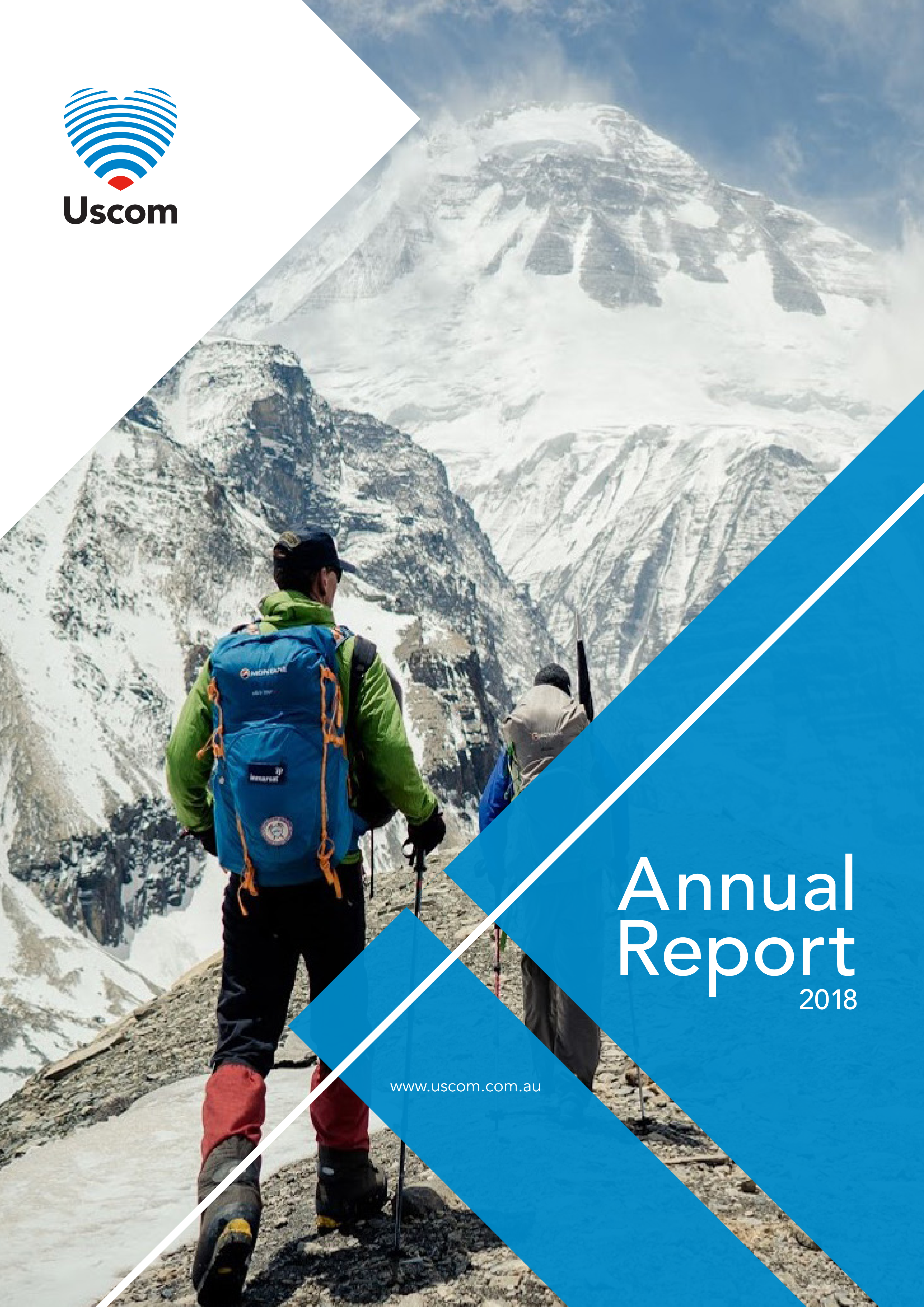
Uscom



Annual Report
2018

www.uscom.com.au

Uscom

CONTENTS

DEAR INVESTORS, CUSTOMERS, PARTNERS, AND EMPLOYEES:

"Founding a global company, acquiring two others, developing ten sector leading cardiovascular and pulmonary products, establishing global manufacturing, sales, marketing and distribution, and educating clinicians on how these technologies save patient's lives has taken longer and cost more than we thought. However, the opportunity is much greater than we ever anticipated

For Uscom shareholders 2018 was a year of expansion in preparation for the growth associated with the release of our new products. This involved investment in expanded manufacturing and distribution, and ensuring we have the manufacturing capacity to meet the anticipated demand as we launch our new products across four continents.

China: China activities were expanded in 2018 with the establishment of Uscom China, the appointment of an outstanding Director of China Operations and the opening of our Beijing office. Success in China "is all dependent on obtaining import permits from Chinese regulators and a sound strategy to access the lucrative market." Uscom now has strong China partners with experience in regulatory and IP management, and a clear strategy to access the expanding China healthcare market. This pathway and the infra structure we are building in China will become a conduit for new products for years to come. This strategic focus was led by the investment of a cornerstone international, Beijing based bio-investor who acquired more than 17% of Uscom's issued capital. China remains the fastest growing world market for medical devices, and Uscom is invested in China.

Europe: Uscom Budapest is being expanded to become a centre of European operations, to include sales for USCOM 1A and BP+ devices as well as SpiroSonic devices. Uscom Kft, as it will be known, will now provide regional technical and customer support and device manufacturing, and will continue with high quality R&D and product development for Uscom global operations.

USA: Uscom also expanded its US footprint in FY 2018 and appointed a Vice President of North American Sales – Curt Grosse, with a brief to grow USCOM 1A sales, and prepare the market for BP+ and SpiroSonic sales following FDA certification.

Products: We continued to drive the regulatory certification processes in China, Europe and the US for all our products. This process is complex and somewhat unpredictable, but all devices are now in the approval phase. The commercial opportunity of this multi-product, multi-jurisdictional global network will be defined as we transition the newly certified products to distribution, sales, revenue and profit. (Graph 1)

Uscom remains focused on bringing world leading cardiovascular and pulmonary medical devices to global markets to improve clinical care. Uscom's investment in growth, is increasing shareholder value as we drive toward profitable global operations and dividends.

MILESTONES

- Cornerstone Chinese investor in Uscom Limited
- Uscom China established and Beijing office opened
- Appointment of Uscom Director of China Operations, Ms Teresa Guo
- New and expanded Australian head office and manufacturing facility
- New appointment VP North American Sales, Mr Curt Grosse
- Investment in seven new products and regulatory
  - BP+ released and CE certified
  - BP+ and SpiroSonic in CFDA and FDA regulatory approval cycle
  - SpiroReporter and BP+ Reporter released
- New Sales, Marketing and Distribution division for Europe

RESULTS

- Total income - $2.86M (down 18%)
- Cash on hand – $2.49M (up 50%)
- Total shareholder equity - $4.84M (up 28%)
- Cash consumption - $1.70M
- R&D, regulatory & other non-recurring costs - $1.50M
- 5 year growth in annual cash receipts – 27% per year
- 6 year growth in annual revenue – 22% per year

Uscom

Total income of $2.86M, decreased 18% on the prior corresponding period (pcp). However growth trends remain strong with total income maintaining a 22% compound annual growth rate (CAGR) for the previous six years, while cash receipts maintained a five year CAGR of 27%.

The operating loss after income tax increased 9% to $1.96M, total operating cash consumption for the year was $1.70M, while cash on hand was up 50% to $2.49M, and total shareholder equity increased 28% to $4.84M.

Total employee expenses for the global entity were down 24% to $1.71M, including the CEO's total remuneration which was reduced by 61%.

In FY 2018 an experienced, Beijing based, international bio-investor, began taking an equity position in Uscom, and now owns >17% of Uscom's total equity. The investor brings high level experience in the Chinese market, strong capital contacts, and a personal commitment to growing the Australian entity.

The decrease in sales and income for the year was partly due to delays in manufacturing associated with the relocation and expansion of our head office and manufacturing centre, and the accompanying re-accreditation of Uscom's manufacturing facilities. This relocation and expansion was an essential step to allow transition from small to medium volume manufacturing to meet the anticipated increased USCOM 1A demand from China and the US, and global demand for the new BP+ devices as they receive regulatory certification. There was a further delay as new regulatory approvals, which were necessary prior to resumption of any manufacturing, were processed, resulting in a combined delay in manufacturing and delivery of orders of nearly four months. We also spent approximately $1M developing new concepts, IP and devices, and optimising current devices, much of which will be re-imbursed by R&D grants in FY 2019.

Total income from Uscom Europe fell 17% on the pcp ($0.70M to $0.58M). However approximately $250K of contracted Government R&D remains outstanding. Additionally the costs of development of new devices and products by the Budapest team have been met.

The vision for Uscom Europe is that it will expand to a sales, marketing, and clinical and technical support hub for all Uscom products in Europe, and retain its R&D function while expanding manufacturing to meet increased demand associated with CFDA and FDA approvals. We have begun recruiting new sales staff and distributors to support the newly released BP+ and BP+ Reporter hypertension solution and the new SpiroSonic devices in Europe.

Non-recurring funding associated with the above activities can be summarised as:

1. Relocation to expanded Sydney manufacturing facility - $200K + 4mths non/delayed manufacture
2. Establishment of Uscom China and opening of Beijing office
3. Budapest special cash funding to comply with requirements of the R&D grants - $120K
4. $845K R&D spend
5. Regulatory application for CFDA and FDA are in the order of $100k, for each application.

Share trading: The Uscom FPO VWAP share price in FY 2018 was 21c, ranging from 14.5c to 29c. Importantly liquidity continues to increase, with 23M shares traded for the year up 43% from 16M in the pcp. Importantly the price of a rapidly growing biotechnology company, where assets are often intangible such as patents and regulatory certifications, is difficult for investors to correctly value. We look forward to the substantial investments in new devices, regulatory approvals and marketing and distribution converting to revenue and being more appropriately reflected in the UCM share price over the next 12 months. (Graph 2)

Science: Uscom continues to develop and refine practice leading devices for non-invasive cardiovascular and pulmonary monitoring.

The USCOM 1A remains the leading cardiac output monitor in clinical and research practice and is deployed to save the lives of children and adults around the world. It is also now being increasingly adopted as a standard of care for pre-eclampsia, the leading cause of maternal and foetal death in pregnancy.

The new BP+ and BP+ reporter provide companion technologies that increase the number of parameters to measure hypertension from 3-4 measures in conventional devices, to more than 25 parameters. Additionally the BP+ technology stores and displays three pulse pressure waveforms from the heart, aorta and the arm from a 45 second measure. These measures were only previously provided by cardiac catheters. This additional data provides unique diagnostic and analytic capabilities that can improve the management and understanding of hypertension. The BP+ and BP+ Reporter creates a new clinical benchmark for advanced cardiovascular monitoring and can digitally interface with electronic medical record systems.

SpiroSonic devices and the digital interfacing SpiroReporter are also setting standards of pulmonary assessment and being employed in a variety of settings to define and guide improved management in asthma, COPD and occupational lung disease.

Sales, Marketing and Distribution: FY 2018 saw the beginnings of diversification for Uscom, with all three product suites beginning sales and generating early revenues in the three major global markets of China, Europe and the US in multiple currencies.

The USCOM 1A provided approximately 75% of all Uscom sales receipts, while SpiroSonic generated 20% and BP+ only 5% from global research sales prior to regulatory approvals in FY 2018. Regionally China and the rest of Asia were responsible for 62% of Uscom sales, while Europe generates 33% and the US 5%. (Graph 3,4)

Education and Distributor Support: As part of our new focus on customers, we are expanding our sales, training and education materials so they are standardised for all our products and can then be translated into Chinese. We are also looking to provide increased clinical and technical support with the establishment of Uscom China and the expanded Uscom Budapest role. We will also be looking to establish a new global website and digital sales interface that will be duplicated for Chinese users so global customers can access our products and support.

Patents: Patents are important measures of value for biotechnology companies like Uscom, and in FY 2018 Uscom was granted a vital US patent for our unique digital ultrasonic SpiroSonic technology, and a new method of measuring cardiovascular function that is now implemented in the USCOM 1A. These patents provide commercial protection for our specialised and practice leading technology, and reflect a global leadership in cardiovascular science.

New Products: Product development and regulatory approval was the priority activity for Uscom in 2018. Below are our achievements:

- BP+ and BP+ Reporter development
- BP+ and BP+ Reporter CFDA and FDA applications (4 applications each)
- BP+ BP+ Reporter CE approval
- SpiroSonic and SpiroReporter development (already CE approved)
- SpiroSonic and SpiroReporter CFDA and FDA regulatory applications (4 applications each)

This process is ongoing and over 2019 we will introduce 7 new products into the 3 major global markets and accessing a market population of 2.5B. Current results are from the sale of 1 product (USCOM 1A) in China, Europe and the US, and sale of our spirometers into Eastern Europe. More products into bigger markets is anticipated to incrementally impact revenue and profitability.

Regulatory: The regulatory process is continuing, with all products expected to be certified by the end of FY 2019. Below is the current regulatory status:

	TGA Aust	CE Europe	FDA US	CFDA China
Market Population (B)	0.025	0.75	0.33	1.40
Uscom 1A	Yes	Yes	Yes	Yes
BP+ (x2)	Yes	Yes	Submission	Submission
SpiroSonic (x5)	Yes	Yes	Submission	Submission

STRATEGY FY 2019

Management's objective is to pursue our strategy and drive rapid operational growth off the delivery of multiple products into multiple global markets, as we optimise manufacturing, distribution and sale of our world leading cardiovascular and pulmonary monitoring technologies and establish enduring profitability and dividends for shareholders.

The development of Uscom, and the USCOM 1A, followed by the acquisition and integration of the two companies and the development and optimisation of the devices we acquired, has been time consuming and expensive, but in FY 2019 we expect to see the returns on these investments as we deliver eight products into multiple complex market across four continents. The potential for our multi-product company, selling into multiple jurisdictions is outstanding as we anticipate the global revenue opportunities.

It is envisaged that in FY 2019 revenue growth will be driven by:

1. Approval of all three product suites and sales of our eight products into multiple markets across four continents
2. Growth of Uscom China
3. Growth of Uscom US and Uscom Europe
4. Global efficiencies of scale, including operations, manufacturing, distribution and sales

To achieve this we will continue our focus on the China market, and ensure they have the marketing and sales collateral and product required to support our China distribution partners and support educational symposia.

While costs are expected to remain high for the coming period as we finalise global regulatory and marketing for our new product series, non-recurring costs should gradually diminish and be replaced by increasing revenue which will drive our transition to profitability.

For FY 2019 management have a clear focus on finalising regulatory certification, preparing our manufacturing and distribution infrastructure and expanding sales marketing and distribution resources to drive the growing global demand for all Uscom products. Our focus will be specifically on growing our China operations and developing some of the remarkable opportunities offered by our unique connection to the China market.

Risks: Global markets - For Uscom, operating in global markets creates exposure to risk such as international trade wars, US Health reform, US political crisis, Brexit, a China slow down, North Korea and the South China Sea. All of these unpredictable events impacted global markets in 2018 and may evolve to impact our business going forward. While global diversification exposes us to more challenges, it also mitigates us against regional trade and currency risks.

China - China is a major market for Uscom and any significant change in marketing terms, including the one or two invoice system, and manufacturing 2025 may influence our China revenue as we adjust our distribution channels. Uscom has confidence in the scale, accessibility and future of the Chinese market.

Distributors - Under performance of distributors, particularly where best endeavours contracts are in place, may also impact forecast revenues. Internal monitoring of distributors mitigates such risks by providing regional hands-on distributor management and continual performance monitoring.

Regulatory – Regulatory certification is becoming increasingly complex, expensive and time consuming and with increasing uncertainty in all jurisdictions. Uscom is managing the regulatory submissions for eight products across four continents into multiple markets and has already received a number of approvals, and is managing the progress of others.

Key personnel - Uscom is dependent on a small and vital team working to ensure and manage on going rapid growth. Implementation of a competitive executive remuneration plan to ensure adequate executive compensation may mitigate the risk of damaging resignations. The establishment of Uscom China and the expansion of the Budapest operations will also mitigate these risks.

Other risks - Competitive risks, patent breaches, and scale up stress are potential threats to our growth expectations, and may challenge cash flow management and equity adequacy and require focused management.

Conclusion

FY 2018 was a great year again for Uscom. We continue to grow into a global medical device company with a strong clinical and operational footprint across four continents with a rapidly expanding portfolio of noninvasive cardiovascular and pulmonary medical devices.

Most importantly our China activities continue to grow with cornerstone Chinese capital investment, opening of a China office, appointment of a Director of China operations and registration of a wholly owned, Beijing based, China subsidiary, and expanded operations in preparation for the regulatory certification of our new products.

We also invested in expanded Australian facilities to meet the anticipated increased manufacturing demand from more products, more territories and more distribution.

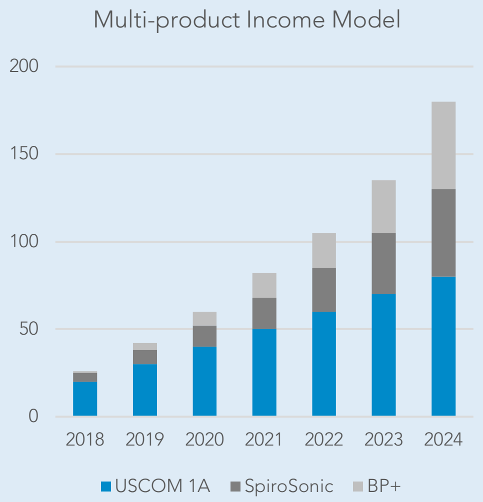
We initiated the transition of Uscom Budapest into an expanded manufacturing, sales, distribution, technical and customer support centre for all Europe and for all products, as well as preserving its role as an R&D centre.

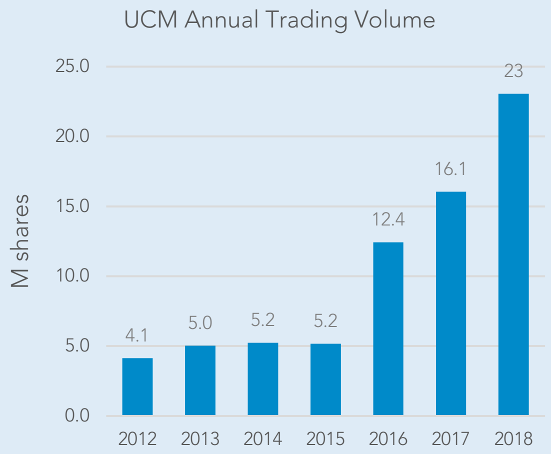
The key to 2019 depends on receiving our regulatory certifications, which are rapidly progressing in China and the US, and the speed with which we can deliver our products into an expanding global distribution.

We look forward to investors harvesting the fruits of our investment as we continue to grow.

Thank you.

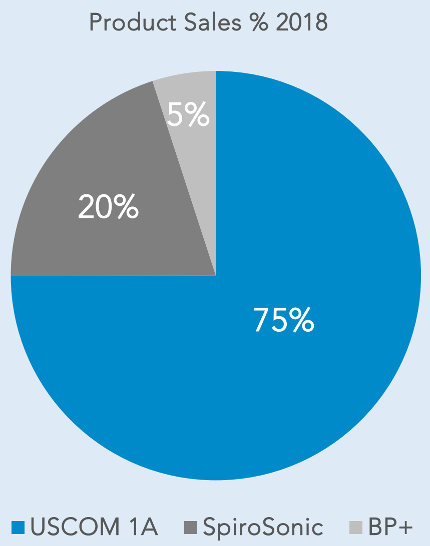
Professor Rob Phillips
Uscom Chairman

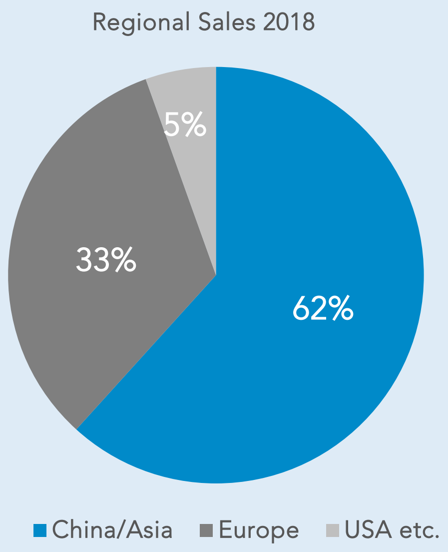




(Graph 1) Impact on income of more products, sold by more distributors, into more jurisdictions demonstrating the potential for incremental growth.

(Graph 2) Annual trading volume demonstrating a continuous increase in annual shares traded.





(Graph 3) In FY 2018 the USCOM 1A generated approximately 75% of all Uscom sales receipts, while SpiroSonic generated 20%, and BP+ only 5% from global research sales prior to regulatory approvals.

(Graph 4) Regionally China and the rest of Asia are responsible for 62% of all Uscom sales, while Europe generates 33%, and the US 5%.

Uscom

ASX

Announcements are a measure of corporate activity, and below is the list of FY 2018 announcements (Excluding Financial Reporting) with those deemed to be financially sensitive by the ASX marked as ($), being 13 of 25:

1	21/06/2018	New Uscom Measure of Heart Function ($)
2	8/06/2018	New Appointment of China Operations Guo
3	28/05/2018	China and Investor Update May18
4	24/05/2018	New US IP for Uscom SpiroSonic Devices ($)
5	10/04/2018	Uscom Asia Investment Non-Deal April 2018-08-01
6	6/03/2018	BP+ for US eHealth study ($)
7	28/02/2018	Uscom Investor Update March 2018
8	12/02/2018	Uscom BP+ Approved by International Hypertension Society
9	20/12/2017	CE Mark for Uscom BP Plus Sale in Europe
10	19/12/2017	Share placement ($)
11	18/12/2017	International Value Investor Takes Strategic Stake in Uscom ($)
12	15/12/2017	Uscom Receives $492K R&D Cash Refund ($)
13	14/12/2017	Investor Presentation December 2017
14	21/11/2017	New Hypertension Study Recommends Uscom BP+ Measures ($)
15	16/11/2017	Details of Company Address
16	13/11/2017	Uscom receives GSA listing to sell to US Government ($)
17	8/11/2017	Uscom Ltd 2017 AGM Presentation ($)
18	30/10/2017	Uscom BP+ Central Blood Pressure Monitor Released ($)
19	16/10/2017	BP+ and Mount Everest Hypertension Study ($)
20	9/10/2017	USCOM cost effective replacement for ICU Ultrasound ($)
21	21/08/2017	Annual Report to shareholders ($)
22	9/08/2017	New USCOM 1A digital connectivity feature released ($)
23	17/07/2017	Uscom BP+ Distributor for SE Asia ($)
24	13/07/2017	TGA for Uscom SpiroSonic ($)
25	11/07/2017	Euro Funding for Uscom Pulmonary Research ($)

DIRECTOR'S REPORT

The Directors present their report on Uscom Ltd and its Controlled Entities for the financial year ended 30 June 2018.

Directors

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

Associate Professor R A Phillips	Executive Director - Chairman
Ms S Jack	Non-Executive Director
Mr C Bernecker	Non-Executive Director
Mr C X He	Non-Executive Director (Resigned on 23 May 2018)

Directors' qualifications and experience

Associate Professor Rob Phillips

Rob Phillips is the founder of Uscom Ltd, the Chief Executive Officer, Executive Director and Chief Scientist of the Company. Rob has 14 years' experience as Executive Chairman of the Company, having taken Uscom to IPO in 2003, and has over 20 years in executive corporate management and capital raising. Rob has overseen the company's acquisition of two international medical device companies in 2013 and 2016. Rob has a Doctor of Philosophy and a Master of Philosophy in Cardiovascular Medicine from The University of Queensland and is an Adjunct Associate Professor with the Critical Care Research Group, at the School of Medicine, The University of Queensland. He is an Australian Post Graduate Award recipient and was a finalist in the Time-Google-CNN-Science-NYSE World Health and Medicine Technology Awards in 2004. Rob has pioneered novel clinical approaches to cardiovascular assessment having authored over 30 patents and patent applications and is an internationally recognised author, teacher and examiner in the field of cardiac ultrasound, cardiovascular function and circulation.

Ms Sheena Jack

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

Mr Christian Bernecker

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

Mr David He

Mr David He was a Non-Executive Director of Uscom Ltd since 23 March 2016 and resigned on 23 May 2018. Prior to this appointment, David was the Vice President of Business Development APAC with Johnson & Johnson. Prior to that Mr He was an Associate at McKinsey & Company in Shanghai, then Director of Business Development and External Growth APAC and VP Finance China with AB InBev based in Hong Kong and Shanghai.

Company Secretary's qualifications and experience

Mr Brett Crowley

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

Meetings of Directors

Directors	Board of Directors	
	Meetings held while a Director	No. of meetings attended
R A Phillips	5	5
S Jack	5	4
C Bernecker	5	5
C X He	5	1

Uscom

Principal activities

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

Operating result

The loss of the Consolidated Entity after providing for income tax amounted to $1,960,923 (2017: $1,800,849).

Dividends

No dividends were declared or recommended for the financial year ended 30 June 2018 (2017: nil).

Significant changes in state of affairs

There were no significant changes in state of affairs during the financial year.

Corporate Governance Statement

Refer to the governance page of Uscom Limited's website.

Operating and financial review

The operating and financial review is stated per the Chairman's letter on pages 2-7.

Events after the reporting date

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

Future developments

Other than the business activities described in the annual report and, in particular, those matters discussed in the Operating and Financial Review, the Board is not aware of any likely developments in the foreseeable future which may materially impact on the financial outlook of the Consolidated Entity.

Environmental regulations

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

Indemnifying officers

The Consolidated Entity has paid premiums to insure all Directors and Executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Proceedings on behalf of the Consolidated Entity

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

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

Non-audit services

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

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

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

Refer to note 25 of the financial statements on page 40 for details of auditors' remuneration.

The auditor's independence declaration as required under section 307C of the Corporation Act is set out on page 16 and forms part of the Directors' Report.

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

Remuneration report (Audited)

This remuneration report has been prepared by the Directors of Uscom Ltd to comply with the Corporations Act 2001 and the key management personnel (KMP) disclosures required under Australian Accounting Standards AASB 124 – Related Party Disclosures.

Key management personnel

The following were key management personnel of the Entity at the start of the financial year to the date of this report unless otherwise stated:

Non-Executive Directors

Sheena Jack, Non-Executive Director
Christian Bernecker, Non-Executive Director
Chao Xiao He, Non-Executive Director (Resigned on 23 May 2018)

Executive Directors

Rob Phillips, Executive Director, Chairman, Chief Executive Officer

Senior Executives

Nick Schicht, General Manager

In the Directors' opinion, there are no other Executives of the Entity.

Remuneration policies

The Board is responsible for reviewing the remuneration policies and practices of the Consolidated Entity, including the compensation arrangements of Executive Directors, Non-Executive Directors and Senior Executives.

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

- Make Uscom Ltd and its Controlled Entities an employer of choice
- Attract and retain the highest calibre personnel
- Encourage a culture of reward for effort and contribution
- Set incentives that reward short and medium term performance for the Consolidated Entity
- Encourage professional and personal development

In the case of Senior Executives, a recommendation for compensation review will be made by the Chairman to the Board, which will conduct a performance review.

Non-Executive Directors

The Board determines the Non-Executive Director remuneration by independent market data for comparative Companies.

As at the date of this report the maximum aggregate remuneration payable out of the funds of the Entity to Non-Executive Directors of the Consolidated Entity for their services as Directors including their service on a committee of Directors is $165,000 per annum.

Non-Executive Directors do not receive any performance related remuneration, therefore they do not receive bonuses or non-cash benefits.

Non-Executive Directors' retirement payments are limited to compulsory employer superannuation.

Executive Directors and Senior Executives remuneration

The Consolidated Entity's remuneration policy directs that the remuneration package appropriately reflects the Executives' duties and responsibilities and that remuneration levels attract and retain high calibre Executives with the skills necessary to successfully manage the Consolidated Entity's operations and achieve its strategic and financial objectives.

The total remuneration packages of Executive Directors and Senior Executives are on a salary basis. In addition to base salary, the Company has a policy of rewarding extraordinary contribution to the growth of the Company with the grant of an annual discretionary cash bonus and options under the Consolidated Entity's Employee Share Option Plan.

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

Other than the Uscom Ltd Employee Share Option Plan, the Consolidated Entity does not provide any other non-cash benefits in lieu of base salary to Executives.

Remuneration packages for Executive Directors and Senior Executives generally consist of three components:

- Fixed remuneration which is made up of cash salary, salary sacrifice components and superannuation
- Short term incentives
- Long term incentives which include issuing options pursuant to the Uscom Ltd Employee Share Option Plan.

Fixed remuneration

Senior Executives who possess a high level of skill and experience are offered a competitive base salary. The performance of each Executive will be reviewed annually. Following the review, the Consolidated Entity may in its sole discretion increase the salary based on that Executive's performance, productivity and such other matters as the Board considers relevant. Superannuation contribution by the Consolidated Entity is limited to the statutory level of wages and salaries.

Short-term incentives

The remuneration of Uscom Ltd Senior Executives does not include any short-term incentive bonuses as part of their employment conditions. The Board may however approve discretionary bonuses to Executives in relation to certain milestones being achieved.

Long-term incentives

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

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

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

Service agreements

The Consolidated Entity has entered into an employment agreement with the Executives that

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

Details of the employment agreement are as follows:

Each Executive may not, during the term of the employment agreement, perform work for any other person, corporation or business without the prior written consent of the Consolidated Entity.

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

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

Termination

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

If either the Consolidated Entity or the Executive gives notice of termination, the Consolidated Entity may, at its discretion, choose to terminate the Executive's employment immediately or at any time during the notice period and pay the Executive an amount equal to the salary due to them for the residual period of notice at the time of termination.

Where the Executive gives less than 3 months' written notice, the Consolidated Entity may withhold from the Executive's final payment an amount equal to the shortfall in the notice period.

The employment of each Executive may be terminated immediately without notice or payment in lieu in the event of any serious or persistent breach of the agreement, any serious misconduct or wilful neglect of duties, in the event of bankruptcy or any arrangement or compensation being made with creditors, on conviction of a criminal offence, permanent incapacity of the Executive or a consistent failure to carry out duties in a manner satisfactory to the Consolidated Entity.

Key management personnel remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2018.

	Short term benefits		Post-employment benefits	Equity	Total remuneration	Performance related
	Directors' Base Fee $	Base salary $	Superannuation $	Share-based payment $	$	%
Non-Executive Director						
S Jack	35,000	-	3,325	-	38,325	-
C Bernecker	38,325	-	-	-	38,325	-
C X He	-	-	-	19,163	19,163	-
Executive Director						
R Phillips	-	229,000	21,755	85,862	336,617	26%
Senior Executive						
N Schicht	-	200,000	19,000	29,811	248,811	12%
Total	73,325	429,000	44,080	134,836	681,241	20%

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2017.

	Short term benefits		Post-employment benefits	Equity	Total remuneration	Performance related
	Directors' Base Fee $	Base salary $	Superannuation $	Share-based payment $	$	%
Non-Executive Director						
S Jack	35,000	-	3,325	-	38,325	-
C Bernecker	38,325	-	-	-	38,325	-
C X He	-	-	-	38,325	38,325	-
Executive Director						
R Phillips	-	229,000	33,253	589,194	851,447	69%
Senior Executive						
N Schicht	-	189,000	17,955	19,211	226,166	8%
Total	73,325	418,000	54,533	646,730	1,192,588	51%

Equity Incentive Plan

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

The purpose of the Plan is to:

- provide Eligible Persons with an incentive plan which recognises ongoing contribution to the achievement by the Company of its strategic goals thereby encouraging the mutual interdependence of Participants and the Company;

- align the interests of Participants with shareholders of the Company through the sharing of a personal interest in the future growth and development of the Company as represented in the price of the Company's ordinary fully paid shares;
- encourage Eligible Persons to improve the performance of the Company and its total return to Shareholders; and
- provide a means of attracting and retaining skilled and experienced employees.

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

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

	Balance	Granted	Exercised	Lapsed / Cancelled	Balance	Total vested	Total unexercisable
	1 July 2017	During FY2018	During FY2018	During FY2018	30 June 2018	30 June 2018	30 June 2018
	No.	No.	No.	No.	No.	No.	No.
Non-Executive Director							
S Jack	-	-	-	-	-	-	-
C Bernecker							
C X He	-	-	-	-	-	-	-
Executive Director							
R Phillips	2,136,364	-	(2,136,364)	-	-	-	-
Senior Executive							
N Schicht	450,000	-	-	-	450,000	-	450,000
Total	2,586,364	-	(2,136,364)	-	450,000	-	450,000

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

Details of rights outstanding as at end of year

Holders No.	Grant date	Exercisable at 30 June 2018	Expiry date	30 June 2018 Outstanding Right	Exercise Price	Issued date fair value
		%		No.	$	$
1 (Executive)	26 November 2014	0%	1 July 2020	450,000	0.00	0.19
Total				450,000		

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

Number ordinary shares held by Directors and Senior Executives

	Balance	Received as	Options/Rights		Balance
	1 July 2017	Remuneration	Exercised	Purchased on market	30 June 2018
	No.	No.	No.		No.
Non-Executive Director					
S Jack	800,000	-	-		800,000(1)
C Bernecker	-	-	-		-
C X He	-	-	-		-
Executive Director					
R Phillips	21,352,794	-	2,136,364	7,000	23,496,158(2)
Senior Executive					
N Schicht	218,200	100,000	-		318,200(3)
Total	22,370,994	100,000	2,136,364	7,000	24,614,358

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

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

(2) 13,493,525 of these ordinary shares are held by Australian Cardiac Sonography Pty Ltd as trustee for the Phillips Superannuation fund.

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

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Additional Information

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018	2017	2016	2015	2014
	$	$	$	$	$
Sales Revenue	2,168,051	2,723,359	2,482,925	1,515,381	1,056,502
Loss after income tax	(1,960,923)	(1,800,849)	(1,915,029)	(1,215,654)	(1,520,500)

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

	2018	2017	2016	2015	2014
Share Price at financial year end ($)	0.17	0.19	0.25	0.19	0.22
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings declared (cents per share)	(1.6)	(1.6)	(2.0)	(1.5)	(2.0)

This concludes the remuneration report, which has been audited.

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

Associate Professor Rob Phillips

Executive Director - Chairman

Sydney, 21 August 2018

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Sydney NSW 2000

Australia

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

As lead auditor of Uscom Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 21 August 2018

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

		Consolidated	
Continuing operations		2018	2017
	Note	$	$
Revenue and other income	3	2,861,708	3,498,959
Raw materials and consumables used		(605,348)	(711,203)
Expenses from continuing activities	4	(4,212,655)	(4,587,152)
Loss before income tax from continuing operations		(1,956,295)	(1,799,396)
Income tax	5	(4,628)	(1,453)
Loss after income tax from continuing operations	6	(1,960,923)	(1,800,849)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference for foreign operations, net of tax		154	9,083
Other comprehensive income for the year, net of tax		154	9,083
Total comprehensive loss for the year		(1,960,769)	(1,791,766)
Attributable to:			
Owners of the Company		(1,960,769)	(1,791,766)
Total comprehensive loss for the year		(1,960,769)	(1,791,766)
Earnings per share from continuing operations attributable to the owners of the Company			
Earnings per share (EPS)			
Basic earnings per share (cents per share)	7	(1.6)	(1.6)
Diluted earnings per share (cents per share)	7	(1.6)	(1.6)

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

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STATEMENT OF FINANCIAL DECISION

		Consolidated	
		2018	2017
	Note	$	$
Current assets			
Cash and cash equivalents	8	2,493,575	1,663,565
Trade and other receivables	9	249,289	196,063
Inventories	10	494,809	492,209
Term deposit		-	41,569
Tax asset	11	498,060	503,212
Other assets	12	163,138	134,706
Total current assets		3,898,871	3,031,324
Non-current assets			
Bank guarantee		83,457	-
Plant and equipment	13	238,456	118,671
Intangible assets	14	1,154,732	1,336,248
Total non-current assets		1,476,645	1,454,919
Total assets		5,375,516	4,486,243
Current liabilities			
Trade and other payables	15	275,023	446,349
Current provisions	16	215,687	236,330
Total current liabilities		490,710	682,679
Non-current liabilities			
Non-current provisions	16	40,048	25,552
Total non-current liabilities		40,048	25,552
Total liabilities		530,758	708,231
Net assets		4,844,758	3,778,012
Equity			
Issued capital	17	33,254,701	30,332,259
Options and rights reserve	18	2,813,371	2,708,298
Accumulated losses	6	(31,295,392)	(29,334,469)
Foreign currency translation reserve	19	72,078	71,924
Total equity		4,844,758	3,778,012

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

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STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Options and rights Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total
Consolidated	$	$	$	$	$
Balance at 30 June 2016	30,308,877	2,099,893	(27,533,620)	62,841	4,937,991
Loss for the year	-	-	(1,800,849)	-	(1,800,849)
Other comprehensive income	-	-	-	9,083	9,083
Total comprehensive income for the year	-	-	(1,800,849)	9,083	(1,791,766)
Transactions with owners in their capacity as owners:					
Shares issued	29,750	-	-	-	29,750
Transaction costs on shares issued	(6,368)	-	-	-	(6,368)
Share-based payments	-	608,405	-	-	608,405
Balance at 30 June 2017	30,332,259	2,708,298	(29,334,469)	71,924	3,778,012
Loss for the year	-	-	(1,960,923)	-	(1,960,923)
Other comprehensive income	-	-	-	154	154
Total Comprehensive Income for the year	-	-	(1,960,923)	154	(1,960,769)
Transactions with Owners in their capacity as owners:					
Shares issued	3,088,625	-	-	-	3,088,625
Transaction costs on shares issued	(166,183)	-	-	-	(166,183)
Share-based payments	-	105,073	-	-	105,073
Balance at 30 June 2018	33,254,701	2,813,371	(31,295,392)	72,078	4,844,758

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

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STATEMENT OF CASH FLOWS

	Note	Consolidated 2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,118,093	2,808,137
Interest received		8,743	15,338
Interest expense		(3,406)	-
Payments to suppliers and employees (inclusive of GST)		(4,449,907)	(4,472,829)
Grant and other income received		629,852	697,312
Net cash used in operating activities	20(b)	(1,696,625)	(952,042)
Cash flows from investing activities			
Purchase of patents and trademarks		(65,025)	(48,427)
Purchase of plant and equipment		(171,838)	(57,552)
Term deposit		(41,888)	(41,569)
Acquisition of Thor Laboratories		(60,000)	(100,000)
Net cash used in investing activities		(338,751)	(247,548)
Cash flows from financing activities			
Issue of shares (net of share issue cost)	17	2,864,616	23,382
Net cash provided by financing activities		2,864,616	23,382
Net increase/(decrease) in cash held		829,240	(1,176,208)
Cash and cash equivalents at the beginning of the year		1,663,565	2,839,773
Exchange rate adjustment for opening balance		770	-
Cash and cash equivalents at the end of the year	20 (a)	2,493,575	1,663,565

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

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NOTES TO FINANCIAL STATEMENTS

Note 1: New accounting standards and interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised and the disclosures presented in the financial statements of the Group.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2018. Whilst earlier application is permitted, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. A discussion of those future requirements and their impact on the Group is as follows:

AASB 9: Financial Instruments

Mandatory and anticipated date of application: 1st July 2018
The Standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets and new general hedge accounting requirements. It also carried forward guidance on recognition and derecognition of financial instruments from AASB139.

Assessment of Impact
The Group has assessed the new standard and based on its financial assets and liabilities, the key impact of the standard on the Group will be in relation to trade debtors and the assessment of the provision for doubtful debts under the expected credit loss model.

The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes.

The Group has assessed the impact of applying the expected credit loss model and has concluded that the provision for impairment of trade receivables will increase upon the adoption of AASB 9 on 1 July 2018 due to the earlier recognition of credit losses. Additional disclosures regarding expected credit losses will also be required.

AASB 15: Revenue from Contracts with Customers

Mandatory and anticipated date of application: 1st July 2018
AASB 15 establishes a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related interpretations when it becomes effective.

Assessment of Impact
The Group has assessed the impact of adopting AASB 15 on its key revenue streams and Based on the work performed to date the findings indicate that the application of AASB15 will not have a material impact on the recognition of revenue.

AASB 16: Leases

Mandatory and anticipated date of application: 1st July 2019
AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB16 will supersede the current lease guidance including AASB 117 Leases and the related interpretations when it becomes effective.

AASB 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a mode where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

Assessment of Impact
As at 30 June 2018, the Group has non-cancellable operating lease commitments of $728,221 (Note 24). The Group is in the process of completing an assessment of the impact of adoption of AASB 16 on these commitments.

The full financial impact of adopting AASB 16 has not yet been determined, however the following impacts are expected on implementation date:

Note 1: New accounting standards and interpretations (continued)

- A material right-of-use asset and a lease liability will be recognised on the Balance Sheet.
- Finance costs will increase due to the impact of the interest component of the lease liability.
- Depreciation expense will increase due to depreciation of the right-of-use asset over the lease term.
- Lease rental operating expenses will reduce to nil.
- In the Cash Flow Statement, operating cash outflows will decrease and financing cash outflows will increase as repayment of the principal balance in the lease liability will be classified as a financing activity.

Note 2: Statement of significant accounting policies

(a) Introduction

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

Operations and principal activities

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

Scope of financial statements

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

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

Currency

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

Historical Cost Convention

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

Reporting period

The financial report is presented for the year ended 30 June 2018. The comparative reporting period was for the year ended 30 June 2017.

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 8, Suite 2, 66 Clarence Street, Sydney NSW 2000.

Authorisation of financial report

The financial report was authorised for issue on 21 August 2018 by the Directors.

(b) Overall policy

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

(c) Significant judgment and key assumptions

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

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

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may

Note 2: Statement of significant accounting policies (continued)

lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(d) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Consolidated Entity becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the Entity. A financial liability is removed from the statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in the statement of profit and loss and other comprehensive income.

Financial assets not measured at fair value comprise receivables and investment in subsidiary. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost using the effective interest method.

Available-for-sale financial assets include other financial assets, comprising investments in subsidiaries, not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities comprise of trade and other payables, and borrowings and are measured at amortised cost using the effective interest method.

Trade accounts payable represent the principal amounts outstanding at reporting date plus, where applicable, any accrued interest.

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

Financial assets, other than those at fair value through profit or loss, are reassessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

(e) Principles of consolidation

A Controlled Entity is any entity Uscom Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

Uscom

Note 2: Statement of significant accounting policies (continued)

A list of Controlled Entities is contained in note 22 to the financial statements. All Controlled Entities have a June financial year-end.

All inter-company balances and transactions between Entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of Subsidiaries have been changed where necessary to ensure consistencies with those polices applied by the Parent Entity.

On consolidation, the assets and liabilities of the Consolidated Entity's overseas operations are translated at exchange rates prevailing at the reporting dates. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and are recognised in statement of profit or loss and other comprehensive income on disposal of the foreign operation.

(f) Foreign currency transactions and balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

(g) Investments

Investments in Controlled Entities are carried at the lower of cost and recoverable amount.

(h) Share-based payment arrangement

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

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share based payment transaction or as a liability if the goods and services were acquired in a cash settled share based payment transaction.

For equity-settled share based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(j) 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.

(k) Events after the reporting date

Assets and liabilities are adjusted for events incurring after the reporting date that provide evidence of conditions existing at the reporting date. Important after reporting date events which do not meet these criteria are disclosed in note 28 to the financial statements.

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	Consolidated 2018 $	Consolidated 2017 $
Note 3: Revenue and other income		
Operating revenue		
Sale of goods	2,168,051	2,723,359
Other revenue		
Interest received	31,100	15,338
Other income		
Grants – R&D tax incentive	489,126	558,550
Grants – EU research grant	148,969	110,195
Grants – EMDG	-	76,925
Grants – Business growth grant	3,850	-
Foreign exchange gain	15,500	-
Sundry income	5,112	14,592
Total other income	662,557	760,262
Total revenues and other income from continuing operations	2,861,708	3,498,959

Recognition and Measurement

Revenue is measured at the fair value of the consideration received or receivable. Amounts are disclosed as revenue net of returns, discounts, allowances and goods and services tax (GST). The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the entity's activities as described below.

- Sale of goods
  Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer and when the other contractual obligations of the Entity are performed.
- Revenue from rendering of services
  Rendering of services consists of training, repair and product maintenance supplied to customers. Revenue is recognised when contractual obligations are expired and services are provided.
- Interest revenue
  Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
- Government grants
  Government grants revenue is recognised at fair value when there is reasonable assurance that the grant will be received and the grant conditions will be met.

	2018 $	2017 $
Note 4: Expenses from continuing activities		
Depreciation and amortisation expenses	304,303	284,650
Employee benefits expense	1,711,313	2,264,511
Research and development expenses	845,436	614,117
Advertising and marketing expenses	519,658	575,094
Occupancy expenses	197,445	185,610
Auditors remuneration (audit and review)	65,522	61,541
Regulatory expenses	105,066	88,524
Administrative expenses	459,002	453,096
Exchange losses	-	50,918
Finance costs	4,910	9,091
Total expenses from continuing activities, excluding finance costs	4,212,655	4,587,152

Employee Benefits Expenses

Employer contributions to defined contribution superannuation plans are recognised as an expense in the profit or loss as they are paid or payable. Refer to Note 16 for details on provisions for employee benefits. Share based expenses of $142,898 in 2018 (2017: $608,406) are included in employee benefits expenses above.

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Note 4: Expenses from continuing activities (continued)

Research and development expenses

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

Lease

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of profit or loss in equal instalments over the period of the lease. Lease incentives received are recognised as an integral part of the total lease payments made and are spread on a basis representative of the pattern of benefits expected to be derived from the leased asset. Lease expenses of $197,445 in 2018 (2017: $171,387) are included in occupancy expenses above.

	Consolidated	
	2018	2017
	$	$
Note 5: Income tax		
Major components of income tax		
Current income tax	(4,628)	(1,453)
Income tax	(4,628)	(1,453)
Reconciliation between income tax credit and prima facie tax on accounting loss		
Accounting loss before income tax	1,956,295	1,799,396
Tax benefit at 27.5% in Australia, 15% in USA, 12% in Hungary (2017: 27.5% in Australia, 15% in USA, 12% in Hungary)	462,679	482,512
Tax effect on non-taxable income and non-deductible expenses	(208,320)	(322,407)
Temporary differences	(12,589)	(38,095)
Deferred tax asset not brought to account	(246,398)	(123,463)
Income tax	(4,628)	(1,453)

As at 30 June 2018, the Consolidated Entity had estimated unrecouped operating income tax losses of $20,012,191 (2017: $19,217,407). The benefit of these losses of $5,329,094 (2017: $5,100,599) has not been brought to account as it is not probable that the Consolidated Entity will have sufficient future gains available against which the deferred tax asset could be utilised.

Note 6: Accumulated losses		
Accumulated losses at the beginning of the financial year	(29,334,469)	(27,533,620)
Net loss attributable to members of the Entity	(1,960,923)	(1,800,849)
Accumulated losses at the end of the financial year	(31,295,392)	(29,334,469)

Note 7: Earnings per share		
Loss after tax used in calculation of basic and diluted EPS	(1,960,923)	(1,800,849)
	Number	Number
Weighted average number of ordinary shares during the year used in calculation of basic EPS	125,569,613	110,601,128
Weighted average number of options outstanding	474,908	4,980,545
Weighted average number of rights outstanding	1,436,426	4,155,480
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	127,480,947	119,737,153
Basic earnings per share (cents per share)	(1.6)	(1.6)
Diluted earnings per share (cents per share)	(1.6)	(1.6)

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

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	Consolidated 2018 $	Consolidated 2017 $
Note 8: Cash and cash equivalents		
Cash on hand	1,569	2,283
Bank: Cheque accounts	479,906	1,625,720
Bank: Cash management	28,551	35,562
Bank: Term deposits	1,983,549	-
Total cash and cash equivalents	2,493,575	1,663,565

Cash and cash equivalents comprise cash on hand and at call deposits with banks or financial institutions.

Note 9: Trade and other receivables

	2018	2017
Current		
Trade receivables	249,289	196,063
Total current receivables	249,289	196,063

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

Trade receivables and other receivables represent the principal amounts due at reporting date plus accrued interest and less, where applicable, any unearned income and provision for doubtful accounts. An estimated doubtful debt is made when collection of the full amount is no longer probable.

Note 10: Inventories

	2018	2017
Current inventories at cost		
Raw materials	262,016	305,686
Work in Progress	128,406	105,927
Finished products	104,387	80,596
Total inventories	494,809	492,209

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.

Note 11: Tax asset

	2018	2017
Income tax credit	8,934	11,480
R & D tax incentive	489,126	491,732
Total tax asset	498,060	503,212

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.

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Note 11: Tax asset (continued)

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

Deferred tax is accounted for using the Balance Sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

R & D tax incentive

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

	Consolidated	
	2018 $	2017 $
Note 12: Other assets		
Current		
Accrued income	22,356	1,623
GST/VAT receivable	63,090	72,018
Prepayments	77,692	61,065
Total other current assets	163,138	134,706
Note 13: Plant and equipment		
Plant and equipment at cost	701,628	709,437
Accumulated depreciation – including foreign exchange impact	(609,149)	(611,886)
	92,479	97,551
Office furniture and equipment at cost	174,005	71,052
Accumulated depreciation – including foreign exchange impact	(32,002)	(62,164)
	142,003	8,888
Computer software at cost	33,535	45,727
Accumulated depreciation – including foreign exchange impact	(30,059)	(34,473)
	3,476	11,254
Low value asset pool at cost	50,314	51,508
Accumulated depreciation – including foreign exchange impact	(49,816)	(50,530)
	498	978
Total plant and equipment	238,456	118,671

Note 13: Plant and equipment (continued)

Movements in carrying amounts	Plant and equipment	Office furniture and equipment	Computer software	Low value asset pool
Useful life	2-7 years	2-7 years	3 years	3 years
	$	$	$	$
Consolidated Entity				
Carrying amount at 1 July 2017	97,551	8,888	11,254	978
Additions	29,825	162,200	-	906
Disposals	-	(15,384)	-	-
Depreciation expense	(34,897)	(13,701)	(7,778)	(1,386)
Carrying amount at 30 June 2018	92,479	142,003	3,476	498

Property, plant and equipment are included at cost. Assets in plant and equipment are depreciated on diminishing value basis over their estimated useful lives covering a period of two to seven years.

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss in the statement of profit or loss and other comprehensive income.

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

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

Note 14: Intangible assets

	Consolidated 2018 $	Consolidated 2017 $
Non-current		
Patents at cost	1,910,711	1,845,687
Accumulated amortisation and impairment	(1,029,295)	(908,901)
Carrying amount at 30 June	881,416	936,786
Regulatory approvals -acquisitions through business combinations	630,730	630,730
Accumulated amortisation	(357,414)	(231,268)
Carrying amount at 30 June	273,316	399,462
Total intangible assets	1,154,732	1,336,248
Movements in carrying amounts		
Patents carrying amount at 1 July	936,786	1,018,457
Additions	65,025	48,427
Impairment	-	-
Amortisation	(120,395)	(130,098)
Patents carrying amount at 30 June	881,416	936,786
Regulatory approvals -acquisitions through business combinations	399,462	525,608
Additions	-	-
Impairment	-	-
Amortisation	(126,146)	(126,146)
Regulatory approvals carrying amount at 30 June	273,316	399,462

Recognition and Measurement

Intangibles are carried at cost less accumulated amortisation and impairment losses where applicable. Intangible assets acquired separately are capitalised at cost or if arising from a business combination at fair value as at the date of acquisition.

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Note 14: Intangible assets (continued)

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

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

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

Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. In assessing value in use, the estimated future cash flows discounted to their present value using a pre-tax discount rate.

	Consolidated	
	2018	2017
	$	$
Note 15: Trade and other payables		
Current		
Trade payables	132,542	111,985
Sundry payables and accrued expenses	95,330	232,365
Employee related payables	47,151	101,999
Total payables	275,023	446,349

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

The carrying amounts of the Group's trade and other payables are denominated in Australian Dollars. For an analysis of the financial risks associated with trade and other payable refer to Note 21.

	2018	2017
Note 16: Provisions		
Current		
Provision for annual leave	172,779	162,130
Provision for long service leave	42,908	74,200
	215,687	236,330
Non-current		
Provision for long service leave	11,864	9,752
Provision for warranties	14,150	15,800
Provision for make good	14,034	-
	40,048	25,552
(a) Aggregate employee benefits	227,551	246,082
(b) Movement in employee benefits		
Balance at beginning of the year	246,082	214,256
Additional provision	153,969	142,919
Amounts used	(172,500)	(111,093)
Balance at end of the year	227,551	246,082
(c) Movement in warranties		
Balance at beginning of the year	15,800	13,600
Additional provision	90	5,000
Amounts used	(1,740)	(2,800)
Balance at end of the year	14,150	15,800

Note 16: Provisions (continued)

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered. They comprise wages, salaries, social security obligations, short-term compensation absences, profit sharing and bonuses payables within 12 months and non-mandatory benefits such as medical care, housing, car and service goods.

The provision for employee entitlements to wages, salaries and annual leave represents the amount that the Consolidated Entity has a present obligation to pay resulting from employee services provided up to reporting date. The provision has been calculated after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures and includes related on-costs.

The undiscounted amount of short-term benefits expected to be paid is recognised as an expense.

Long term employee benefits

Long term employee benefits include long-service leave, long-term disability benefits, deferred compensation and profit sharing and bonuses payable 12 months or more after the end of the period in which employee services are rendered.

Warranties

Provision is made in respect of the Consolidated Entity's estimated liability on all products and services under warranty at reporting date. The provision is measured at the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the Consolidated Entity's history of warranty claims.

Lease Make Good

A provision for lease make good is recognised in relation to the properties held under operating lease. The Group recognises the provision for property leases which contain specific clauses to restore the property to a specific condition. The provision at balance date represents management's best estimate of the present value of the future make good costs required.

	Consolidated	
	2018	2017
	$	$
Note 17: Issued capital		
Issued capital		
Fully paid ordinary shares	33,254,701	30,332,259
Total contributed equity	33,254,701	30,332,259
Movement in issued capital		
Shares on issue at the beginning of the year	30,332,259	30,308,877
500,000 ordinary shares issued at 5.95 cents on 18 August 2016	-	29,750
3,272,728 ordinary shares issued at nil cost on 23 December 2016	-	-
250,000 ordinary shares issued at nil cost on 5 July 2017	-	-
100,000 ordinary shares issued at 16.5 cents on 6 September 2017	16,500	-
165,000 ordinary shares issued at 16.5 cents on 6 September 2017	27,225	-
52,000 ordinary shares issued at 20 cents on 7 December 2017	10,500	-
153,300 ordinary shares issued at 25 cents on 7 December 2017	38,325	-
1,500,000 ordinary shares issued at nil cost on 7 December 2017	-	-
22,044,998 ordinary shares issued at 13.5 cents on 21 December 2017	2,976,075	-
636,364 ordinary shares issued at nil cost on 8 January 2018	-	-
121,212 ordinary shares issued at 16.5 cents on 8 June 2018	20,000	-
Share issue costs	(166,183)	(6,368)
Issued Equity at the end of the year	33,254,701	30,332,259
Fully paid ordinary shares	Number	Number
Ordinary shares at the beginning of the year	112,235,998	108,463,270
Ordinary shares issued by exercise of option on 18 August 2016	-	500,000
Ordinary shares issued by exercise of rights on 23 December 2016	-	3,272,728
Ordinary shares issued on 5 July 2017 as per Thor acquisition agreement	250,000	-
Ordinary shares issued on 6 September 2017 to an employee	100,000	-
Ordinary shares issued on 6 September 2017 to employees	165,000	-

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	Consolidated 2018 $	2017 $
Note 17: Issued capital (Continued)		
Ordinary shares issued on 7 December 2017 in lieu of FY2016 directors fees	52,500	-
Ordinary shares issued on 7 December 2017 in lieu of FY2017 directors fees	153,300	-
Ordinary shares issued by exercise of rights on 7 December 2017	1,500,000	-
Ordinary shares issued by private placement on 21 December 2017	22,044,998	-
Ordinary shares issued by exercise of rights on 8 January 2018	636,364	-
Ordinary shares issued at 16.5 cents on 8 June 2018 in lieu of salary	121,212	-
Total ordinary shares at the end of the year	137,259,372	112,235,998

The Company's authorised share capital amounted to 137,259,372 ordinary shares of no par value at 30 June 2018.

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

Note 18: Options and rights reserve

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

The purpose of the Plan is to:

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

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

	Consolidated 2018 $	2017 $
Effect of share-based payment transactions		
Share Option Plan		
Options and rights reserve balance at the beginning of the year	2,708,298	2,099,893
Expenses arising from share-based payment transactions	105,073	608,405
Options and rights reserve balance for Share Option Plan at the end of the year	2,813,371	2,708,298

Movement in options during the financial year

Movement during the financial year	Number of Options 2018	Weighted average exercise price	Number of Options 2017	Weighted average exercise price
Opening number of options	4,840,544	0.23	5,440,544	0.21
Lapsed during the financial year	(4,765,544)	0.25	(100,000)	0.06
Exercised during the financial year	-	-	(500,000)	0.06
Closing number of options	75,000	0.17	4,840,544	0.23

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Note 18: Options and rights reserve (continued)

Details of options outstanding as at end of the year

Holders No.	Grant date	Exercisable at 30 June 2018	Expiry date	30 June 2018 Outstanding Option	Exercise Price	Issued date fair value
		%		No.	$	$
1 (Consultant)	1 December 2014	100%	1 July 2018	75,000	0.1700	0.20
Total				75,000		

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

Fair value

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

Weighted average share price	$0.17
Exercise price	75,000 at $0.17
Option life	3 years
Risk-free interest rate	2.53%
Expected dividends	0
Expected volatility*	%

* Historical volatility has been the basis for determining the expected share price volatility as it is assumed that it is indicative of the future trade, which may not eventuate.

Movement in rights during the financial year

	Consolidated	
	2018 Number	2017 Number
Rights at the beginning of the period	2,586,364	5,859,092
Exercised during the period	(2,136,364)	(3,272,728)
Rights at the end of the period	450,000	2,586,364

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

	$	$
Note 19: Foreign currency translation reserve		
Opening balance	71,924	62,841
Translation of financial statements of foreign Controlled Entities	154	9,083
Closing balance	72,078	71,924

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

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	Consolidated 2018 $	2017 $
Note 20: Cash flow information		
(a) Reconciliation of cash		
Cash at bank and on hand	2,493,575	1,663,565
Total cash at end of year	2,493,575	1,663,565
(b) Reconciliation of cash flow from operations to loss from continuing operations after income tax		
Loss from continuing operations after income tax	(1,960,923)	(1,800,849)
Non cash flows in loss from continuing operations		
Depreciation	57,762	28,406
Amortisation	246,541	256,244
Options reserve	162,898	608,406
Translation reserve	154	9,083
(Increase)/decrease in assets		
Trade debtors	(53,226)	71,688
Inventories	(2,600)	(73,502)
Inventories transferred to PE	(10,936)	(15,318)
Prepayments	(16,627)	(16,337)
Tax credit	5,152	(73,696)
Accrue income	(20,733)	(1,623)
GST/VAT assets	8,928	20,293
Increase/(decrease) in liabilities		
Trade payables	20,557	39,174
Sundry payables and accrued expenses	(72,577)	(85,591)
Employee related payables	(54,848)	47,554
Employee provisions	(18,531)	31,826
Other provisions	12,384	2,200
Net cash used in operating activities	(1,696,625)	(952,042)

Note 21: Financial instruments

(a) Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(b) Capital risk management
The Consolidated Entity manages its capital to ensure that companies in the Consolidated Entity are able to continue as a going concern. The capital structure of the Entity consists of cash and cash equivalents (note 8 on page 27) and equity attributable to equity holders of the Parent Entity, comprising issued capital (note 17 on page 31), and accumulated losses (note 6 on page 26).

(c) Outstanding contracts
At 30 June 2018, there were no outstanding contracts.

(d) Financial risk management objectives
The Consolidated Entity's principal financial instruments are cash and term deposit accounts. Its financial instruments risk is with interest rate risk on its cash and term deposits and liquidity risk for its term deposits.

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Board is updated monthly by management as to the amounts of funds available to the Consolidated Entity from either cash in the bank or term deposits, and continually monitors interest rate movements.

Note 21: Financial instruments (continued)

(e) Foreign currency risk management

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Consolidated Entity does not have any forward foreign exchange contracts as at 30 June 2018 and is exposed to foreign currency risk on sales and purchases denominated in a currency other than Australian dollars.

The currencies giving rise to this risk is primarily the US Dollar and Euro. 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	
	2018	2017
	US$	US$
Cash	558,376	1,065,122
Current trade debtors	122,500	104,830
Current trade creditors	20,734	19,411
	HUF	HUF
Cash	2,355,437	10,502,924
Current trade debtors	105,895	982,905
Current trade creditors	31,286,548	16,317,946
	€	€
Cash	31,210	98,408
Current trade debtors	52,680	39,530
Current trade creditors	-	3,755

(f) Foreign currency sensitivity

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

The analysis below demonstrates the profit impact of a 10% movement of US Dollar and a 5% movement of Euro rates against the Australian Dollar with all other variables held constant. 10% and 5% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

	Consolidated	
	2018	2017
	$	$
Profit/Loss - increase 10% (US$) and 5% (€)	(178,829)	(226,898)
- decrease 10% (US$) and 5% (€)	178,829	226,898

(g) Interest rate risk management

The Consolidated Entity does not have any external loans or borrowings as at 30 June 2018 and is not exposed to interest rate risks related to debt.

The Consolidated Entity is exposed to interest rate risk as companies in the Consolidated Entity hold cash and term deposits at both fixed and floating interest rates. The risk is managed by the Consolidated Entity maintaining an appropriate mix between both rates.

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

Note 21: Financial instruments (continued)

(h) Interest rate sensitivity

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

	Consolidated	
	2018	2017
	$	$
Profit/Loss - increase 100 basis points	3,110	1,534
- decrease 100 basis points	(3,110)	(1,534)

(i) Credit risk management

Credit risk represents the loss that would be recognised if counterparties defaulted on its contractual obligations. The Consolidated Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually. Ongoing credit evaluation is also performed on the financial condition of accounts receivable.

The Consolidated Entity does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics; because the current major counterparties are alliance distributors and public hospitals with approved funds available prior to purchases under most circumstances.

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

	Consolidated	
Debtors outstanding but not impaired	2018	2017
	$	$
0 - 45 days	231,629	191,339
46 – 90 days	17,660	-
Over 90 days	-	-
Total	249,289	191,339

No bad debt was written off during the year (2017: $Nil). There was no doubtful debt provision as at 30 June 2018 (2017: Nil). The outstanding debts $17,660 was received in July 2018 and the remaining $231,629 are not past due to the reporting date.

(j) Liquidity risk management

The objective for managing liquidity risk is to ensure the business has sufficient working capital or access to working capital as and when required. The Consolidated Entity limits its exposure to liquidity risk by holding the majority of its assets in cash or term deposits which can be quickly converted to cash if required.

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

The following table details the Consolidated Entity's remaining contractual maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on the undiscounted cash flows expected to be received/paid by the Consolidated Entity.

Note 21: Financial instruments (continued)

Consolidated	Weighted Average effective interest Rate %	Floating interest $	Fixed interest rate maturing Within 1 year $	1 to 5 years $	Non-interest bearing $	Total $
2018						
Financial assets						
Cash	0.0	-	-	-	510,026	510,026
Term deposit	2.5	-	1,983,549	-	-	1,983,549
Bank guarantee	2.85	-	-	83,457	-	83,457
Trade receivables		-	-	-	249,289	249,289
Other receivables		-	-	-	85,446	85,446
Total financial assets		-	1,983,549	83,457	844,761	2,911,767
Financial liabilities						
Trade creditors		-	-	-	132,542	132,542
Payables		-	-	-	47,151	47,151
Total financial liabilities		-	-	-	179,693	179,693
Net financial assets		-	1,983,549	83,457	665,068	2,732,074

Consolidated	Weighted Average effective interest Rate %	Floating interest $	Fixed interest rate maturing Within 1 year $	1 to 5 years $	Non-interest bearing $	Total $
2017						
Financial assets						
Cash	0.0	45,474	-	-	1,618,091	1,663,565
Term deposit	2.5	-	41,569	-	-	41,569
Trade receivables		-	-	-	196,063	196,063
Other receivables		-	-	-	73,641	73,641
Total financial assets		45,474	41,569	-	1,887,795	1,974,838
Financial liabilities						
Trade creditors		-	-	-	111,985	111,985
Payables		-	-	-	101,999	101,999
Total financial liabilities		-	-	-	213,984	213,984
Net financial assets		45,474	41,569	-	1,673,811	1,760,854

Reconciliation of net financial assets to net assets	2018 $	2017 $
Net financial assets as above	2,732,074	1,760,854
Non-financial assets and liabilities		
R & D tax incentive receivable	498,060	503,212
Inventories	494,809	492,209
Prepayments	77,692	61,065
Plant and equipment	238,456	118,671
Intangible assets	1,154,732	1,336,248
Accruals	(95,330)	(232,365)
Provisions	(255,735)	(261,882)
Net assets per Statement of Financial Position	4,844,758	3,778,012

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

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Note 22: Related party disclosures

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Parent and Controlled Entity

Parent Entity

Significant investments in subsidiaries:	Uscom, Inc.
Country of subsidiary incorporation:	U.S.A
Proportion of ownership interest:	100%
Significant investments in subsidiaries:	Uscom Medical Ltd
Country of subsidiary incorporation:	U.K.
Proportion of ownership interest:	100%
Significant investments in subsidiaries:	Thor Laboratories KFT.
Country of subsidiary incorporation:	Hungary
Proportion of ownership interest:	100%

Consolidated

The Parent and Ultimate Parent Entity is Uscom Limited.

Key management personnel

The following were key management personnel of the Consolidated Entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-Executive Directors

Sheena Jack, Non-Executive Director
Christian Bernecker, Non-Executive Director
Chao Xiao He, Non-Executive Director (resigned on 23 May 2018)

Executive Directors

Rob Phillips, Executive Director, Chairman, Chief Executive Officer

Senior Executives

Nick Schicht, General Manager

For further remuneration information of key management personnel refer to the remuneration report in the Directors' report on pages 9-15.

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

	Consolidated	
	2018	2017
	$	$
Short-term employee benefits	502,325	491,325
Post-employment benefits	44,080	54,533
Share-based payment	134,836	646,730
Total key management personnel remuneration	681,241	1,192,588

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Note 23: Parent entity information

	Parent	
	2018	2017
	$	$
Set out below is the supplementary information about the parent entity.		
Statement of comprehensive income		
Loss after income tax	(1,615,921)	(1,748,666)
Total comprehensive income	(1,615,921)	(1,748,666)
Statement of financial position		
Total current assets	3,778,368	2,659,841
Total assets	5,323,937	4,367,914
Total current liabilities	439,131	596,418
Total liabilities	479,179	621,970
Equity		
Contributed equity	33,254,701	30,332,259
Options reserve	2,813,371	2,708,298
Accumulated losses	(31,223,314)	(29,294,613)
Total equity	4,844,758	3,745,944

Contingent liabilities

The parent entity has provided a guarantee in respect of obligations under premises lease of $83,457 (2017: $41,569). No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee.

Other than the guarantee mentioned above, the parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

Significant accounting policies

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

	Consolidated	
	2018	2017
	$	$
Note 24: Commitments		
Operating lease commitments		
Operating commitments represent payments due for office rentals and have an average term from 18 to 30 months and month to month thereafter.		
Less than 1 year	154,100	61,035
Between 1 and 5 years	574,121	-
Total operating commitments	728,221	61,035

Lease of assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Consolidated Entity were classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are amortised on diminishing value basis over their estimated useful lives where it is likely that the Consolidated Entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefits are diminished.

Lease incentives under operating leases are recognised as liabilities. The incentives are recognised as a reduction of expenses on a straight line basis unless another systematic basis is more representative of the time pattern in which benefits are diminished.

	Consolidated	
	2018	2017
	$	$
Note 25: Auditors' remuneration		
a. Audit services		
BDO East Coast Partnership for Audit and review of financial reports	55,500	54,500
BDO Hungary Audit and review of financial reports	10,022	7,041
Total remuneration for audit services	65,522	61,541
b. Non-audit services		
BDO East Coast Partnership – other services	-	-
Total remuneration for Non-audit services	-	-
Total auditors' remuneration	65,522	61,541

Note 26: Operating segments

Segment information

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

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

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

The largest customer group operates in Asia and accounts for 62% of the total sales. For the current period Uscom 1A comprised 75%, SpiroSonic spirometers 20% and BP+ 5% of the total Uscom sales revenue.

Basis of accounting for purposes of reporting by operating segments

Accounting policies

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

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

Note 26: Operating segments (continued)

	Australia	Asia	Americas	Europe	Other regions	Consolidated
	$	$	$	$	$	$
2018						
Sales to external customers	63,464	1,395,497	34,416	573,768	100,906	2,168,051
Other income	524,206	-	-	169,451	-	693,657
Total segment revenue/income	587,670	1,395,497	34,416	743,219	100,906	2,861,708
Segment expenses	3,192,312	426,305	290,433	861,001	47,952	4,818,003
Segment result	(2,604,642)	969,192	(256,017)	(117,782)	52,954	(1,956,295)
Income tax	-	-	-	(4,628)	-	(4,628)
Consolidated loss from ordinary activities after income tax	(2,604,642)	969,192	(256,017)	(122,410)	52,954	(1,960,923)
Segment assets	3,857,282	99,030	572,148	847,056	-	5,375,516
Segment liabilities	479,179	-	15,450	36,129	-	530,758
Acquisition of plant and equipment and intangibles	184,839	-	31,059	42,058	-	257,956
Depreciation and amortisation	50,614	13,527	35,796	204,366	-	304,303

	Australia	Asia	Americas	Europe	Other regions	Consolidated
	$	$	$	$	$	$
2017						
Sales to external customers	47,504	1,830,924	240,014	585,100	19,817	2,723,359
Other income	652,300	-	-	123,300	-	775,600
Total segment revenue/income	699,804	1,830,924	240,014	708,400	19,817	3,498,959
Segment expenses	3,646,166	622,107	411,432	601,257	17,393	5,298,355
Segment result	(2,946,362)	1,208,817	(171,418)	107,143	2,424	(1,799,396)
Income tax	-	-	-	(1,453)	-	(1,453)
Consolidated loss from ordinary activities after income tax	(2,946,362)	1,208,817	(171,418)	105,690	2,424	(1,800,849)
Segment assets	2,540,403	110,622	549,512	1,285,706	-	4,486,243
Segment liabilities	621,970	-	7,840	78,421	-	708,231
Acquisition of plant and equipment and intangibles	69,056	-	24,954	27,286	-	121,296
Depreciation and amortisation	22,022	15,363	37,417	209,848	-	284,650

Note 27: Contingencies

Other than the guarantee mentioned at Note 23, the consolidated entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

Note 28: Events after the reporting date

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

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DIRECTORS DECLARATION

Uscom Limited and its Controlled Entity

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

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

    b. give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.

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

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

Associate Professor Rob Phillips

Executive Director - Chairman

Sydney, 21 August 2018

BDO

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Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Uscom Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Uscom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO

Impairment and carrying value of intangible assets - Patents and regulatory approvals

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 14 of the financial report, the carrying value of the intangibles was considered significant to our audit as the carrying value of $1,154,732 at 30 June 2018 is material to the financial statements and requires considerable judgement and estimation by management based on uncertain outcomes of regulatory approvals. The intangible assets relate to patents held in connection with the BP+ and Uscom 1A products and regulatory approvals of the SpiroThor products which were recognised as part of the acquisition of Thor Laboratories in September 2015.	Our audit procedures included amongst others: • Performance of a valuation assessment to determine whether the carrying value was impaired. This was done through the assessment of estimated future discounted cash flows. • Verified movements in the carrying value of intangibles. • Scrutinised the inputs of the forecasts provided by management and agreed to supporting documentation, such as historical data and distribution agreements, where appropriate. • Reviewed the status of regulatory submissions when assessing any potential impairment indicators.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

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In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Uscom Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 21 August 2018

SHAREHOLDER INFORMATION

Additional information required by Australian Stock Exchange Listing Rules is as follows. This information is current as at 31 July 2018.

(a) Distribution Schedules of Shareholder

Holdings Ranges	Holders	Ordinary shares	
	Number	Number	%
1 – 1,000	113	67,716	0.05%
1,001 – 5,000	183	551,580	0.40%
5,001 – 10,000	87	700,500	0.51%
10,001 – 100,000	299	11,785,595	8.59%
100,001 – 99,999,999,999	141	124,153,981	90.45%
Total	823	137,259,372	100%

There were 211 holders of less than a marketable parcel of 2,942 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 2018 are:

DR ROBERT ALLAN PHILLIPS	21,352,794
DR STEPHEN FREDERICK WOODFORD	10,258,475
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,266,609
MR JOHN LIONEL GLEESON	3,100,000
JETAN PTY LTD	3,050,000

(d) Twenty largest registered holders – ordinary shares

Balance as at 31 July 2018	Ordinary shares	
	Number	%
CITICORP NOMINEES PTY LIMITED	23,624,762	17.212%
MR ROBERT ALLAN PHILLIPS	23,501,158	17.122%
HSBC CUSTODY NOMINEES	6,266,609	4.566%
J P MORGAN NOMINEES AUSTRALIA	3,899,487	2.841%
MR JOHN LIONEL GLEESON	3,503,863	2.553%
JETAN PTY LTD	3,200,000	2.331%
DONGJUN SUN	2,414,125	1.759%
DRP CARTONS (NSW) PTY LTD	2,359,616	1.719%
NETWEALTH INVESTMENTS LIMITED	2,131,412	1.553%
BELL POTTER NOMINEES LTD	2,116,636	1.542%
CORF CORPORATION PTY LIMITED	2,104,500	1.533%
INVIA CUSTODIAN PTY LIMITED	2,088,118	1.521%
EASTBOURNE ROAD PTY LTD	1,830,904	1.334%
NETWEALTH INVESTMENTS LIMITED	1,568,992	1.143%
DULYNE PTY LTD	1,550,000	1.129%
RAEWYN JANETTE LOVETT &	1,477,640	1.077%
MR CHRISTOPHER JAMES WERE &	1,424,095	1.038%
DR RUSSELL KAY HANCOCK	1,400,000	1.020%
QUERION PTY LTD	1,266,667	0.923%
MR DAVID LEROY BOYLES	1,250,000	0.911%
Total	88,978,584	64.825%

Uscom

Registered office and principal place of office

Level 8, Suite 2, 66 Clarence Street
Sydney NSW 2000 Australia
Tel: 02 9247 4144
Fax: 02 9247 8157

Company Secretary

Brett Crowley

Registers of securities

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000 Australia

GPO Box 3993
Sydney NSW 2001 Australia

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

Stock exchange listing

Quotation has been granted for 137,259,372 ordinary shares of the Company as at 31 July 2018 on all Member Exchanges of the Australian Stock Exchange Limited.

Unquoted securities

Rights over unissued shares as at 31 July 2018

A total of 450,000 rights over ordinary shares are on issue to an executive under the new Equity Incentive Plan.