

09

ANNUAL REPORT

Uscom

CONTENTS

Uscom

LETTER FROM THE CHAIRMAN

Dear Fellow Shareholders

It is with great pleasure that we present your Company's annual report for the year ending 30 June 2009.

At the 2008 AGM we described a strategic course for the Company and we are pleased to update investors of our results for the 2009 Financial Year as measured against those goals:

- Focus on profitability – Revenue increased by 70% year on year, costs decreased, we achieved cash flow neutrality from normal operations in the final quarter, and we are approaching profitability.
- Develop global marketing partnerships – 2009 saw the execution of an international marketing partnership with Spacelabs Healthcare for the In Hospital market, and discussions are continuing with other application specific partners.
- Achieving clinical standards of care objectives – We achieved recognition in the Global Paediatric Sepsis Guidelines and continue to be recognised as an important new technology in an expanding list of clinical applications.
- Continue with adoption – At the end of 2009 Financial Year Uscom had dispatched in excess of 250 USCOM 1A units for use in clinical and research applications worldwide.

This year was marked by the execution of our first international marketing partnership with Spacelabs Healthcare. This partnership provided critical and rapid access to unexploited global markets and identified a shift in focus from direct marketing to a marketing partnership model. The result was an increase in revenue of 70%, a decrease in costs, positive cash flow in the 4th quarter and approaching profitability despite the agreement being operative for only 6 months of the 2009 financial year. Much of our 2010 focus will be on supporting this partnership to maximise commercial outcomes. This partnership provides access to Spacelabs sales personnel in the Americas, Europe, Middle East, Africa, India and Australia. Each of these markets needs individualised marketing, sales and after sales support and requires considerable USCOM input. While there will be some lag time associated with finessing this sales process within the new partnership, we are optimistic that enthusiastic early market feedback will convert to significant commercial outcomes. We are developing, in collaboration with Spacelabs, novel global marketing tools such as World Luminary Webcasts to disseminate the USCOM science cost effectively world wide, and we are continually fine tuning marketing materials.

Pacific Medical Systems remains our distributor in China and South Asia, and on going support and education visits are combining with increased publications, local and international, to accelerate adoption in this market. The future for the Chinese and South Asian market is bright.

This year saw the publication of 17 peer reviewed academic papers and 29 articles, abstracts and poster presentations supporting the use of USCOM in clinical practice, bringing the total number to 135 USCOM publications. Most significantly the USCOM measurement was recommended for management of sick children in the official Global Paediatric Sepsis Guidelines. In short this year in science continues the global endorsement of USCOM science and technology and positions us well for future re-imbursement and increased adoption.

The success of this year has been driven by a focus on operational soundness, commitment to strategy and disciplined execution by our Chief Executive Officer Paul Butler. Mr Butler's management and commitment has been central to the successful results we present for this year. While Uscom remains a small organisation, it is a people Company, and the success of this year has also been dependent on the persistent commitment of our staff - high quality, focused, diligent, motivated, and innovative. The Board remains unchanged, small and effective, and working closely with management to devise strategies and effect objectives.

With the significant and solid improvement in operational strength of Uscom during the financial year it was pleasing to see a significant strengthening of the Company's share price.

The upside for the Company in the coming financial year will come from increased revenue from our current marketing relationships, increasing clinical proof and publications adoption, the development of additional market sector partnerships, and improving the global financial environment. The Board will also seek to assess strategic capital options going forward which may be beneficial to market liquidity and therefore capital valuation.

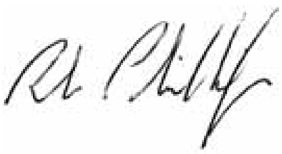
While this year has been a marked success, the year ahead is one of transition from aspiration to consolidation and will be characterised by challenge and opportunity; the challenge of exploiting the global market through our international partnerships, and the opportunity to establish Uscom as a profitable important international bio-device company. However risks remain, and they include the unpredictable impact of the global financial crisis on health care systems worldwide and the uncertainty of medical adoption, both of which will impact end user sales of the USCOM product. And while this may effect the timing of adoption, we believe that in this new cost sensitive health care environment the USCOM 1A, as a safe accurate and non-invasive solution, is likely to benefit and play an increasingly important part in the delivery of worldwide, cost-effective health care across multiple clinical applications.

We will also continue to seek additional application specific marketing partnerships to expand the commercial opportunity of the USCOM technology. Of our 135 current publications there remain 13 separate clinical applications, supported by academic publications but currently not covered by marketing arrangements, and these unexploited applications therefore represent future clinical marketing and partnership opportunities. These partnerships may also involve development of new products to diversify the Company's future opportunities.

The results we present to shareholders today represent the outcomes from a focused and unwavering commitment to achieving both scientific and commercial goals. The results from this year have established a sound platform from which to drive the Company to a position of economic strength and influence in the global bio-device market, bringing profitability to the Company and returns to shareholders. This year has been marked by a number of important milestones for Uscom and we look forward to consolidating these foundations and exploiting the emerging opportunities in the year ahead.

Thank you.

Rob Phillips
Chairman



REVIEW OF OPERATIONS

The 2009 financial year has been a turnaround for Uscom. We started this year focused on achieving key milestones. I am pleased to report that we have closed off this period having achieved these milestones and are well positioned for the coming year. Uscom maintained a low cost base, established a strategic relationship with a global medical device Company, relaunched our product branded as Spacelabs Healthcare and made improvements to the product.

Uscom entered a distribution partnership with Spacelabs Healthcare in December 2008, expanding Uscom distribution in the Americas, Europe, Middle East, Africa, India and Australia for the hospital market. We have completed sales training for the Spacelabs Healthcare team and there is now a team of over 60 people who are promoting the USCOM technology in their respective regions. Early customer sales are encouraging despite the tough economic climate and we expect sales to build solidly during this coming financial year.

At the same time, OSI Systems (NASDAQ: OSIS) Spacelabs parent Company, acquired a 5% interest in Uscom along with options for a further 5%. This equity stake by OSI Systems aligns us even further with our distribution partner as they have an active investment in our success. This investment by OSI Systems into Uscom came after an extensive evaluation of the USCOM technology resulting in a vision shared by both companies for a long term partnership.

Product revenues have increased by 70% over the prior financial year to in excess of $1.6 million. This is largely due to the ramp up of the Spacelabs sales channel and their purchase of demonstration stock as well as inventory to supply customer demand. We have also seen good growth in our Asian and European sales channel. In Asia we have seen continued sales into China and expansion into markets such as Indonesia and Thailand.

In the fourth quarter of the financial year Uscom achieved a cash flow neutral position from normal operations including approximately $150k foreign exchange loss, with a net inflow of $511k due to tax returns and grants. Operationally we have reduced our headcount in Australia, discontinuing our direct sales. In the USA we have created a very cost effective market support network.

The Company also approached profitability for the second half of the financial year and would have been profitable except for foreign exchange loss. Whilst this outcome is the first step in ensuring our ongoing viability it reflects the company's focus on delivering quality product and growing revenue whilst maintaining costs at a sustainable level. Going forward, financial performance will be very much dependent upon ongoing Spacelab marketing efforts and the level of resulting end user sales.

Another major achievement for the 09 year was the inclusion of the USCOM technology in the Global Paediatric Sepsis Guidelines. Becoming a standard of clinical care in paediatrics is a major scientific milestone for Uscom. Papers such as this one and others like the paper from Cedars Sinai in Los Angeles and Barnes Jewish in St Louis are imperative for USCOM to take its place as the gold standard for haemodynamic monitoring. Additional studies are expected from UCLA, Vanderbilt Children's, Children's Hospital of East Ontario and University of Southern California looking at how the use of USCOM can assist clinicians.

Uscom was present at major conferences around the world, some direct, some shared with Spacelabs and Pacific Medical Systems, which has significantly increased our exposure. In doing this we have kept our marketing costs at similar levels to the prior year and reached a larger number of clinicians. Going forward we expect to be able to reduce our expenditure at the major conferences as our partners pick up this responsibility. We will continue to be present at the major conferences but as representatives of our partners.

The technology group has delivered significant advances in the USCOM product and furthered research on other intellectual property (IP). A new hardware platform was developed tested and released. This new platform has updated the technology to more current hardware which provides faster processing, reduced cost and has also incorporated more advanced battery technology.

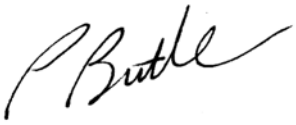
New software releases provided additional features and parameters along with a graphical user interface that operates in 12 languages. In addition we are working with Spacelabs development group to create connectivity between the USCOM monitor and Spacelabs networks.

Our Clinical Marketing group has been significantly expanded with the addition of 6 clinical educators across the US working on a per diem basis to support Spacelabs Healthcare with product trials. We have also developed tools for the team so that the training protocols are consistent and comprehensive. Again we have concentrated on ways to improve the delivery of training to make it cost effective and be more receptive for the audience.

The progress that we have made in this last financial year has positioned us well for growth in the coming year. We will maintain tight controls on our cost base whilst ensuring continued marketing and logistical support for our partners. As we build revenues through our expanded market coverage we will be able to increase our efforts in identifying and developing additional market opportunities. Solid revenues in our primary market this coming year will create a strong base for us to launch the technology into new and broader opportunities.

Thank you.

Paul Butler
Chief Executive Officer



MILESTONES

08

Jul

Uscom end of financial year update: Revenue up, costs down.

Aug

USCOM endorsed in key Paediatric Publication.

USCOM increases organs for transplantation by 15% in US study.

Sep

Oct

USCOM proven for safe and accurate diagnosis of shock.

Nov

Uscom releases new product; OXYCOM.

Dec

Uscom and Spacelabs Healthcare form strategic relationship for distribution of Ultrasonic Cardiac Output Monitors.

Strategic Investment by NASDAQ Listed OSI Systems.

USCOM, American Journal of Surgery Publication.

MILESTONES

09

Jan

Echoscope - New US patent for Uscom.

Feb

USCOM Technology Included in New Sepsis Guidelines for Children.

Mar

USCOM publication in heart transplantation and heart failure.

Apr

USCOM validated in pregnancy.

Uscom receives Frost & Sullivan Emerging Company of the Year Award.

May

Jun

Uscom expands distribution partnership with Spacelabs to include Australia.

BOARD OF DIRECTORS

Mr Rob Phillips Chairman of Uscom Ltd

Mr Phillips has a Master of Philosophy in Medicine from the University of Queensland and is the author of over 25 patents and patent applications. He is a recognised pioneer in the field of digital ultrasound and clinical echocardiography and has been prolific at an international level in presenting novel research on new clinical approaches to cardiovascular assessment. He is the Head of Cardiac Faculty at the Aust Inst of Ultrasound, Faculty Member of the IntSociety of Cardiovascular Ultrasound, a Fellow of the Institute of Radiography and has been a Cardiac Examiner for the Australian Society for Ultrasound in Medicine for a number of years.

Mr Paul Butler Chief Executive Officer of Uscom Ltd

Mr Butler has over 15 years operational experience in electronics and medical devices.
He holds a Bachelor of Economics and qualifications in Electrical Engineering.
Having held Senior roles at Uscom over the past six years Mr Butler has managed the development of the Uscom technology, distribution channels, finance and operations of the Company.
Prior to Uscom, Mr Butler held Senior business development roles at AEMS,
logistics at NCR and operations at Scitec.

Mr Bruce Rathie Non-Executive Director of Uscom Ltd

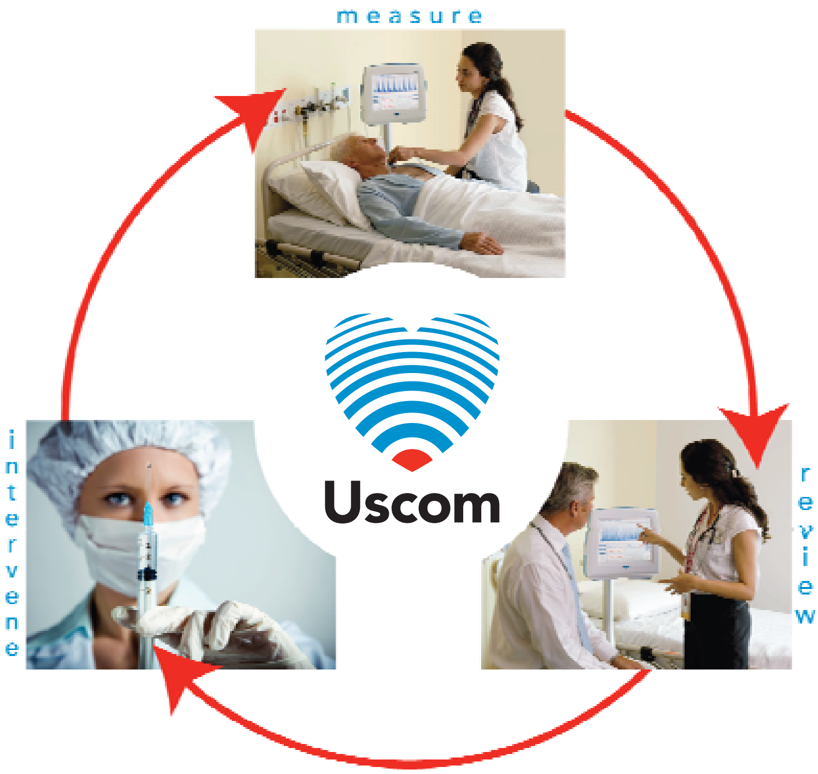
Mr Rathie holds degrees in law, commerce and business. Mr Rathie has nearly 15 years experience in Investment Banking in Australia and New York. He was until March 2008 National Executive Director of the Australian Institute of Management and was during the year a Non-Executive Director of PolyNovo Biomaterials Pty Ltd, DataTrace DNA Pty Ltd, Capricorn Society Limited, ASX listed DataDot Technology Limited (until January 2009) and Anteo Diagnostics Limited and was also Chairman of Uniting Care Ageing NSW & ACT. He was appointed as a Non-Executive Director of EFTPOS Payments Australia Limited in August 2009.

Mr Roman Zwolenski Non-Executive Director of Uscom Ltd

Mr Zwolenski has over thirty years experience in Biomedical product development and sales. He has held Senior management positions with multinational corporations in Australia and in Europe and has been CEO of two Australian ASX listed biotech product developers and was the Chairman of Anadis Ltd. Mr Zwolenski has a science degree and has been a fellow of the Australian Institute of Company Directors since 1995. He has served for more than eight years as a Non Executive director of several Australian public companies.

How it works

The USCOM system measures blood flow across the heart valves using CW Doppler ultrasound, a technique which can accurately show variations in haemodynamic patterns. Changes in these patterns enable determination of the most appropriate clinical management. The USCOM non-invasive haemodynamic monitor is a simple and cost-effective device that measures circulatory function and monitors treatment cost-effectively.



Product Advances

During the 2009 Financial Year the USCOM 1A has been improved to better meet the user's need.

There have been several new software developments including a new algorithm FlowTracer which processes Doppler Flow with improved auto tracing and high output flows, new trend mapping utilities which allows the change affected by treatment or stroke volume optimisation therapy to be quickly, easily and objectively indentified with new features including Change Bands, Delta display and Broken time, 'One Step' data export feature that allows multiple patient data download in one step and non-invasive Cardiac Power (CPO) and Stroke Work (SW), new parameters of ventricular function.

There is new battery type which is now removable, therefore a replacement can be inserted should the initial battery run out of power. The battery is a Lithium Ion (LiIon) Smart Battery similar to that found in laptop computers. Smart Batteries are able to provide information such as percentage capacity and time remaining which is a feature that many users have provided feedback on. The battery is fitted to the USCOM via a removable cover on the back of the unit.

The power button now provides additional operating status to the user indicating if the unit is charging or operating from the external supply.

The power connector on the USCOM is now a lockable type and is released by pulling on the outer part of the connector. The transducer connector on the rear of the USCOM has also been changed. It is now an 8 pin connector which will facilitate future Transducer functionality and product enhancements.

The volume of the Doppler Audio Sounds has been increased for noisy hospital environments.

DISTRIBUTORS

On December 16th 2008, a major milestone was announced by Uscom, that Spacelabs Healthcare and Uscom, Ltd., signed a distribution agreement, giving Spacelabs exclusive hospital distribution of the USCOM 1A ultrasonic cardiac output monitor in the Americas, Europe, Middle East, Africa and India, and more recently announced, for the exclusive distribution in Australia through Medtel.

This adds to existing distribution agreements in Germany with LEA, in Turkey with Beymed, in New Zealand with Medxus and in Asia with Pacific Medical Systems, whom Uscom Ltd has had a long standing and successful relationship with.

This new agreement with Spacelabs Healthcare gives Uscom worldwide distribution reach like never before and the Company looks forward to the positive outcomes that lie ahead.

Asia

Asia

Asia

Asia

Australia

Europe

Committed to making a difference, now with worldwide distribution.

SPACELABS

Spacelabs Healthcare

Spacelabs Healthcare

The distribution agreement with Spacelabs Healthcare plays a significant part in the future success of the USCOM. Not only in the Americas but around the world. With training and the launch of the USCOM completed, both parties look forward in strengthening this relationship. With first sales made and ongoing positive feedback, the outlook for this relationship remains very positive.

Spacelabs Healthcare

Spacelabs Healthcare

Spacelabs Healthcare

CORPORATE GOVERNANCE STATEMENT

As from previous annual reports, Uscom is committed to continuing its high standards of corporate governance. Effective Corporate Governances aids the company to set and achieve its objectives. Once again, our reviewed Governance Statement for 2008/2009 outlines our policies and practices by reference to the principles of good corporate governance and Best Practice Recommendations ' published by the ASX Corporate Governance Council.

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 Chief Executive Officer and those specific to the chairman.

Recommendation 1.2: Disclose the process for evaluating the performance of senior executives.

The Chief Executive Officer, Chief Financial Officer and General Manager attend the scheduled board meetings and present progress against Company goals and objectives. The board assesses performance against the goals and objectives 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.

Performance evaluation for Senior Executives has taken place in the reporting period and it was in accordance with the process disclosed.

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. Refer to Directors Report page 16.

Recommendation 2.1: A majority of the board should be independent directors.

The Board consists of four 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 two currently serving Non-Executive Directors are independent. The Company considered that having two Non-Executive Independent Directors on a Board of four is equivalent to a majority as the Executive Chairman has given an undertaking in writing not to exercise his right of a casting vote against the votes of the Non-Executive independent Directors.

Recommendation 2.2: The chairperson should be an independent director.

The Chairman of Uscom Ltd, Mr Rob Phillips is an active member of the executive management team, is the Company's largest single shareholder and is not an independent director. The Company's non-compliance with this recommendation is based on a sound assessment of the best interests of the stakeholders. Mr Phillips, as the inventor and founder of Uscom carries forward the vision and strategic direction of the Company. The Company believes it is essential that it maintain this momentum and continuity through the formative years of the Company.

Recommendation 2.3: The roles of chairperson and chief executive officer should not be exercised by the same individual.

The chairperson is Mr Rob Phillips. The Chief Executive Officer is Mr Paul Butler.

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 (four members) 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.

Directors performance is evaluated through their contribution and attendance at all Board meetings. Being a small Board (four members) all Directors are actively involved in the strategic planning and goal setting of the Company.

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 (Refer to 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.
- Refer to the Directors' Report for the term of office held by each Director in office.
- 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.
- 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.

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 of Directors 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 trading in Company securities by Directors, Senior Executives and employees, and disclose the policy or a summary of that policy.

The Company has adopted a policy in relation to share trading, which applies to all staff, management and Directors, members of their families and any trust or family companies in which they may have an interest.

The policy is included in the Company's Code of Conduct. Refer to Uscom Corporate Governance documentation on the Company website.

Recommendation 3.3: Provide the information indicated in the Guide to reporting on Principle 3.

Refer to 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 is 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, 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 with both of them being independent Directors and has an independent director as chairman. It was considered appropriate for the size of the Company. The audit and risk committee will meet at least three times per year.

Recommendation 4.3: The audit committee should have a formal charter.

The audit and risk committee operates according to a formal charter.

Recommendation 4.4: Provide the information indicated in the Guide to reporting on Principle 4.

The audit and risk committee charter 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 produced and adopted a disclosure policy, which has been communicated to all Directors, managers and employees.

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 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.

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 Chief Executive Officer and the Chief financial Officer, who supervise financial and accounting matters, are required to sign off on the Company's accounts, as recommended.

Recommendation 7.4: Provide the information indicated in the Guide to reporting on Principle 7.

Refer to audit and risk committee charter included in Uscom Corporate Governance on the Company website.

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

For further information see Remuneration Report from pages 18 to 22.

DIRECTORS' REPORT

The Directors present their report on Uscom Ltd and its Controlled Entity for the financial year ended 30 June 2009.

Directors

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

Mr R A Phillips	Executive Director - Chairman
Mr R Zwolenski	Non-Executive Director
Mr B Rathie	Non-Executive Director
Mr P W Butler	Executive Director - Chief Executive Officer

Directors' qualifications and experience

Mr Rob Phillips

Mr Phillips has a Master of Philosophy in Medicine from the University of Queensland and is the author of over 25 patents and patent applications relating to assessment of cardiovascular performance and measurement. He is a recognised pioneer in the field of digital ultrasound and clinical echocardiography and has been prolific at an international level in presenting novel research on new clinical approaches to cardiovascular assessment. Mr Phillips is the Head of Cardiac Faculty at the Aust Inst of Ultrasound, Faculty Member of the International Society of Cardiovascular Ultrasound, a Fellow of the Institute of Radiography and is an Examiner for the Australian Society for Ultrasound in Medicine.

Mr Paul Butler

Mr Butler is the Chief Executive Officer of Uscom Ltd. He has over 15 years operational experience in electronics and medical devices. He holds a Bachelor of Economics and qualification in Electrical Engineering. Having held senior roles at Uscom Ltd over the past six years Mr Butler has managed the development of the USCOM technology, distribution channels, finance and operations of the Company. Prior to Uscom Ltd, Mr Butler held senior business development roles at AEMS, logistics at NCR and operations in Scitec.

Mr Roman Zwolenski

Mr Zwolenski is a Non-Executive Director of Uscom Ltd. He has more than 10 years experience as a non-executive Director of a number of ASX listed biotech companies and was Chairman of Anadis Limited. After graduating from the University of New South Wales with a BSc in biosciences, Mr Zwolenski worked for 16 years in senior executive positions with international biomedical and pharmaceutical companies including Roche in Australia, the UK and Switzerland. This was followed by 8 years as the Chief Executive Officer of two ASX listed biotech companies.

During the past three years Mr Zwolenski held senior positions of the following listed companies:

• Ambri Ltd	Non-Executive Director	September 2003 – October 2004
	Managing Director / Chief Executive Officer	October 2004 – May 2007
• Anadis Ltd	Non-Executive Director	September 2002 – June 2008

Mr Zwolenski is a member of the Audit and Risk Committee.

Mr Bruce Rathie

Mr Rathie is a Non-Executive Director of Uscom Ltd. He holds degrees in law, commerce and business and has considerable experience as a lawyer having practiced as a solicitor and partner in a major Brisbane based legal firm and then as Senior in-house Counsel to Bell Resources Limited from 1980 to 1985 in aggregate. He studied for his MBA in Geneva and then went into investment banking in 1986 which subsequently took him to New York for over 2 years returning to Sydney in 1990. He spent the 90's in investment banking in Sydney, the last 5 years of which as a Director of Investment Banking at Salomon Brothers/ Salomon Smith Barney where he was responsible for the firm's activities/ roles in the industrial sector and the Federal Government's privatisation of Qantas, Commonwealth Bank (CBA3) and Telstra (T1). Mr Rathie has been in business since 2000 and currently is holding board positions with a number of Australian companies.

During the past three years Mr Rathie held senior positions of the following listed companies:

• Compumedics Limited	Non-Executive Director	October 2004 – December 2006
• DataDot Technology Limited	Non-Executive Director	December 2006 – January 2009
• Anteo Diagnostics Limited	Chairman and Non-Executive Director	July 2006 – present

Mr Rathie is a member of the Audit and Risk Committee.

Company Secretary's qualifications and experience

Mr Daniel Fah

Mr Fah is the Company Secretary and Chief Financial Officer of Uscom Ltd. Mr Fah has extensive experience developed in a variety of industries in Australia, United Kingdom and North America and brings a wealth of commercial and international expertise to the Company's management team. He has a Bachelor of Business Studies Degree, is a member of the Institute of Chartered Accountants of Australia and is a member of the Australian Institute of Company Directors.

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	12	12	-	-
P Butler	12	11	-	-
R Zwolenski	12	12	3	3
B Rathie	12	12	3	3

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 $1,099,889 (2008: $2,174,484)

Dividends

No dividends were declared or recommended for the financial year ended 2009.

Significant changes in state of affairs

In December 2008, the Consolidated Entity signed a distribution partnership with Spacelabs Healthcare for North America, Latin America, Europe, Middle East and India. Simultaneously two million ordinary shares and two million options were issued to Spacelabs' Parent Company OSI Systems (Nasdaq GM: OSIS).

Operating and financial review

The operating and financial review is stated on pages 4 to 5 of the annual report.

Post balance date events

No matter or circumstance has 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, 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 Company 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.

DIRECTORS' REPORT continued

Proceedings on behalf of the company

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

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

Non-audit services

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

$5,350 was paid to PKF California for tax consulting services. There were no other amounts paid to or are payable for non-audit services provided by PKF Chartered Accountants & Business Advisers during the financial year to the Company.

Refer to note 26 of the financial statements on page 46 for details of auditors' remuneration.

The auditor's independence declaration under section 307C of the Corporation Act is set out on page 23 and forms part of the Directors' Report.

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 AASB 124.

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
Roman Zwolenski, Non-Executive Director
Bruce Rathie, Non-Executive Director
Executive Directors
Rob Phillips, Executive Director, Chairman
Paul Butler, Executive Director, Chief Executive Officer
Senior Executives
Daniel Fah, Chief Financial Officer, Company Secretary
Nick Schicht, General Manager
Ali Hughes-Jones, Marketing Executive, Europe

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

The Company 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 Consolidated 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 Company
- 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 Company for their services as Directors including their service on a committee of Directors is $165,000 per annum.

Non-Executive Directors' base fees are presently $35,000 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 management remuneration

The Company'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 Company's operations and achieve its strategic and financial objectives.

The total remuneration packages of Executive Directors and Senior Management 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 Company'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 Company 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 Company 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 Company is limited to the statutory level at 9% 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 except for the National Sales Manager who on achieving a specific sales target will receive a bonus payment. The Board may however approve discretionary bonuses to Executives in relation to certain milestones being achieved.

Long-term incentives

The Company has adopted a Share Option Plan for the benefit of Executive Directors, full-time and part-time staff members employed by the Company.

In accordance with the Plan, exercise price is 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 to provide approved participants further incentive in their performance for the Company and an opportunity to acquire an ownership interest in the Company.

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

DIRECTORS' REPORT continued

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.

Service agreements

The Company has entered into service agreements with the Chairman and Chief Executive Officer that

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

Details of the service agreement are as follows:

Term

The Executive Employment Agreements are for a term of 3 years. The term of employment may be extended by the Company after the expiration of the initial 3 year term.

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 Company.

Termination

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

If either the Company or the Executive gives notice of termination, the Company 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 Company 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 Company.

Directors and Executives remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2009.

	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							
R Zwolenski	23,333	-	-	14,817(1)	3,686	8.8%	41,836
B Rathie	35,000	-	-	3,150	3,686	8.8%	41,836
Executive Director							
R Phillips	-	155,000	-	13,950	3,686	2.1%	172,636
P Butler	-	170,000	-	15,300	75,212	28.9%	260,512
Specified Executive							
D Fah	-	-	18,300(2)	-	4,666	20.3%	22,966
N Schicht	-	153,300	-	13,797	11,545	6.5%	178,642
A Hughes-Jones	-	113,579	-	15,339	1,843	1.4%	130,761
Total	58,333	591,879	18,300	76,353	104,324	-	849,189

(1) $11,667 of Directors' fees was sacrificed to post employment benefit during FY2009.

(2) Disbursements were made to CFO Strategic Chartered Accountants for the services provided by Mr Fah.

Directors and Executives remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2008.

	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							
R Zwolenski	2,917	-	-	35,233(1)	11,162	22.6%	49,312
B Rathie	35,000	-	-	3,150	11,162	22.6%	49,312
Executive Director							
R Phillips	-	145,566	-	13,101	11,162	6.6%	169,829
P Butler	-	159,697	-	14,373	6,697	3.7%	180,767
Specified Executive							
D Fah	-	-	9,000(2)	-	-	-	9,000
N Schicht	-	146,000	-	13,140	6,697	4.0%	165,837
A Hughes-Jones	-	108,100	-	14,493	5,581	4.4%	128,174
Total	37,917	559,363	9,000	93,490	52,461	-	752,231

(1) $32,083 of Directors' fees was sacrificed to post employment benefit during FY2008.

(2) Disbursements were made to CFO Strategic Chartered Accountants for the services provided by Mr Fah.

Employee Share Option Plan

The Company has adopted an Employee Share Option Plan for the benefit of Executive and Non-Executive Directors and full-time or part-time staff members employed by the Company. 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 Company and an opportunity to acquire an ownership interest in the Company.

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

	Balance 1 July 2008 No.	Granted During FY2009 No.	Exercised During FY2009 No.	Lapsed During FY2009 No.	Balance 30 June 2009 No.	Total vested & exercisable 30 June 2009 No.
Non-Executive Director						
R Zwolenski	50,000	-	-	-	50,000	25,000
B Rathie	50,000	-	-	-	50,000	25,000
Executive Director						
R Phillips	50,000	-	-	-	50,000	25,000
P Butler	80,000	1,000,000	-	50,000	1,030,000	1,015,000
Specified Executive						
D Fah	-	50,000	-	-	50,000	-
N Schicht	57,000	100,000	-	27,000	130,000	42,000
A Hughes-Jones	25,000	-	-	-	25,000	12,500
Total	312,000	1,150,000	-	77,000	1,385,000	1,144,500

DIRECTORS' REPORT continued

Details of options outstanding as at end of year

Holders No.	Grant date	Exercisable at 30 June 2009 %	Expiry date	30 June 2009 Outstanding Option No.	Exercise Price $	Issued date fair value $
4 (Directors)	25 January 2007	50%	25 January 2011	180,000	0.69	0.48
1 (Advisory committee)	25 January 2007	50%	25 January 2011	30,000	0.69	0.48
10	25 January 2007	50%	25 January 2011	225,000	0.69	0.48
10	20 November 2008	0%	20 November 2012	400,000	0.29	0.19
1 (Director)	22 November 2008	100%	12 November 2011	1,000,000	0.20	0.07
1 (Investor)	17 December 2008	100%	17 December 2011	2,000,000	0.375	0.12
Total				3,835,000		

Further details of the options are disclosed in note 20 of the financial statements.

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

	Balance 1 July 2008 No.	Received as Remuneration No.	Options Exercised No.	Net change Other* No.	Balance 30 June 2009 No.
Non-Executive Director					
R Zwolenski	225,000	-	-	-	225,000[1]
B Rathie	25,000	-	-	20,000	45,000
Executive Director					
R Phillips	16,912,350	-	-	20,000	16,932,350[2]
P Butler	308,212	-	-	5,000	313,212[3]
Specified Executive					
D Fah	5,000	-	-	-	5,000[4]
N Schicht	18,700	-	-	-	18,700[5]
A Hughes-Jones	-	-	-	-	-
Total	17,494,262	-	-	45,000	17,539,262

*Net change other refers to share purchased or sold during the financial year.

(1) All these ordinary shares are held by Z-link Pty Ltd Super Fund, Mr Zwolenski is a trustee of this fund.

(2) 262,350 of these ordinary shares are held by Northern Cardiac Sonography Pty Ltd as trustee for the Phillips Family Superannuation.

(3) 33,212 of these ordinary shares are held by family associate.

(4) All these ordinary shares are held by Fah Investments Ltd Partnership.

(5) 8,700 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.

Rob Phillips

Director

Roman Zwolenski

Director

Sydney, 27 August 2009

AUDITOR'S INDEPENDENCE DECLARATION

PKF

Chartered Accountants
& Business Advisers

To : The Directors

Uscom Limited

As lead auditor for the audit of Uscom Limited for the year ended 30 June 2009 I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of 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 year.

PKF

PKF

Tim Sydenham
Partner
Sydney

Dated this 27th day of August 2009

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

INCOME STATEMENT For the financial year ended 30 June 2009

		Consolidated		Parent Entity	
Continuing operations		2009	2008	2009	2008
	Note	$	$	$	$
Revenue	3	1,921,452	1,255,497	1,841,268	1,162,822
Raw materials and consumables used		(426,092)	(149,198)	(420,108)	(148,572)
Expenses from ordinary activities, excluding finance costs	4	(3,132,691)	(3,532,424)	(2,979,325)	(3,492,435)
Finance costs		-	-	-	-
Loss before income tax credit		(1,637,331)	(2,426,125)	(1,558,165)	(2,478,185)
Income tax credit	5	537,442	251,641	537,442	251,641
Loss after income tax credit	6	(1,099,889)	(2,174,484)	(1,020,723)	(2,226,544)
Earnings per share (EPS)					
Basic earnings per share (cents per share)	7	(2.8)	(5.7)		
Diluted earnings per share (cents per share)	7	(2.8)	(5.7)		

This Income Statement is to be read in conjunction with the attached notes.

BALANCE SHEET As at the financial year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current assets					
Cash and cash equivalents	8	1,908,721	2,508,644	1,857,137	2,409,743
Trade and other receivables	9	296,912	221,409	264,866	192,321
Inventories	11	219,038	111,933	218,083	107,724
Tax asset	12	387,217	251,641	387,217	251,641
Other assets	15	87,120	60,802	81,666	55,121
Total current assets		2,899,008	3,154,429	2,808,969	3,016,550
Non-current assets					
Trade and other receivables	9	-	3,550	-	3,550
Financial assets	10	-	-	1,000	1,000
Plant and equipment	13	87,338	153,977	86,641	152,998
Intangible assets	14	539,178	447,881	539,178	447,881
Total non-current assets		626,516	605,408	626,819	605,429
Total assets		3,525,524	3,759,837	3,435,788	3,621,979
Current liabilities					
Trade and other payables	16	224,198	132,897	221,487	132,156
Short term provisions	17	143,470	145,100	143,470	145,100
Lease incentives	18	-	4,350	-	4,350
Total current liabilities		367,668	282,347	364,957	281,606
Non-current liabilities					
Long term provisions	17	101,639	71,964	101,639	71,964
Total non-current liabilities		101,639	71,964	101,639	71,964
Total liabilities		469,307	354,311	466,596	353,570
Net assets		3,056,217	3,405,526	2,969,192	3,268,409
Equity					
Issued capital	19	17,223,367	16,644,265	17,223,367	16,644,265
Options reserve	20	1,007,169	864,765	1,007,169	864,765
Accumulated losses	6	(15,242,617)	(14,142,728)	(15,261,344)	(14,240,621)
Translation reserve	21	68,298	39,224	-	-
Total equity		3,056,217	3,405,526	2,969,192	3,268,409

This Balance Sheet is to be read in conjunction with the attached notes.

STATEMENT OF CHANGES IN EQUITY For the financial year ended 30 June 2009

Parent Entity	Issued capital $	Options Reserve $	Accumulated Losses $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2007	16,644,265	755,687	(12,014,077)	-	5,385,875
Loss from continuing operations	-	-	(2,226,544)	-	(2,226,544)
Share-based payments	-	109,078	-	-	109,078
Balance at 30 June 2008	16,644,265	864,765	(14,240,621)	-	3,268,409
Issue of shares	579,102	-	-	-	579,102
Loss from continuing operations	-	-	(1,020,723)	-	(1,020,723)
Share-based payments	-	142,404	-	-	142,404
Balance at 30 June 2009	17,223,367	1,007,169	(15,261,344)	-	2,969,192

Consolidated	Issued capital $	Options Reserve $	Accumulated Losses $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2007	16,644,265	755,687	(11,968,244)	64,558	5,496,266
Loss from continuing operations	-	-	(2,174,484)	-	(2,174,484)
Share-based payments	-	109,078	-	-	109,078
Translation reserve	-	-	-	(25,334)	(25,334)
Balance at 30 June 2008	16,644,265	864,765	(14,142,728)	39,224	3,405,526
Issue of shares	579,102	-	-	-	579,102
Loss from continuing operations	-	-	(1,099,889)	-	(1,099,889)
Share-based payments	-	142,404	-	-	142,404
Translation reserve	-	-	-	29,074	29,074
Balance at 30 June 2009	17,223,367	1,007,169	(15,242,617)	68,298	3,056,217

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 2009

		Consolidated		Parent Entity	
		2009	2008	2009	2008
	Note	$	$	$	$
Cash flows from operating activities					
Receipts from customers		1,613,444	958,474	1,436,414	654,882
Interest received		81,038	214,005	81,038	214,005
Payments to suppliers and employees		(3,265,038)	(3,243,840)	(3,040,691)	(3,016,010)
Grant received		152,453	93,757	152,453	93,757
Income tax receipt		401,866	306,414	401,866	306,414
Net cash used in operating activities	22(b)	(1,016,237)	(1,671,190)	(968,920)	(1,746,952)
Cash flows from investing activities					
Purchase of patents and trademarks		(156,448)	(175,750)	(156,448)	(175,750)
Purchase of plant and equipment		(6,340)	(1,412)	(6,340)	(1,412)
Net cash provided by / (used in) investing activities		(162,788)	(177,162)	(162,788)	(177,162)
Cash flows from financing activities					
Issue of shares		579,102	-	579,102	-
Net cash used in financing activities	19	579,102	-	579,102	-
Net decrease in cash held		(599,923)	(1,848,352)	(552,606)	(1,924,114)
Cash and cash equivalents at the beginning of the year		2,527,074	4,360,102	2,409,743	4,333,857
Exchange rate adjustment for opening balance		(18,430)	(3,106)	-	-
Cash and cash equivalents at the end of the year	22(a)	1,908,721	2,508,644	1,857,137	2,409,743

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

NOTES TO FINANCIAL STATEMENTS

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)
8	Operating Segments	Feb-07	Jan-09
101	Presentation of Financial Statements (Revised)	Sep-07	Jan-09
123	Borrowing Costs (Revised)	Jun-07	Jan-09
3	Business Combinations (Revised)	Mar-08	Jul-09
127	Consolidated and Separate Financial Statements (Amended)	Mar-08	Jul-09
2008-1	Amendments to Australian Accounting Standards Share Base Payments Vesting Conditions and Cancellations	Mar-08	Jan-09
2009-2	Amendments to Australian Accounting Standards: Puttable Financial Instruments and Obligations arising on Liquidation	Mar-08	Jul-09
2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Jul-08	Jan-09
2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Jul-08	Jul-09
2008-7	Amendments Australian Accounting Standards – Cost of an Investment in s Subsidiary, Jointly Controlled Entity or Associate	Jul-08	Jan-09
2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	Aug-08	Jul-09
2008-9	Amendments to AASB 1049 for Consistency with AASB101	Sep-08	Jan-09
2008-11	Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities	Nov-08	Jul-09
2008-13	Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distribution of Non-cash Assets to Owners	Dec-08	Jul-09
2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	May-09	Jul-09
2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	May-09	Jan-10
2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May-09	Jan-10

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)
15	Agreements for the Construction of Real Estate	Aug-08	Jan-09
16	Hedges of a Net Investment in a Foreign Operation	Aug-08	Oct-08
17	Distributions of Non-cash Assets to Owners	Dec-08	Jul-09
18	Transfers of Assets from Customers	Mar-09	Jul-09

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.

The application of AASB 8 and AASB 101 (revised) will not affect any of the amounts recognised in the financial statements, but will change the disclosure presently made in relation to the consolidated Entity's financial statements.

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

NOTES TO FINANCIAL STATEMENTS continued

Note 2: Statement of significant accounting policies

(a) Introduction
The financial report covers the Economic Entity of Uscom Ltd and its Controlled Entity, and Uscom Ltd as an individual Parent 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 including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretation and the Corporations Act 2001.

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

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 as modified when applicable by the revaluation and financial instruments.

Reporting period
The financial report is presented for the year ended 30 June 2009. The comparative reporting period was for the year ended 30 June 2008.

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 27 August 2009 by the Directors.

(b) Overall policy
The principal accounting policies adopted by the Consolidated Entity are stated in order to assist in the general understanding of the financial report.

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

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

(d) Financial assets and financial liabilities
Financial assets and financial liabilities are recognised on the Balance Sheet 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 Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Note 2: Statement of significant accounting policies (continued)

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 Income Statement.

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, provisions and borrowings 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 balance sheet 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 asst 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.

(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 24 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 polices 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 income statement on disposal of the foreign operation.

Note 2: Statement of significant accounting policies (continued)

(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 ordinary activities 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 when earned.

(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 (except for capitalised leased assets) are depreciated on a straight line 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 Income Statement.

(j) Intangibles

Patents and Trademarks are valued in the financial statements at cost of acquisition less accumulated amortisation and are amortised on a straight-line basis over 8 years.

(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 income statement. 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 a straight-line 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.

Note 2: Statement of significant accounting policies (continued)

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 Income Statement as incurred, or deferred where it is probable that sufficient future benefits will be derived so as to recover those deferred costs.

(p) Foreign currency transactions and balances
Foreign currency transactions during the year are converted to Australian dollars at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance sheet date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit or loss from ordinary activities as they arise.

(q) 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 change for current income tax expenses is based on the profit or loss for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet 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.

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.

(r) 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

NOTES TO FINANCIAL STATEMENTS continued

Note 2: Statement of significant accounting policies (continued)

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 balance 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.

(s) 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 service are rendered.

Uscom Ltd has adopted an Employee Share Option Plan for the benefit of Executive and Non-Executive Directors and full-time or part-time staff members employed by the Company. Refer note 20 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 Company and an opportunity to acquire an ownership interest in the Company.

(t) Share-based payment arrangement

Goods or services received or acquired in a share-based payment transaction are recognised as a 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.

(u) 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 Balance Sheet are shown inclusive of GST.

(v) Receivables

Trade receivables and other receivables represent the principal amounts due at balance 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.

(w) 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.

(x) Warranties

Provision is made in respect of the Consolidated Entity's estimated liability on all products and services under warranty at balance 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.

(y) Events after the balance sheet date

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

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 3: Revenue				
Operating revenue				
Sale and rental of goods	1,630,371	959,082	1,550,187	866,407
Non-operating revenue				
Interest received	81,038	202,658	81,038	202,658
Grants received - export market development grant	150,000	89,533	150,000	89,533
Grants received - VAT return	2,453	3,098	2,453	3,098
Exchange gain	57,590	-	57,590	-
Other income	-	1,126	-	1,126
Total other income	291,081	296,415	291,081	296,415
Total revenues from continuing operations	1,921,452	1,255,497	1,841,268	1,162,822
Note 4: Expenses from ordinary activities, excluding finance costs				
Depreciation and amortisation expenses	114,821	142,638	114,317	141,936
Impairment of patents	-	56,048	-	56,048
Employee benefits expense	1,343,823	1,664,603	1,282,516	1,476,890
Research and development expenses	572,099	473,742	572,099	473,742
Advertising and marketing expenses	475,588	570,320	305,292	395,253
Occupancy expenses	136,385	141,286	126,665	134,319
Auditors remuneration (audit)	38,500	37,500	38,500	37,500
Auditors remuneration (audit review)	16,500	16,000	16,500	16,000
Regulatory expenses	68,667	72,401	66,191	70,471
Bad debt expenses	41,229	72,278	41,229	31,020
Provision for advances to Uscom, Inc.	-	-	105,884	391,154
Administrative expenses	325,079	269,633	310,132	252,127
Exchange losses	-	15,975	-	15,975
Total expenses from ordinary activities, excluding finance costs	3,132,691	3,532,424	2,979,325	3,492,435
Operating lease expenses of $128,009 in 2009 (2008: $132,484) are included in occupancy expenses above				
Note 5: Income tax credit				
Major components of income tax credit				
Income tax credit in relation to prior year	150,225	-	150,225	-
Current income tax credit	387,217	251,641	387,217	251,641
Income tax credit	537,442	251,641	537,442	251,641
Reconciliation between income tax credit and prima facie tax on accounting loss				
Accounting loss before income tax	1,637,331	2,426,125	1,558,165	2,478,185
Tax benefit at 30% in Australia, 15% in USA (2008:30% in Australia)	498,681	794,775	467,450	743,456
Prospectus costs	-	81,299	-	81,299
Tax effect on non deductible expenses	(415,052)	(355,477)	(414,811)	(355,046)
Temporary differences	(30,157)	(25,197	(30,157)	(25,197)
Deferred tax asset not brought to account	(53,472)	(495,400	(22,482)	(444,512)
Research and development tax offset - prior year	150,225	-	150,225	-
Research and development tax offset - current year	387,217	251,641	387,217	251,641
Income tax credit	537,442	251,641	537,442	251,641

NOTES TO FINANCIAL STATEMENTS continued

Note 5: Income tax credit (continued)

As at 30 June 2009, the Consolidated Entity had estimated unrecouped operating income tax losses of $11,572,437 (2008: $11,075,712). The benefit of these losses of $3,246,598 (2008: $3,160,848) 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.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 6: Accumulated losses				
Accumulated losses at the beginning of the financial year	(14,142,728)	(11,968,244)	(14,240,621)	(12,014,077)
Net loss attributable to members of the Entity	(1,099,889)	(2,174,484)	(1,020,723)	(2,226,544)
Accumulated losses at the end of the financial year	(15,242,617)	(14,142,728)	(15,261,344)	(14,240,621)
Note 7: Earnings per share				
Loss after tax used in calculation of basic and diluted EPS	(1,099,889)	(2,174,484)		
	Number	Number		
Weighted average number of ordinary shares during the year used in calculation of basic EPS	39,073,973	38,000,000		
Weighted average number of options outstanding	2,358,836	460,000		
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	41,432,809	38,460,000		
Basic earnings per share (cents per share)	c(2.8)	c(5.7)		
Diluted earnings per share (cents per share)	c(2.8)	c(5.7)		

The option 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. There have been no issues of ordinary shares between the balance sheet date and the date of this report.

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Note 8: Cash and cash equivalents				
Cash on hand	210	208	210	208
Bank: Cheque accounts	445,527	485,451	393,943	386,551
Bank: Cash management	20,334	49,127	20,334	49,127
Bank: Term deposits	521,143	1,528,167	521,143	1,528,167
Bank: Deposit at call	921,507	445,690	921,507	445,690
Total cash and cash equivalents	1,908,721	2,508,644	1,857,137	2,409,743
Note 9: Trade and other receivables				
Current				
Trade receivables	296,912	221,409	264,866	192,321
Total current receivables	296,912	221,409	264,866	192,321
Non-current				
Rental bond	-	3,550	-	3,550
Total non-current receivables	-	3,550	-	3,550

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 23.

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Note 10: Financial assets				
Non-current				
Unlisted investment at cost				
-Shares in Controlled Entities – Uscom, Inc.	-	-	1,000	1,000
Total financial assets	-	-	1,000	1,000

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 11: Inventories				
Current inventories at cost				
Raw materials	174,750	53,967	174,750	53,967
Finished products	44,288	57,966	43,333	53,757
Total inventories	219,038	111,933	218,083	107,724
Note 12: Tax assets				
Income tax credit	387,217	251,641	387,217	251,641
Total tax asset	387,217	251,641	387,217	251,641
Note 13: Plant and equipment				
Plant and equipment at cost	479,148	498,127	476,586	495,772
Accumulated depreciation	(402,756)	(359,526)	(400,891)	(358,150)
	76,392	138,601	75,695	137,622
Office furniture and equipment at cost	59,166	59,166	59,166	59,166
Accumulated depreciation	(53,037)	(49,424)	(53,037)	(49,424)
	6,129	9,742	6,129	9,742
Computer software at cost	21,746	19,750	21,746	19,750
Accumulated depreciation	(19,102)	(17,591)	(19,102)	(17,591)
	2,644	2,159	2,644	2,159
Low value asset pool at cost	29,984	29,984	29,984	29,984
Accumulated depreciation	(27,811)	(26,509)	(27,811)	(26,509)
	2,173	3,475	2,173	3,475
Total plant and equipment	87,338	153,977	86,641	152,998

Movements in carrying amounts	Plant and equipment	Office furniture	Computer software	Low value asset pool
Useful life	2-7 years	2-7 years	3 years	3 years
	$	$	$	$
Parent Company				
Carrying amount at 1 July 2008	137,622	9,742	2,159	3,475
Additions	4,344	-	1,996	-
Disposals	(23,531	-	-	-
Depreciation expense	(42,740)	(3,613)	(1,511)	(1,302)
Carrying amount at 30 June 2009	75,695	6,129	2,644	2,173
Consolidated Entity				
Carrying amount at 1 July 2008	138,601	9,742	2,159	3,475
Additions	4,344	-	1,996	-
Disposals	(23,531)	-	-	-
Depreciation expense	(43,244)	(3,613)	(1,511)	(1,302)
Effects of foreign currency exchange differences	222	-	-	-
Carrying amount at 30 June 2009	76,392	6,129	2,644	2,173

NOTES TO FINANCIAL STATEMENTS continued

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 14: Intangible assets				
Non-current				
Patents at cost	594,594	499,787	594,594	499,787
Additions	156,448	175,750	156,448	175,750
Impairment at cost	-	(80,942)	-	(80,942)
Accumulated amortisation	(211,864)	(146,714)	(211,864)	(146,714)
Carrying amount at 30 June 2009	539,178	447,881	539,178	447,881
Movements in carrying amounts				
Carrying amount at 1 July 2008	447,881	377,152	447,881	377,152
Additions	156,448	175,750	156,448	175,750
Amortisation	(65,151)	(48,973)	(65,151)	(48,973)
Impairment	-	(56,048)	-	(56,048)
Carrying amount at 30 June 2009	539,178	447,881	539,178	447,881
The management of the Company has annually assessed the value of the Intellectual Properties relating to the USCOM technology patented globally.				
Note 15: Other current assets				
Current				
GST receivable	33,977	12,373	33,977	12,373
Prepayments	53,143	48,429	47,689	42,748
Total other current assets	87,120	60,802	81,666	55,121
Note 16: Trade and other payables				
Current				
Trade payables	142,817	44,670	140,106	43,929
Sundry payables and accrued expenses	43,539	48,054	43,539	48,054
Employee related payables	37,842	40,173	37,842	40,173
Total payables	224,198	132,897	221,487	132,156
Note 17: Provisions				
Short term				
Provision for annual leave	143,470	145,100	143,470	145,100
	143,470	145,100	143,470	145,100
Long term				
Provision for long service leave	95,605	68,389	95,605	68,389
Provision for warranties	6,034	3,575	6,034	3,575
	101,639	71,964	101,639	71,964
(a) Aggregate employee benefits	239,075	213,489	239,075	213,489
(b) Movement in employee benefits				
Balance at beginning of the year	213,489	175,893	213,489	175,893
Additional provision	138,961	145,082	138,961	145,082
Amounts used	(113,373)	(107,486)	(113,373)	(107,486)
Balance at end of the year	239,075	213,489	239,075	213,489
	Number	Number	Number	Number
(c) Number of employees at year-end	19	23	18	22

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 18: Lease incentives				
Current	-	4,350	-	4,350
Total lease incentives	-	4,350	-	4,350
Note 19: Issued capital				
Issued capital				
Fully paid ordinary shares	17,183,367	16,644,265	17,183,367	16,644,265
Total contributed equity	17,183,367	16,644,265	17,183,367	16,644,265
Movement in issued capital				
Shares on issue at the beginning of the year	16,644,265	16,644,265	16,644,265	16,644,265
2,000,000 ordinary shares issued to OSI Systems	600,000	-	600,000	-
Share issue costs	(20,898)	-	(20,898)	-
Ordinary shares at the end of the year	17,223,367	16,644,265	17,223,367	16,644,265
Fully paid ordinary shares	Number	Number	Number	Number
Ordinary shares at the beginning of the year	38,000,000	38,000,000	38,000,000	38,000,000
2,000,000 ordinary shares issued to OSI Systems	2,000,000	-	2,000,000	-
Total ordinary shares at the end of the year	40,000,000	38,000,000	40,000,000	38,000,000

2,000,000 ordinary shares were issued to OSI Systems on 17 December 2008. The Company's authorised share capital amounted to 40,000,000 ordinary shares of no par value.

Fully paid ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, or via a show of hands.

Note 20: Share options

The Company has adopted an Employee Share Option Plan for the benefit of Executive and Non-Executive Directors and full-time or part-time staff members employed by the Company. 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 Company and an opportunity to acquire an ownership interest in the Company.

2,000,000 options over ordinary shares were issued to OSI Systems on 17 December 2008.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Effect of share-based payment transactions				
Share Option Plan				
Options reserve balance at the beginning of the year	864,765	755,687	864,765	755,687
Expenses arising from share-based payment transactions	142,403	109,078	142,403	109,078
Options reserve balance for Share Option Plan at the end of the year	1,007,168	864,765	1,007,168	864,765
OSI Systems				
Right to participate in options	1	-	1	-
Option reserve at the end of the year	1,007,169	864,765	1,007,169	864,765

NOTES TO FINANCIAL STATEMENTS continued

	Consolidated		Parent Entity	
Note 20: Share options (continued)				
Movement during the financial year	Number of Options 2009	Weighted average exercise price	Number of options 2008	Weighted average exercise price
Opening number of options	690,000	1.22	1,355,000	$1.57
Granted during the financial year – Share Option Plan	1,400,000	0.23	-	-
Granted during the financial year- OSI Systems	2,000,000	0.38	-	-
Lapsed during the financial year	(255,000)	2.12	(665,000)	$1.93
Exercised during the financial year	-	-	-	-
Closing number of options	3,835,000	0.36	690,000	$1.22

Details of options outstanding as at end of the year

Holders No.	Grant date	Exercisable at 30 June 2009	Expiry date	30 June 2009 Outstanding Option	Exercise Price	Issued date fair value
		%		No.	$	$
4 (Directors)	25 January 2007	50%	25 January 2011	180,000	0.69	0.48
1 (Advisory committee)	25 January 2007	50%	25 January 2011	30,000	0.69	0.48
10	25 January 2007	50%	25 January 2011	225,000	0.69	0.48
10	20 November 2008	0%	20 November 2012	400,000	0.29	0.19
1 (Director)	22 November 2008	100%	12 November 2011	1,000,000	0.20	0.07
1 (Investor)	17 December 2008	100%	17 December 2011	2,000,000	0.375	0.12
Total				3,835,000		

Fair value

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

Weighted average share price	Range from $0.23 to $2.12
Exercise price	430,000 at $0.69; 400,000 at $0.29; 1,000,000 at $0.20; 2,000,000 at $0.375
Option life	1-4 years
Risk-free interest rate	Range from 4.6% to 6.31%
Expected dividends	0
Expected volatility*	65%

* 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		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 21: Translation reserve				
Opening balance	39,224	64,558	-	-
Translation of financial statements of foreign Controlled Entity	29,074	(25,334)	-	-
Closing balance	68,298	39,224	-	-
Note 22: Cash flow information				
(a) Reconciliation of cash				
Cash at bank and on hand	1,908,721	2,508,644	1,857,137	2,409,743
Total cash at end of year	1,908,721	2,508,644	1,857,137	2,409,743

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 22: Cash flow information (continued)				
(b) Reconciliation of cash flow from operations to loss from continuing operations after income tax				
Loss from continuing operations after income tax	(1,099,889)	(2,174,484)	(1,020,723)	(2,226,544)
Non cash flows in loss from continuing operations				
Depreciation	49,670	93,665	49,166	92,963
Amortisation	65,151	48,973	65,151	48,973
Impairment of patents	-	56,048	-	56,048
Bad debts write off	(41,229)	(69,458)	(41,229)	(31,020)
Options reserve	142,403	109,078	142,403	109,078
Translation reserve	28,853	(22,060)	-	-
(Increase)/Decrease in assets				
Trade debtors	(34,274)	147,894	(31,316)	51,352
Inventories	(83,574)	127,304	(86,827)	126,802
Prepayments	(4,714)	15,751	(4,941)	14,442
Income tax	(135,576)	54,773	(135,576)	54,773
Accrued income	-	11,347	-	11,347
GST assets	(21,604)	10,489	(21,604)	10,489
Bond deposits	3,550	3,559	3,550	3,559
Increase/(Decrease) in liabilities				
Trade payables	98,147	(32,934)	96,177	(33,263)
Sundry payables and accrued expenses	(4,515)	(24,645)	(4,515)	(9,461)
Employee related payables	(2,331)	(53,533)	(2,331)	(53,533)
Employee provisions	25,586	37,597	25,586	37,597
Other provisions	(1,891)	(10,554)	(1,891)	(10,554)
Cash flow from operations	(1,016,237)	(1,671,190)	(968,920)	(1,746,952)

Note 23: 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 36) and equity attributable to equity holders of the Parent, comprising issued capital (note 19 on page 39), and accumulated losses (note 6 on page 36).

(c) Financial instruments

At 30 June 2009, 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 Company from either cash in the bank or term deposits, and continually monitors interest rate movement.

(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 2009 and is exposed to foreign currency risk on sales and purchased dominated in a currency other than Australian dollars.

NOTES TO FINANCIAL STATEMENTS continued

Note 23: Financial instruments (continued)

The currencies given rise to this risk is primarily the US dollars and Euros. 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		Parent Entity	
	2009	2008	2009	2008
	US$	US$	US$	US$
Cash	724,423	194,151	682,568	98,949
Current trade debtors	172,300	116,926	172,300	88,926
Non current receivables	-	900	-	900
Current trade creditors	30,805	14,550	28,605	13,836
	€	€	€	€
Cash	19,549	168,101	19,549	168,101
Current trade debtors	30,203	59,095	30,203	59,095
Current trade creditors	5,000	-	5,000	-

(f) Foreign currency sensitivity

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

The analysis below demonstrates the impact of a 10% and 5% movement of US dollar and Euro rates respectively 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		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Profit/Loss - increase 10% (USD) and 5% (EURO)	(152,428)	(61,668)	(134,992)	(32,312)
- decrease 10% (USD) and 5% (EURO)	152,428	61,668	134,992	32,312

(g) Interest rate risk management

The Consolidated Entity does not have any external loans or borrowings as at 30 June 2009 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 monitor its cash requirements through forecasts and cash flow projections and move funds between fixed and variable interest instruments to hold the maximum about possible in instruments which pay the greater rate of interest. This limits the about 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		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Profit/Loss - increase 100 basis points	8,104	20,266	8,104	20,266
- decrease 100 basis points	(8,104)	(20,266)	(8,104)	(20,266)

Note 23: Financial instruments (continued)

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

	Consolidated		Parent Entity	
Past due but not impaired	2009	2008	2009	2008
	$	$	$	$
0 – 45 days	-	84,637	-	84,637
46 – 90 days	-	-	-	-
Over 90 days	32,046	31,003	-	31,003
Total	32,046	115,640	-	115,640

There was no bad or doubtful debt provision as at 30 June 2009 (2008: Nil).

Management considers the above debts to be recoverable based on the continuing work with the parties involved and the progress they have made in the market, and the recognised long lead time associated with selling capital item, hence no impairment allowance is required.

(j) Liquidity risk management

The objective for managing liquidity risk is to ensure the business has sufficient working capital or access to working capital as and when required.

The Consolidated Entity limits its exposure to liquidity risk by holding the majority of its assets in cash or term deposits which can be quickly converted to cash if required.

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

The following table details the Company and 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.

NOTES TO FINANCIAL STATEMENTS continued

Note 23: Financial instruments (continued)

Consolidated	Weighted Average effective interest Rate %	Floating interest $	Fixed interest rate maturing Within 1 year $	1 to 5 years $	Non-interest bearing $	Total $
2009						
Financial assets						
Cash	2.8	1,387,579	492,975	28,167	-	1,908,721
Trade receivables		-	-	-	296,912	296,912
Other receivables	-	-	-	-	33,977	33,977
Total financial assets		1,387,579	492,975	28,167	330,889	2,239,610
Financial liabilities						
Trade creditors		-	-	-	142,817	142,817
Payables		-	-	-	81,381	81,381
Total financial liabilities		-	-	-	224,198	224,198
Net financial assets		1,387,579	492,975	28,167	106,691	2,015,412
2008						
Financial assets						
Cash	7.2	980,477	1,500,000	28,167	-	2,508,644
Trade receivables		-	-	-	221,409	221,409
Other receivables	6.5	-	-	3,550	12,373	15,923
Total financial assets		980,477	1,500,000	31,717	233,782	2,745,976
Financial liabilities						
Trade creditors		-	-	-	44,670	44,670
Payables		-	-	-	88,227	88,227
Total financial liabilities		-	-	-	132,897	132,897
Net financial assets		980,477	1,500,000	31,717	100,885	2,613,079

Reconciliation of net financial assets to net assets	2009 $	2008 $
Net financial assets as above	2,015,412	2,613,079
Non financial assets and liabilities		
Current tax receivable	387,217	251,641
Inventories	219,038	111,933
Prepayments	53,143	48,429
Plant and equipment	87,338	153,977
Intangible assets	539,178	447,881
Provisions	(245,109)	(217,064)
Lease incentive	-	(4,350)
Net assets per Balance Sheet	3,056,217	3,405,526

Note 24: 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		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Transactions between related parties				
Parent				
Sales to Uscom, Inc.	-	-	94,173	200,882
Advances to Uscom, Inc.	-	-	105,884	391,154
Provision for advances to Uscom, Inc	-	-	(105,884)	(391,154)
Outstanding balance	-	-	-	-
Subsidiary				
Purchase from Uscom Ltd	-	-	94,173	200,882
Equity provided by Uscom Ltd	-	-	105,884	391,154
Other related parties				
Transactions between CFO Strategic Chartered Accountants				
As a Company Secretary and Chief Financial Officer of Uscom Ltd, Mr Fah provides services to the Company through CFO Strategic Chartered Accountants.				
Services rendered	18,300	9,000	18,300	9,000

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
Roman Zwolenski, Non-Executive Director
Bruce Rathie, Non-Executive Director
Executive Directors
Rob Phillips, Executive Director, Chairman
Paul Butler, Executive Director, Chief Executive Officer
Senior Executives
Daniel Fah, Chief Financial Officer, Company Secretary
Nick Schicht, General Manager
Ali Hughes-Jones, Marketing Executive, Europe

For further remuneration information of key management personnel refer to the remuneration report in the Directors' report on pages 16 to 22.

The aggregate compensation made to Directors and other members of key management personnel of the Company and the Consolidated Entity is set out below:

NOTES TO FINANCIAL STATEMENTS continued

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 24: Related party disclosures (continued)				
Short-term employee benefits	650,212	597,280	650,212	597,280
Post-employment benefits	76,353	93,490	76,353	93,490
Other payments	18,300	9,000	18,300	9,000
Share-based payment	104,324	52,461	104,324	52,461
Total key management personnel remuneration	849,189	752,231	849,189	752,231
Note 25: Commitments				
Operating lease commitments				
Operating commitments represent payments due for office rentals and have an average term from 12 to 18 months.				
Less than 1 year	125,115	65,611	113,078	65,611
Between 1 and 5 years	-	-	-	-
Total operating commitments	125,115	65,611	113,078	65,611
Note 26: Auditors' remuneration				
Remuneration of PKF Sydney for				
Audit of financial report	38,500	37,500	38,500	37,500
Review of financial report	16,500	16,000	16,500	16,000
Non-audit services	-	-	-	-
Remuneration of PKF California for				
Tax consulting services	5,350	-	-	-
Total auditors' remuneration	60,350	53,500	55,000	53,500

Note 27: Segment information

Primary segment information

The Consolidated Entity operates in the health product industry.

Secondary segment information – Geographical segment

	Australia $	Asia $	USA $	Europe $	Unallocated $	Eliminated $	Consolidated $
2009							
Sales to external customers	60,112	363,639	1,005,443	201,177	-	-	1,630,371
Other revenues	81,038	-	-	2,453	207,590	-	291,081
Total segment revenues	141,150	363,639	1,005,443	203,630	207,590	-	1,921,452
Segment expenses	160,808	80,882	612,120	314,737	2,496,120	(105,884)	3,558,783
Segment result	(19,658)	282,757	393,323	(111,107)	-	-	(1,637,331)
Income tax credit	-	-	-	-	-	-	537,442
Consolidated loss from ordinary activities after income tax credit							(1,099,889)
Segment assets	392,710	43,220	268,890	164,883	4,068,023	(1,412,202)	3,525,524
Segment liabilities	466,596	-	1,414,913	-	-	(1,412,202)	469,307
Acquisition of property, plant and equipment and intangibles	18,262	12,510	100,757	31,259	-	-	162,788
Impairment of patents	-	-	-	-	-	-	-
Depreciation and amortisation	54,131	5,210	42,462	13,018	-	-	114,821

Note 27: Segment information (continued)

	Australia $	Asia $	USA $	Europe $	Unallocated $	Eliminated $	Consolidated $
2008							
Sales to external customers	254,775	216,472	273,106	214,729	-	-	959,082
Other revenues	1,126	-	-	3,098	292,191	-	296,415
Total segment revenues	255,901	216,472	273,106	217,827	292,191	-	1,255,497
Segment expenses	455,861	98,356	458,984	316,776	2,742,799	(391,154)	3,681,622
Segment result	(199,960)	118,116	(185,878)	(98,949)	-	-	(2,426,125)
Income tax credit	-	-	-	-	-	-	251,641
Consolidated loss from ordinary activities after income tax credit							(2,174,484)
Segment assets	341,750	35,920	273,877	146,642	4,267,968	(1,306,319)	3,759,838
Segment liabilities	340,455	13,115	1,307,060	-	-	(1,306,319)	354,311
Acquisition of property, plant and equipment and intangibles	19,209	14,199	61,652	80,220	1,882	-	177,162
Impairment of patents	35,484	-	-	20,564	-	-	56,048
Depreciation and amortisation	97,922	3,957	17,881	22,353	524	-	142,638

Note 28: Contingencies

There were no contingencies as at 30 June 2009.

Note 29: Subsequent events

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has significantly affected or may significantly affect the activities of the Consolidated Entity, the results of those activities or the state of affairs of the Consolidated Entity in the ensuing or any subsequent financial year.

DIRECTORS' DECLARATION Uscom Limited and its Controlled Entity

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 16 to 47, are in accordance with the Corporations Act 2001 including:

    (a) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance as represented by the results of its operations, changes in equity and cash flows for the financial year ended on that date; and

    (b) complying with Accounting Standards, the Corporation Regulations 2001 and other mandatory professional reporting requirements;

2. the financial report also complies with International Financial Reporting Standards as disclosed in note2.

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 audited remuneration disclosures set out on pages 18 to 22 of the Directors' report comply with Accounting Standard AASB124 Related Party Disclosures, and the Corporations Regulations 2001.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009.

This declaration is made in accordance with a resolution of the Board of Directors.

Rob Phillips

Director

Roman Zwolenski

Director

Sydney, 27 August 2009

Chartered Accountants
& Business Advisers

To the members of Uscom Limited

Report on the Financial Report

We have audited the accompanying financial report of Uscom Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Uscom Limited and of the consolidated entity. The consolidated entity comprises the entity 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 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.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

INDEPENDENT AUDIT REPORT continued

Chartered Accountants
& Business Advisers

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion the financial report of Uscom Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the entity's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Uscom Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PKF

PKF

Tim Sydenham
Partner
Sydney

Dated 27th August 2009

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

Additional information required by Australian Stock Exchange Listing Rules is as follows. This information is current as at 31 July 2009.

(a) Distribution Schedules of Shareholder

Holdings Ranges	Holders Number	Ordinary shares Number	%
1 – 1,000	130	99,005	0.248
1,001 – 5,000	305	919,603	2.299
5,001 – 10,000	84	685,777	1.714
10,001 – 100,000	107	3,281,901	8.205
100,001 – 99,999,999,999	33	35,013,714	87.534
Total	659	40,000,000	100

There were 43 holders of less than a marketable parcel of 14,040 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 2009 are:

Robert Allan Phillips	16,590,000
Gary Desmond Davey	6,260,800
Bell Potter Nominees Ltd	2,124,836
OSI System Inc	2,000,000

(d) Twenty largest registered holders – ordinary shares

Balance as at 31 July 2009	Ordinary shares Number	%
Robert Allan Phillips	16,932,350	42.33%
Gary Desmond Davey	6,260,800	15.65%
Bell Potter Nominees Ltd <BB Nominees A/C>	2,124,836	5.31%
OSI Systems Inc	2,000,000	5.00%
DRP Cartons (NSW) Pty Ltd <DRP Cartons (NSW) PL S/F A/C>	1,258,730	3.15%
Mr Rutherford James Browne & Mrs Sheba Elizabeth Marjorie Browne	645,813	1.61%
DRP Cartons (NSW) Pty Ltd	544,067	1.36%
Jules Flach	500,000	1.25%
Stream Group Aust Pty Ltd	482,315	1.21%
Graham Scott Alston	403,616	1.01%
Helen Marie Bragg	368,750	0.92%
Ross Planning Pty Ltd <S Alston Superannuation A/C>	336,000	0.84%
Riverbel Investments Pty Ltd <Riverbel Family No 3 A/C>	280,000	0.70%
Paul William Butler	275,000	0.69%
Francis Robert Berry	262,415	0.66%
Judith Burroughs	260,500	0.65%
Natasha Ann Yates	254,524	0.64%
Link Traders (Aust) Pty Ltd	242,000	0.61%
Mr Roman Zwolenski & Mrs Philomena Noela Zwolenski <Z-Link Pty Ltd Super A/C>	225,000	0.56%
Hinona Pty Ltd <H Wallace Consultant S/F A/C>	198,350	0.50%
Total	33,855,066	84.64%

SHAREHOLDER INFORMATION continued

Registered office and principal place of office
Level 7, 10 Loftus Street
Sydney NSW 2000 Australia
Tel: 02 9247 4144
Fax: 02 9247 8157

Company Secretary
Daniel Fah

Registers of securities
Registries Limited

Level 7, 207 Kent Street
Sydney NSW 2000 Australia

PO Box R67, Royal Exchange
Sydney NSW 1223 Australia

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

Stock exchange listing
Quotation has been granted for 40,000,000 ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

Unquoted securities
Options over unissued shares
A total of 3,835,000 options over ordinary shares are on issue. 2,000,000 options are on issue to OSI System. 1,180,000 options are on issue to four Directors, 30,000 options are on issue to one members of advisory board and 625,000 options are on issue to ten employees under the Uscom Ltd Employee Share Option Plan.

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