services to the Company through Company Matters Pty Limited.		
Services rendered	8,149	-
Company Matters Pty Limited		
As a Company Secretary of Uscom Ltd up to 7th November 2012, Mr Tom Rowe provided services to the Company through Company Matters Pty Limited.		
Services rendered	9,501	1,965

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
Executive Directors
Rob Phillips, Executive Director, Chairman, Chief Executive Officer
Senior Executives
Tom Rowe, Company Secretary (ceased on 7th November 2012)
Sarah Prince, Company Secretary (from 7th November 2012 to 18th July 2013)
Nick Schicht, General Manager

For further remuneration information of key management personnel refer to the remuneration report in the Directors' report on pages 12 to 16.

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	
	2013	2012
	$	$
Short-term employee benefits	451,821	540,708
Post-employment benefits	35,227	61,746
Other payments	17,650	102,648
Share-based payment	104,203	1,206
Total key management personnel remuneration	608,901	706,308

Note 23: Related party disclosures (continued)

Number of options over ordinary shares held by Key Management Personnel

	Balance 1 July 2012 No.	Granted During FY2013 No.	Exercised During FY2013 No.	Lapsed / Transferred out During FY2013 No.	Balance 30 June 2013 No.	Total vested 30 June 2013 No.	Total unexercisable 30 June 2013 No.
Non-Executive Director							
S Jack	-	-	-	-	-	-	-
C Bernecker	-	-	-	-	-	-	-
Executive Director							
R Phillips	-	3,000,000	-	-	3,000,000	-	3,000,000
Senior Executive							
T Rowe (to 7 Nov 2012)	-	-	-	-	-	-	-
S Prince (from 7 Nov 2012)	-	-	-	-	-	-	-
N Schicht	400,000	-	-	(100,000)	300,000	150,000	150,000
Total	400,000	3,000,000	-	(100,000)	3,300,000	150,000	3,150,000

Number of shares held by Key Management Personnel (including indirect interest)

	Balance 1 July 2012 No.	Received as Remuneration No.	Options Exercised No.	Net change Other* No.	Balance 30 June 2013 No.
Non-Executive Director					
S Jack	80,000	-	-	550,000	630,000 (1)
C Bernecker	-	-	-	-	-
Executive Director					
R Phillips	16,996,733	-	-	50,000	17,046,733 (2)
Senior Executive					
T Rowe (to 7 Nov 2012)	-	-	-	-	-
S Prince (from 7 Nov 2012)	-	-	-	-	-
N Schicht	18,200	-	-	-	18,200 (3)
Total	17,094,933	-	-	600,000	17,694,933

*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) 6,432,924 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.

	Parent 2013 $	Parent 2012 $
Note 24: Parent entity information		
Set out below is the supplementary information about the parent entity.		
Statement of comprehensive income		
Loss after income tax credit	(1,382,447)	(1,877,967)
Total comprehensive loss	(1,382,447)	(1,877,967)
Statement of financial position		
Total current assets	1,212,639	1,274,021
Total assets	2,683,950	1,711,184
Total current liabilities	435,145	227,635
Total liabilities	457,762	354,587
Equity		
Contributed equity	23,638,157	21,526,920
Options reserve	1,520,474	1,379,673
Accumulated losses	(22,932,443)	(21,549,996)
Total equity	2,226,188	1,356,597

Note 24: Parent entity information (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2012.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2013 and 30 June 2012.

Significant accounting policies

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

Note 25: Asset acquisition

On 17 June 2013, Uscom Limited acquired the assets of Pulsecor Limited, a New Zealand company which has developed novel non-invasive central blood pressure measurement methods pioneered at the Weill Cornell Medical College in New York. The acquired assets include all Pulsecor technology, products and 34 global patents and patent applications and 4 trademarks related to measurement and monitoring of blood pressure. Uscom Limited has issued 5 million fully paid ordinary Uscom shares as consideration for the acquisition.

Details of the acquisition are as follows:	Fair Value $
Patents	1,106,497
Acquisition-date fair value of the total consideration transferred	1,106,497
Representing:	
Shares issued	1,050,000
Legal fees paid	56,497
	1,106,497

There was no cash used in the acquisition apart from the legal fees paid.

	Consolidated 2013 $	Consolidated 2012 $
Note 26: 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	-	64,136
Between 1 and 5 years	-	-
Total operating commitments	-	64,136
Note 27: Auditors' remuneration		
Remuneration of BDO East Coast Partnership for		
Audit of financial report	46,000	39,000
Review of financial report	18,500	18,000
Remuneration of PKF California for		
Tax consulting services	2,312	2,956
Total auditors' remuneration	66,812	59,956

Note 28: Operating segments

Segment information

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

The Consolidated Entity sells a single product, the A1 monitor. Geographical segment reporting is therefore the appropriate method of reporting operating segments.

Globally the Company has five 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.

Note 28: Operating segments (continued)

The largest customer group operates in Asia and accounts for 55% of the total sales revenue. The second largest customer accounts for 16% of the total sales revenues and operates in Europe.

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	USA	Europe	Other region	Head office	Eliminated	Consolidated
	$	$	$	$		$	$	$
2013								
Sales to external customers	-	316,186	37,298	162,417	62,852	-	-	578,753
Other revenues	15,270	-	-	684	-	44,027	-	59,981
Total segment revenues	15,270	316,186	37,298	163,101	62,852	44,027	-	638,734
Segment expenses	-	99,809	199,981	107,963	25,274	2,113,165	(163,567)	2,382,625
Segment result	15,270	216,377	(162,683)	55,138	37,578	(2,069,138)	163,567	(1,743,891)
Income tax credit	372,208	-	-	-	-	-	-	372,208
Consolidated loss from ordinary activities after income tax credit								(1,371,683)
Segment assets	511,878	172,681	394,504	760,324	-	1,063,634	(87,833)	2,815,188
Segment liabilities	545,595	-	2,759	-	-	-	(87,833)	460,521
Acquisition of property, plant and equipment and intangibles	287,409	177,454	97,459	586,347	-	-	-	1,148,669
Impairment of patents	10,631	4,530	-	-	-	-	-	15,161
Depreciation and amortisation	22,858	244	24,671	25,993	-	5,256	-	79,022

Note 28: Operating segments (continued)

	Australia	Asia	USA	Europe	Other region	Head office	Eliminated	Consolidated
	$	$	$	$		$	$	$
2012								
Sales to external customers	220	392,266	150,990	235,735	14,924	-	-	794,135
Other revenues	65,036	-	-	4,928	-	-	-	69,964
Total segment revenues	65,256	392,266	150,990	240,663	14,924	-	-	864,099
Segment expenses	115	134,994	742,031	165,171	18,003	2,665,478	(630,893)	3,094,899
Segment result	65,141	257,272	(591,041)	75,492	(3,079)	(2,665,478)	630,893	(2,230,800)
Income tax credit	406,253	-	-	-	-	-	-	406,253
Consolidated loss from ordinary activities after income tax credit								(1,824,547)
Segment assets	258,407	-	307,602	199,970	-	1,129,826	(67,447)	1,828,358
Segment liabilities	422,034	-	3,705	-	-	-	(67,447)	358,292
Acquisition of property, plant and equipment and intangibles	17,403	15,199	30,011	21,294	-	-	-	83,907
Impairment of patents	65,706	14,791	-	-	-	-	-	80,497
Depreciation and amortisation	52,057	408	16,071	27,769	-	7,160	-	103,465

Note 29: Contingencies

There were no contingencies as at 30 June 2013.

Note 30: Events after the reporting date

On 30 July 2013, 25,000 shares were issued at 5.95 cents each by exercise of options. On 6 August 2013, 150,000 shares were issued at 20 cents under share placement. The issue raised an additional $31,488 in new capital and does not require shareholder approval as it is below the limit of 15% of issued capital which a company can issue within a 12 month period without shareholder approval per Listing Rule 7.1.

Apart from that, 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.

The directors of the company declare that:

1. 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 2013 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:

Rob Phillips

Executive Director - Chairman

Sydney, 30 August 2013

Sheena Jack

Non-Executive Director

BDO

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Level 10, 1 Margaret St
Sydney NSW 2000
Australia

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 2013, 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 disclosing entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 consolidated entity's financial position as at 30 June 2013 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of $1,367,437 for the year ended 30 June 2013, incurred net operating cash outflows of $971,576 for the year ended 30 June 2013, and had $541,195 cash on hand as at 30 June 2013.

The ability of the consolidated entity to continue as a going concern is dependent upon a combination of future successful raisings of necessary funding through equity, successful exploitation of patents and sales of products.

These conditions, along with other matters as set out in Note 2, 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Tim Sydenham
Partner

Sydney, 30 August 2013

SHAREHOLDER INFORMATION

Additional information required by Australian Stock Exchange Listing Rules is as follows. This information is current as at 31 July 2013.

(a) Distribution Schedules of Shareholder

Holdings Ranges	Holders Number	Ordinary shares Number	%
1 – 1,000	109	78,389	0.12%
1,001 – 5,000	197	581,168	0.85%
5,001 – 10,000	74	599,645	0.88%
10,001 – 100,000	120	4,660,210	6.83%
100,001 – 99,999,999,999	56	62,277,573	91.32%
Total	556	68,196,985	100%

There were 222 holders of less than a marketable parcel of 307,090 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 2013 are:

Robert Allan Phillips	17,046,733
Dr Stephen Frederick Woodford	10,170,475
Gary Desmond Davey	6,219,000
DRP Cartons (NSW) Pty Ltd	2,867,492
Narodni Podnik Ltd	2,834,358

(d) Twenty largest registered holders – ordinary shares

Balance as at 31 July 2013	Ordinary shares Number	%
Robert Allan Phillips	17,046,733	25.00%
Dr Stephen Frederick Woodford	10,170,475	14.91%
Gary Desmond Davey	6,219,000	9.12%
DRP Cartons (NSW) Pty Ltd <DRP Cartons (NSW) PL S/F A/C>	2,867,492	4.20%
Narodni Podnik Ltd	2,834,358	4.16%
Bell Potter Nominees Ltd <BB Nominees A/C>	2,124,836	3.12%
Invia Custodian Pty Limited <Riverbel Family No 3 A/C>	2,088,118	3.06%
Merrill Lynch (Australia) Nominees Pty Limited	2,014,982	2.95%
Link Traders (Aust) Pty Ltd	1,220,809	1.79%
Stream Management Services Pty Ltd	1,139,111	1.67%
Arinya Investments Pty Ltd	1,050,000	1.54%
Corf Corporation Pty Limited <Maddison Family S/F A/C>	1,000,000	1.47%
Mr Rutherford James Browne & Mrs Sheba Elizabeth Marjorie Browne	754,134	1.11%
Mr John Lionel Gleeson	742,750	1.09%
Mr Ronald George Lane & Ms Sheena Gae Jack <Jack Lane Super Fund A/C>	630,000	0.92%
Christopher James Were & Christopher Boys Gambrill <Chris Were Family A/C>	574,775	0.84%
Mr Alister John Forsyth	568,809	0.83%
Raewyn Jeanette Lovett & Struan Grant McOmish <Sharrock Family A/C>	549,763	0.81%
Apollan Pty Ltd	547,700	0.80%
Mr Peter Maddison	537,054	0.79%
Total	54,680,899	80.18%

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
Sarah Prince (ceased on 18th July 2013)
Catherine Officer (commenced on 18th July 2013)

Registers of securities
Boardroom Pty Limited

Level 7, 207 Kent 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 68,346,985 ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

Unquoted securities
Options over unissued shares
A total of 6,187,500 options over ordinary shares are on issue. 2,000,000 options are on issue to OSI System. 3,000,000 options are on issue to a director and 1,187,500 options are on issue to eight employees and executives under the Uscom Employee Share Option Plan and Uscom Executive Share Option Plan.

Uscom Ltd, Suite 1, Level 7, 10 Loftus Street, Sydney NSW 2000 Australia T +612 9247 4144