



Uscom

ASX MEDIA RELEASE

Uscom Limited and its controlled entity

ABN 35 091 028 090

ASX Preliminary final report – 30 June 2023

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Uscom

ASX MEDIA RELEASE

Reporting period:

Financial year ended 30 June 2023

Previous corresponding reporting period:

Financial year ended 30 June 2022

Results for announcement to the market

Revenues from ordinary activities	down	3%	to	\$3,156,225
Loss from ordinary activities after tax attributable to members	up	31%	to	\$2,590,888
Net Loss for the period attributable to members	up	31%	to	\$2,590,888

Dividends per Share

It is not proposed to pay a dividend.

Net Tangible Asset per Ordinary Share

	30 June 2023	30 June 2022
NTA backing	c0.015	c0.032

Status of audit

The accounts have been audited. The annual report, including the unqualified audit report is attached.

Commentary

Refer to Chairman's Letter in 2023 Annual Report.

Financial highlights

Revenues from ordinary activities	\$3,156,225
Loss from ordinary activities	\$2,590,888
Sales Revenue	\$2,664,166
Net operating cash outflow	\$1,424,022
Net decrease in cash held	\$2,528,922
Cash held at end of the year	\$2,178,740

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Uscom

Uscom Limited

**Annual Report
FY2023**

Uscom – Progress as Global Markets Recover

FY2023

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Associate Professor Rob Phillips

Chairman and Executive Director

Uscom continues its two-step expansionary strategy, building Uscom fundamentals while leveraging organic growth associated with the international market recovery, amidst unpredictable global macro-economic headwinds. The anticipated rebound from COVID has been slower than anticipated and further complicated by the Russian war, inflation and high interest rates all creating unexpected challenges and dampening the rebound of medical markets in FY23.

Sales increased in FY23 and particularly in H2 and Q4 reflecting a first wave of recovery. Prior to the recovery Uscom has focused on product development, product improvement, operational efficiency, and compliance with expanded regulatory requirements necessary to bring world-leading technologic advancements to the market. This preparation for “the economic spring” is anticipated to provide Uscom with the momentum to respond with revenue growth as global economies recover.

Importantly, these increasingly complex projects require partnerships; the bringing together of experts to achieve the best results possible. In manufacturing, this involves solving regulatory and supply chain challenges, component and stock control, device assembly, quality control, device testing, packaging, logistics, and delivery.

Uscom’s partnership with Foxconn addresses these major challenges by outsourcing them to the world leader in precision electronics manufacturing. Much of the last year has involved preparing Foxconn for the manufacture of USCOM 1A to global regulatory specifications, and it’s an exciting time as we approach the manufacture of our first domestic units in China. Currently, nearly 50% of the Chinese market requires domestic manufacture for submission into public hospital tenders, and this potentially doubles Chinese sales before the effects of any organic growth. Intellectual Property (IP) remains a continuing strength of Uscom and a valuable off-

balance-sheet asset. This year saw the progress of 3 major international patents through the global patent approval process as we implement cost-effective protection of novel technologies developed by our in-house experts. Uscom patents form a web of intellectual property ownership and value that supports the development of these new products.

Uscom’s new CV-2 software platform has recently been released, marking the first step in the development of a new generation of USCOM 1A with expanded functions and new parameters. This enhancement allows users to gain a unique view of cardiovascular physiology, enabling clinicians to make more informed decisions and improve outcomes for patients. Uscom devices are continually evolving and improving, and the CV-2 represents an inflection point, providing a flexible software platform for development of future features for the USCOM 1A.

In summary, FY2023 was a year of preparation and careful management for Uscom, given the uncertain and unpredictable global outlook. It was a year of cautiously accelerating while simultaneously exercising caution and planning for corporate strategic next steps. Despite the challenges in global markets, Uscom’s financial results in the final months and quarters showed strong growth and promising signs for the year ahead as markets continued to rebound. The strategic restructuring of Uscom’s international operations and the development of manufacturing partnerships centered in Asia promise to transform the company and position it well as global markets stabilize, inflationary pressures recede, and new products integrate into a manufacturing system of scale and expanding distribution networks.

We express gratitude to investors for their support during these difficult past few years. The prospects for real growth, as world markets recover, provide exciting opportunities for premium medical technology enterprises with valuable and internationally recognized IP, making Uscom an enticing investment target for astute and strategic investors. Uscom remains an opportunity poised for growth.

Professor Rob Phillips
Uscom Chairman and CEO

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Uscom FY2023 Milestones

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01

USCOM 1A recommended for ED monitoring of HF in China

02

Small parcels consolidation – Purchased 166 shareholdings <\$500 in value, reducing shareholders from 850 to ~600

03

Equal Access Share Buy Back - \$0.62m of shares (5.7%) purchased from UCM Cash reducing shareholders to ~540

04

Restructure of Uscom Europe resulted in a 41% increase in total annual revenue, driven by record H2 performance.

05

NMPA submission of SpiroSonic AIR, FLO, SMART; NMPA progress in China for locally manufactured USCOM 1A; FDA approval for SpiroSonic AIR

06

Record Q4 sales; Release of CV-2 cardiovascular Doppler software platform – 3 years in development

While FY23 was generally in recovery mode with annual sales increased by 6% on FY22, as H2 and Q4 showed strong increases of sales and revenues on prior periods. This sign of recovery was accompanied by a sales pipeline and customer interest which was also increased suggesting that global markets are beginning their rebound and this is starting to find its way into Uscom's balance sheet.

While global macro-economic headwinds continue as the principle determinant of markets worldwide Uscom continues to prepare for the recovery. Uscom has almost completed its Chinese domestic manufacturing partnership with Foxconn and is on the cusp of achieving regulatory approval for USCOM 1A sale in the Chinese market. The imposition of the "locally manufactured" policy in China has been difficult for Uscom reducing sales in China by more than 50% and its impending resolution signals a return of healthy sales to Uscom's largest market. In addition new distribution partnerships have been developed and new sales teams are being inducted into regional provinces. The impending approval of SpiroSonic devices combined with the recent approval of BP+ will mean our major devices will have access to the Chinese market by the end of the year just as the market rebound gains momentum.

An operational restructure of Uscom Europe has combined with a rebounding European market place to significantly increase spirometry revenue for the year, but particularly in the second half of FY23. Importantly the appointment of new distributors looks to have put in place reliable growth drivers in Europe for the immediate future.

With a population of ~670m SE Asia is the fastest economic growth region in the world and includes the main countries of Singapore, Vietnam, Thailand, Philippines, and Indonesia. Uscom has the beginnings of a Singapore based distribution network which will ensure organic sales growth in the region. Uscom is continuing to progress regional approvals in a number of jurisdictions in the SE Asian region and their approval will pave the way for appointment of larger distributors with greater reach. Singapore continues to be an obvious global hub for Uscom, particularly given that the USCOM 1A will soon be manufactured in China and Uscom continues to expand its focus on opportunities in SE Asia.

The US remains a difficult market however with the recent approval of SpiroSonic AIR in the US a number of major distributors are looking to adopt these devices for sale into home care, eHealth and CRO markets. USCOM 1A continues to be a leading technology in the field of ICU, paediatrics and maternal health in the US. In review FY23 was a year of recovery and preparation, and significant advances were made in all markets.

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Finances

The measure of life.

FY23 was a year of 2 halves; H1 reflected the remnants of the depressed COVID market and the Russian war market, while global H2 revenues increased by 51%, with a record Q4, monthly sales, and revenues confirming signs of an early economic rebound.

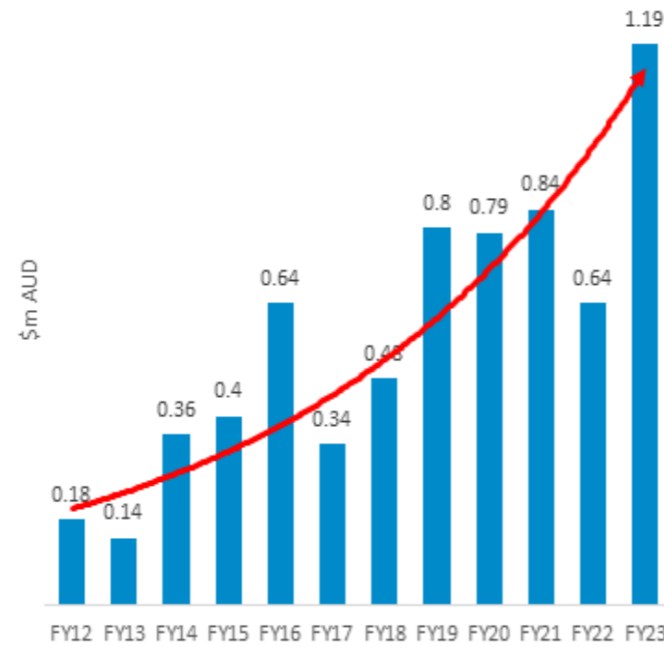
Europe and China in particular demonstrated recoveries in H2, with European growth of 67% largely attributable to a change in management and structure. While Uscom China, with its stable management, was focused on responding to changes in Government policy and regulations in the Chinese medical market. Chinese and European markets contributed to the record Q4 and strong final month results of the consolidated entity for the reporting period.

Financial results demonstrated a significant up-tick in Q4 and H2, as sales began to reflect a predicted market rebound. However, USCOM 1A has a significant lead time from decision to purchase order, usually involving multiple interdependent decision-makers, including clinicians, clinical administrators, financial administrators, budget committees, and Government departments. So further growth is anticipated as sales pass through the protracted sales purchasing process.

Uscom sales teams noticed an increase in sales interests and pipelines across most markets, and these sales are anticipated to convert to revenue within 12-18 months. While current reported financials remain modest, they reflect activities from 12-18 months previously, during the height of COVID, the Russian war, and Chinese trade controls.

Regardless, Q4 and H2 demonstrate significant sales and revenue growth, while subjective indicators suggest continued improvement in sales for the next 12-18 months.

UCM Q4 Sales



Record Q4 Sales

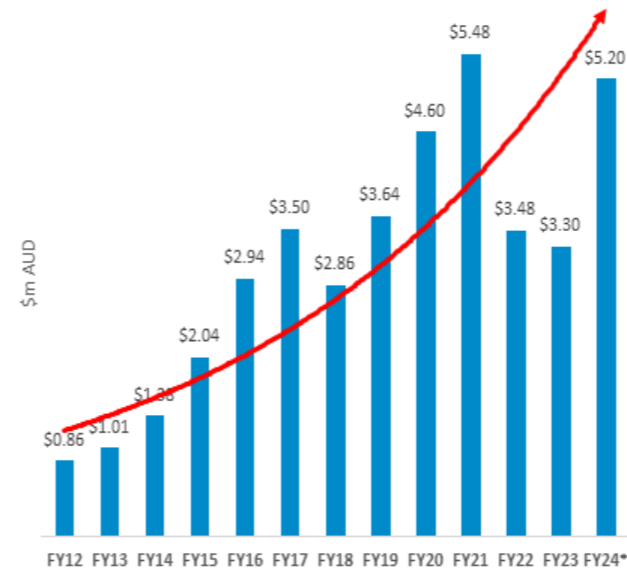
Q4 FY23 showed significant signs of recovery, with sales increasing by 85% compared to the pcp (prior corresponding period) and a remarkable 162% increase from Q3 FY23. The second-half total revenue was boosted by 51% from H1, primarily driven by record Q4 sales.

While Chinese annual sales remained reduced compared to pre-COVID levels, the Q4 uplift largely reflected the rebound of Chinese sales. The sales may further increase once NMPA approval is received, and domestic manufacturing with Foxconn proceeds, leading to the return of USCOM 1A access to Chinese domestic markets. These changes are anticipated to begin in H1 FY24.

Cash on Hand \$2.18m

- Sale of Goods \$2.66m up 6% from \$2.51m
- Total Annual Revenue \$3.15mil, down 3%
- Strong growth of H2 and Q4 sales and revenue
- Cash on Hand = \$2.18m, from \$4.70m in FY22

UCM Total Receipts



In FY23, total sales revenue was increased by 6% with total receipts decreased by 5% from FY22 due to the reduction of the COVID business support grants. H1 sales were impacted by COVID measures, Chinese local manufacture regulations, and the Russian war, while H2 revenue was up 51% from H1. FY24 budget forecasts (*) based on record Q4 and historical records suggest a restoration to previous revenues as the rebound continues. This year also witnessed a significant restructure of Uscom's European spirometry division, resulting in a 67% increase in total revenue during the second half. The annual revenue for the European subsidiary increased by 41% to \$0.68m and was profitable in Q4, despite facing challenges in H1.

Throughout FY23, Uscom has been actively expanding distribution in China, SE Asia, and Europe. This expanded distribution aims to support the impending approval of several new device regulatory applications currently in the final phases of review, and serve as a platform for future growth.

Capital initiatives

The share price of Uscom Limited remained parlous in FY23 and the Uscom Board responded with initiatives conceived to strengthen the register and provide an entity streamlined for strategic expansion. These initiatives included:

a. Small parcels sale – Small parcels are defined by the ASX as a shareholding of <\$500 in value. Small shareholders were identified by Boardroom and offered the opportunity to sell their holdings at market price ex brokerage. 66% of small shareholders opted to sell their shares, and the shares were sold to current shareholders at market price. In total, 166 shareholders sold 1,138,605 shares, which were on-sold at \$0.045. The departure of these shareholders from the register left UCM with ~600 registered shareholders.

b. Equal Access Buy Back – 59 shareholders sold 11,266,885 shares to Uscom Limited at \$0.055 in a buy-back, which cost the company \$619,678.00. The shares were taken off the market, reducing the total shares on issue from 198,635,884 to 187,368,999, resulting in a reduction of 5.7%. This left ~540 registered shareholders on the register, with cash on hand of \$2.18m following the buy-back.

Both initiatives were conducted in-house using Boardroom Limited and were conceived to provide current investors an opportunity to divest their holdings despite market illiquidity and create a more streamlined entity for engaging in strategic activities. In total, the initiatives reduced UCM shareholders from ~850 to ~540, representing a reduction in shareholder numbers of approximately 36%.

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China Domestic Manufacturing

FOXCONN

Expansion

Uscom has continued to prepare for domestic manufacturing in China, developed the partnership with Foxconn and progressed Chinese regulatory requirements throughout FY23.

Foxconn has been exemplary in their competence and responsiveness during the complex process of establishing Uscom's domestic manufacturing facilities, and the first domestically manufactured Uscom devices are expected to be approved for sale in China in the near future. Currently, USCOM 1A is the only Uscom-approved device for domestic manufacture, but if expected cost-efficiencies are achieved, other devices might also be migrated to the new Chinese facility.



Uscom benefits from the Foxconn partnerships

- Partner of scale
- Partnership for manufacturing and R&D
- Chinese local manufacturing solution – access to Chinese markets
- Rapid product development from Uscom's multiple patents
- Accelerated and simplified regulatory pathway
- Supply chain optimization and cost-effective manufacturing
- Increased national and global market access
- Strategic opportunities for international distribution and investment



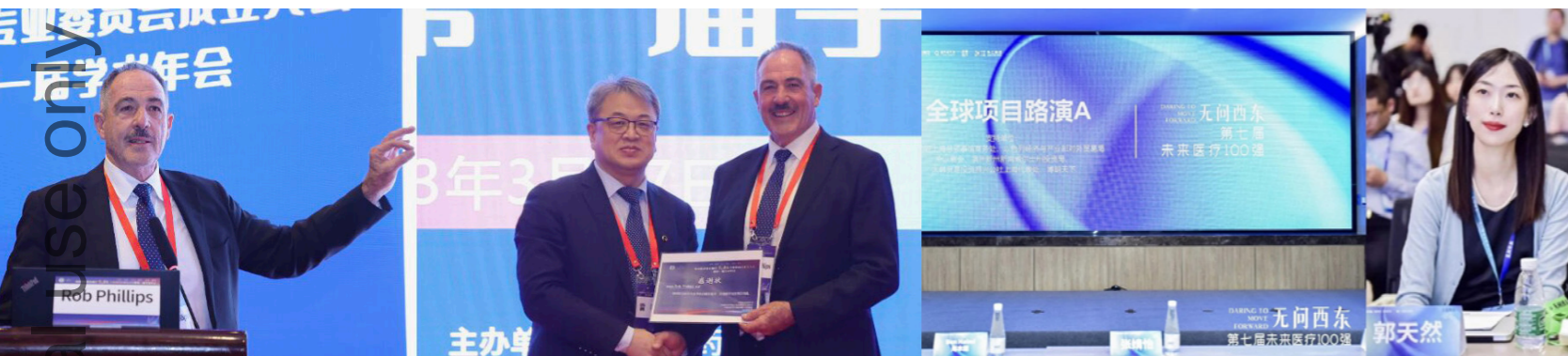
The measure of life.

Foxconn is one of the world's largest technology companies with annual revenue of ~\$300B and approximately 1.5m employees. They manufacture for Apple, Huawei, Xiaomi, Amazon, Sharp, Sony, Toshiba, Google, Microsoft, and Intel plus many others, and manufacture approximately 40% of all consumer electronic sales worldwide.

For Uscom to achieve its global ambitions and as manufacturing becomes increasingly complex and regulated it requires a manufacturing partner of scale to allow the company to specialise on new IP, products and market development. This restructure is a revolution for Uscom and allows the Company to focus on what it does best - innovate.

Operations

Uscom has sector-leading products and has partnered for manufacturing scale and efficiency to accelerate its transition into an international medtech force, as a new generation of technologies enters the development cycle and then reaches global markets. Uscom is expanding from being a medical device developer into a vertically integrated product developer, manufacturing, and distribution enterprise, with market activities extending into SE Asia, China, Europe, the US, and the Rest of World (ROW). Each of these regions has unique regulatory and social requirements and expectations, and Uscom plans to build each jurisdiction into stand-alone operational units, with each targeted for independent profitability. This international model will ultimately provide a powerful and profitable integrated multi-national medtech enterprise. The power and off-balance-sheet value of a global medtech network of scale cannot be overestimated. Here is a summary of activities for FY23.



China

Uscom China is preparing for the transformation to domestic manufacturing, ensuring compliance with the Made-in-China 2025 manufacturing regulations. The company is anticipating expanded sales in China as USCOM 1A is restored to purchasing lists nation-wide. Concurrently, the Australian Government is restoring healthy trade relationships with China, opening increased commercial opportunities for Australian businesses in the country. With the support of the Foxconn partnership, Uscom China expects significant growth as Uscom's wholly-owned subsidiary.

The introduction of new devices and variants of sector-leading technologies will also contribute to additional growth for Uscom China. The approval for manufacture of the three new versions of the USCOM 1A within the next 6 months - The USCOM Basic, USCOM Classic, and the USCOM Advance is expected to significantly change Uscom's market reach in China. Each version will have different specifications and price points, enabling distributors to more aggressively tender against lower-priced devices without undermining the high-specification Classic (USCOM 1A).



South East Asia

SE Asia has an approximately 670 million population and is currently the fastest-growing economic region in the world. It includes the main countries of Singapore, Vietnam, Thailand, Malaysia, Philippines, and Indonesia. Uscom is placing continued emphasis on expanding its focus in SE Asia, with a particular focus on its regional hub in Singapore.

This hub serves as a crucial medtech axis, connecting China, Singapore, and Australia.

It facilitates the selection of innovative and outstanding medtech developments and channels them into Uscom's Chinese manufacturing centers in collaboration with Foxconn.

The products are then distributed through Uscom's expanding global distribution networks.

Strategically, Singapore is a well-established transport hub for imports and exports, offering a potentially lucrative business expansion opportunity for Uscom. It serves as a gateway for facilitating trade between Asia and other parts of the world, enhancing the company's market presence and reach in the region.



Europe

A restructuring of Uscom Europe in January, resulted in the appointment of a new General Manager of Uscom Europe, and a new regional Sales Manager, who aimed at creating a sales-focused culture. This has resulted in a 67% increase in H2 revenue compared to H1, and a 41% increase in annual revenue. It has also significantly expanded our distribution team and sales points throughout Europe.

The US

The USCOM 1A has wide spread adoption in paediatrics and ICU in the US and recently has increased its influence in the application of maternal hypertension. These markets continue to provide a background revenue from the US as the BP+ and SpiroSonic devices receive regulatory approval and distribution support.



While Europe remains unpredictable due to the Russian war, Uscom Europe's high-fidelity SpiroSonic digital lung function testing technology is undergoing significant global expansion. As the developers of the world's leading digital ultrasonic spirometers, we are optimistic about continued growth in the foreseeable future, as markets expand from clinics to include home care and eHealth applications.

The SpiroSonic AIR has finally received FDA certification, and we are now developing new pathways to enter the expanding lung function testing market. Our Koneksa digital health partnership continues to develop, with several exciting pharma projects currently in progress, and underlying demand continuing to grow.



Products

The measure of life.

Uscom Technology

Uscom has maintained an outstanding reputation for developing world-leading cardiovascular and pulmonary products, and throughout FY23 the company continued its efforts to create new intellectual property and devices while enhancing its existing range of specialized circulatory monitoring technologies. The primary focus of Uscom remains on the high-end critical care, hospital, and research market sectors, with its key products being the USCOM 1A cardiovascular monitor, the BP+ suprasystolic oscillometric blood pressure vascular health devices, and SpiroSonic lung function technologies.

USCOM 1A CV-2

The USCOM 1A technology underwent a transformation during this year with the release of an entirely new software platform, incorporating numerous processing and storage improvements, along with several new parameters, displays, and enhanced reporting facilities. The development of the CV-2 technology took three years, and resulted in 253 new enhancements to the software and the addition of 13 new parameters for measures of cardiovascular function. This further supports the "the measure of life" as the USCOM 1A marketing line.

Uscom BP+

The inadequacies of current BP monitoring are increasingly being recognized, and the roles of central BP and the unique parameters of the BP+ are finding applications in clinical and research settings. The BP+ Reporter stands as the most advanced technology for BP and pulse pressure wave analysis, setting the standard against which others are measured. Uscom is actively working on developing new variants and enhanced capabilities for its BP+ products, as well as creating a cloud-based service that will enable the delivery of the world's best BP monitoring technology to patients globally, with oversight from top clinicians anywhere in the world. The marketing line for BP+ technology is "Hypertension; more than just blood pressure".



16-17



SpiroSonic AIR

The SpiroSonic AIR is a unique technology based on digital transit-time ultrasound, featuring enhanced wireless and internet connectivity that allows clinicians to interface with a number of proprietary Apps and software platforms utilizing AI, IO and WITMED for auto-diagnostics.

The marketing line for SpiroSonic technology is "For every breath you take".

eHealth

Uscom technologies lead the sector by providing high-fidelity digital data, which profiles cardiovascular and pulmonary function in a novel way, forming the foundation of eHealth. Leveraging the internet and cloud-based consolidation of these measures enables AI, IO, and WITMED analysis. This paves the way for a new era of telemetric medicine, allowing patients to receive the highest level of care remotely, often in the comfort of their own homes. The accessibility of this data to world-leading diagnostic specialists provides cost-effective and cutting-edge diagnostic and therapeutic medicine to all, and is expected to set the trend in healthcare over the next 10 years.

Uscom is actively developing its own system of Blue Sky eHealth storage and analysis and also partnering with others who are keen to utilize Uscom's high-fidelity front-end sensors to bolster their own digital system offerings.



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IP and Science

Uscom Patents

Uscom currently has a number of patents in the process of acceptance in multiple jurisdictions worldwide. While the company's patent strategy has been conservative, recent changes in Chinese IP laws and their enforcement for protecting new IP have encouraged Uscom to develop an expanded suite of medtech patents. These patents will support the creation of products for global sale and will be safeguarded by legislation. With approximately 200 patents, trademarks, and copyrights worldwide, Uscom is diligently navigating them through global patent bodies.

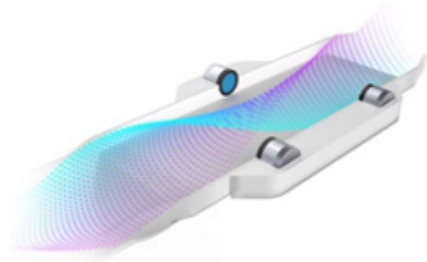
Our current lead patents include:

- Thermometric normalisation of blood pressure: This patent provides commercial protection for a method that further improves current blood pressure monitoring methods, with universal applications in hypertension measurement and monitoring
- SpiroSonometry: This patent covers a variety of new signal methods and feedback incentives for patient guidance and spoken instruction during spirometry. It has applications in asthma, COPD, and COVID-related care
- Ventilator calibration technology (Ventitest): This patent covers a simplified and improved method for accurate ultrasonic calibration of ventilator function, serving as a modular addition to any ventilator

These patents will complement Uscom's existing portfolio of IP submissions worldwide, which can be rapidly converted into new and current products through the collaboration with the company's manufacturing partner, Foxconn

Science

Uscom maintains its position as a scientific leader, with FY23 witnessing the company's continued leadership in the field. With approximately 1000 peer-reviewed publications supporting the effectiveness of Uscom's applications, the company's devices are making significant contributions across various disciplines of clinical care in pediatrics, ICU, and maternal health are the most common clinical applications, covering fluid management, hypertension, heart failure, cancer care, asthma, and COPD. These conditions collectively account for approximately 75% of global mortality, demonstrating the ongoing utility and importance of Uscom devices in the medical landscape.



Commercial Value

Uscom has maintained its operational expansion as it pursues its long-term growth goals implementing an evolving global strategy by investing in future growth during an uncertain and volatile period. However share markets have struggled, and the disconnect between value and price has never been greater creating investor opportunity for those with vision. This is particularly so in the Australian Medtech sector where excellent stocks have been overlooked as waves of fear and uncertainty have ensured investors have been driven by risk-led trading.

The commercial value of Uscom centres on:

- Multiple products in the high-value cardiovascular and pulmonary MedTech sector.
- A substantial IP portfolio (~200)
- Global partnerships and revenue
- An integrated global transfer pricing accounting system
- Wholly owned Chinese enterprise
- A manufacturing and R&D partnership with Foxconn
- Technology, with intermittent cash flow break-even, and cash in the bank

Uscom has invested in change during the last two difficult years and is set to yield from its strategic investment as global markets recover. The signs from Q4 of FY23 are certainly positive.

The measure of life.



Progress in Pediatric Cardiology

Volume 70, September 2023, 101658



Comparison of the effectiveness of USCOM and echocardiography in assessing cardiac output on pediatric patients with shock

David Soeliongan Waworuntu^a, Hans Natanael^a, Erling David Kaunang^a, Stefanus Gunawan^a, Jose Meky Mandei^a, Fima Lanra Fredrik Gerald Langi^b, Fahrul Nurkolis^c



Growth Drivers FY2024

1. Foxconn partnership – The ongoing manufacturing and R&D partnership with Foxconn, the world's largest precision electronics manufacturer, remains a key driver. The collaboration is progressing as the company proceeds through the NMPA process, and will spill over into improved distribution both in China and internationally
2. New Products and IP: Uscom continues to innovate, developing new products and registering them for regulatory approval in various global jurisdictions, and will spill over into improved quality of distribution both in China and internationally. This commitment to research and development ensures a pipeline of cutting-edge technologies, and supported by an expert product development team the time to market can be accelerated and will mesh with the globally expanded distribution network
3. Singapore Regional HQ: With the expansion of the regional headquarters in Singapore, Uscom aims to tap into the world's largest and fastest-growing markets. The increasing activities of a regional sales marketing and business development manager further supports market expansion efforts in this region
4. Expanding distribution: Uscom is actively expanding its distribution networks in key regions, including China, Southeast Asia, Europe, and the US. This strategic move enhances the company's reach and customer base, and is founded on the confidence of manufacturing supply, a current challenge for enterprises worldwide
5. Strategic Partnership Opportunities: As international markets rebound, Uscom is well-positioned to explore and capitalize on strategic corporate partnership opportunities. These collaborations can further fuel growth and market penetration



China

China constitutes our primary market, contributing approximately 70% of our global sales during normal times. The zero COVID policy and the Made In China 2025 policy reduced China sales revenue by 50% and substantially explained curtailed growth in FY23. However, China has responded positively in Q4 with record sales, and the market is poised for rapid growth as normal demand returns and medical markets are restored. Once our USCOM 1A NMPA approval is received, our pipeline of device orders is expected to flow. The activation of the Foxconn domestic manufacturing partnership ensures supply chain optimization and manufacturing cost efficiency, and planned to support this increased demand. This partnership is also expected to create new opportunities for product development and distributing and selling current and new devices both in China and internationally. The improving geopolitical relationship between Australia and China further bodes well for enhanced partnership and trade opportunities between the two countries. Despite this optimism there are risks that the Chinese economy may not rebound as rapidly as expected and the rebounding health market may be slowed.



Risks Global Markets

Macro-economic headwinds with persistent trade wars, currency wars, the Russian war representing ongoing risks for global enterprises. High and volatile interest rates, inflation for eign exchange volatility and oil prices all combine to create a challenging and unpredictable marketplace.

Uscom addresses this volatility by diversifying into various markets, offering multiple products, and collaborating with various partners. While mitigating global volatility is a complex endeavor, Uscom has established a risk control strategy as part of its transition into global expansion. Increased scale, higher sales, and enhanced technology and intellectual property all contribute to mitigating risk in the face of unforeseeable changes in the global markets.



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Distributors

Distribution is paramount for achieving sales and revenue; enterprises like Uscom rely on diligent and capable distribution partners, who are often of smaller scale. These partners might not always achieve the sales volumes or revenue commitments, particularly in challenging times making operational forecasts challenging. As Uscom expands, it is anticipated that the quality and scale of distribution will improve, leading to organic revenue growth and more predictable sales.



Regulatory

Regulatory certification is becoming rapidly more intricate, costly, and time-consuming across all jurisdictions. Uscom is increasingly assuming its own regulatory management by directly employing regulatory specialist within the company. The partnership with Foxconn, along with their extensive team of manufacturing experts, further supports this strategy, reducing time for approvals and by-passing expensive and less reliable outsourcing.

Key Personnel

Uscom is a high-technology enterprise, and relies on a small yet skilled team to ensure and manage ongoing rapid growth, as well as to develop new products and concepts. The departure of key personnel from the organization could potentially negatively impact operations.

To mitigate this risk, Uscom is committed to building scale and bringing critical skill sets in-house, particularly within Uscom China and Uscom Europe, as a safeguard against these potential risks. In addition the out-sourcing of device development and manufacture which can be performed by Foxconn will act to accelerate timelines and limit product development and manufacturing risks.

Other Risks

Competitive risks, patent breaches, and scale-up stress pose potential threats to Uscom's growth expectations. These challenges could all potentially impact cash flow and equity adequacy, necessitating the focused attention of management. Management are continuously monitoring operational activity and cash flow to detect any changes and ensure financial predictions remain supported by market conditions.



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Corporate Social Responsibility



Australia is the extinction capital of the world and over the last 15 years the list of threatened species has increased by 36%. Critically 87% of Australia's mammal species, 93% of our reptiles, 94% of our frogs, and 45% of our bird species are found only in Australia, so if they are lost from Australia, they are extinct. The Australian Wildlife Conservancy (AWC) is working to redress Australia's tragic record, and every Australian should proudly support them in their scientifically directed strategy to improve the environment and increase the survival of Australia's unique plants and animals.

Uscom supports the vital national activities of the AWC - www.australianwildlife.org

Rob Phillips personally supports AWC on behalf of Uscom Limited

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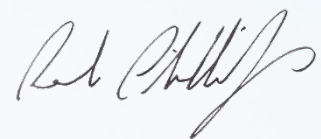
Summary

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Uscom concluded FY23 with record levels of sales and revenue, and while the first half of the year was challenging, Uscom's strategy was validated by the late-year revitalization of international markets. This enabled Uscom to ride the first wave of global rebound growth, leading to robust financial results.

The operational optimization of Europe, the restoration of normal operations in China, the approval of new products worldwide, and the rebounding global markets are predicted to create aligning drivers for the business and establish a strong platform for Uscom's ongoing growth in FY24.

This rare combination of international tailwinds for an established and de-risked medical device technology enterprise offers astute investors growth opportunities that we are all eagerly looking forward to in FY24.



Professor Rob Phillips
Uscom Chairman and CEO

Directors Report

The Directors present their report on Uscom Ltd and its Controlled Entities for the financial year ended 30 June 2023. 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 Rob Phillips
Chairman and Executive Director

Rob Phillips is the founder of Uscom Ltd, and the Chief Executive Officer, Chairman and Chief Scientist of the Company. Rob has 20 years experience in corporate management since taking Uscom public in 2003, and has taken the company global with regional head quarters in Singapore, Beijing and Budapest with offices in Delaware. Rob has a PhD and MPhil in Cardiovascular Medicine from The University of Queensland where he is an Adjunct Associate Professor of Medicine.



Mr Christian Bernecker
Non-executive Director

Mr Christian Bernecker is a Non-Executive Director of Uscom Ltd since November 2011. Christian 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 Brett Crowley
Non-executive Director and Company Secretary

Brett Crowley was appointed as a Non-Executive Director of Uscom Ltd on 23 August 2018. 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.



Mr Xianhui Meng
Non-executive Director

Xianhui Meng is an experienced international value investor, with qualifications in economics, engineering management and business administration. Mr Meng has 10 years experience as a China government departmental head, and 20 years experience as the Executive Manager and Executive Director of a HK Listed Chinese Pharma specialising in sales and distribution. Mr Meng brings both his international corporate management and strategic skills to the Uscom Board.

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Company secretary

Brett Crowley

Meetings of Directors

Directors	Board of Directors	
	Meetings held while a Director	No. of meetings attended
R A Phillips	5	5
C Bernecker	5	5
B Crowley	5	5
X Meng	5	5

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 regional headquarters and 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 products primarily in the United States, and owns 100% of Uscom Kft, a company that manufactures respiratory devices based in Hungary. Uscom Ltd owns 100% of Beijing Uscom Consulting Co. Ltd, a company that manages and sells Uscom products in China.

Operating result

The loss of the Company after providing for income tax amounted to \$2,590,888 (2022: \$1,972,313).

Dividends

No dividends were declared or recommended for the financial year ended 30 June 2023 (2022: 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 investor page of Uscom Limited’s website www.uscom.com.au/for-investors.

Operating and financial review

The operating and financial review is stated per the Chairman’s letter on pages 3-26.

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

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Indemnity of auditors

To the extent permitted by law, the Company has not agreed to indemnify its auditors, BDO Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit [for an unspecified amount]. No payment has been made to indemnify BDO Audit Pty Ltd during or since the financial year.

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 Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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

Non-audit services

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

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 60 for details of auditors' remuneration.

The auditor's independence declaration as required under section 307C of the Corporation Act is set out on page 36.

BDO Audit Pty Ltd 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

Christian Bernecker, Non-Executive Director
Brett Crowley, Non-Executive Director
Xianhui Meng, Non-Executive Director

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 Company 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 Uscom Ltd and its Controlled Entities
- 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 performance reviews.

Non-Executive Directors

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

As at the date of this report the maximum aggregate remuneration payable out of the funds of the Entity to Non-Executive Directors of the Company for their services as Directors including their service on a committee of Directors is \$155,000 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 Company does not provide any other non-cash benefits in lieu of base salary to Executives.

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

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

Fixed remuneration

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

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- 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 three 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 Company has sufficient market traction.

Termination

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

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

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

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

Service contracts have been entered into by the Company with non-executive directors, describing the components and amounts of remuneration applicable on their initial appointment. These contracts are at fixed fees for their service.

Service contracts have been entered into by the Company with key management personnel, describing the components and amounts applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Board of Directors to align with changes in job responsibilities and market salary expectations. All contracts are for an ongoing period.

Key management personnel remuneration

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2023.

	Short term benefits			Post-employment benefits	Long term benefits	Equity	Total remuneration	Performance related
	Directors' Base Fee	Base salary	Annual leave cash out	Annual leave accrued	Superannuation	Long service leave	Share-based payment	
	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Director								
C Bernecker	38,325	-	-	-	-	-	38,325	-
B Crowley	34,959	-	-	-	3,670	-	38,629	-
X Meng	-	-	-	-	-	-	-	-
Executive Director								
R Phillips	-	250,755	16,797	3,214	-	695	439,183	38.2%
Senior Executive								
N Schicht	-	220,000	-	58,975	23,100	18,218	320,294	-
Total	73,284	470,755	16,797	62,189	26,770	18,913	836,430	20.1%

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Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2022.

	Short term benefits				Post-employment benefits	Long term benefits	Equity	Total remuneration	Performance related
	Directors' Base Fee \$	Base salary \$	Annual leave cash out \$	Annual leave accrued \$	Superannuation \$	Long service leave \$	Share-based payment \$	\$	%
Non-Executive Director									
C Bernecker	38,325	-	-	-	-	-	-	38,325	-
B Crowley	34,959	-	-	-	3,495	-	-	38,454	-
X Meng	-	-	-	-	-	-	-	-	-
Executive Director									
R Phillips	-	250,755	56,407	-	-	15,687	220,966	543,815	40.6%
Senior Executive									
N Schicht	-	210,000	-	52,257	21,000	8,640	49,600	341,497	14.5%
Total	73,284	460,755	56,407	52,257	24,495	24,327	270,566	962,091	28.1%

Equity Incentive Plan

The Company 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 objective of the EIP is to provide reward and incentive to valuable personnel while preserving cash.

The purpose of the Plan is to:

- provide Eligible Persons with an incentive plan which rewards 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 Company 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 2022 No.	During FY2023 No.	During FY2023 No.	During FY2023 No.	30 June 2023 No.	30 June 2023 No.	30 June 2023 No.
Non-Executive Director							
C Bernecker	-	-	-	-	-	-	-
B Crowley	-	-	-	-	-	-	-
X Meng	-	-	-	-	-	-	-
Executive Director							
R Phillips (a)	1,636,782	3,164,557	(1,636,782)	-	3,164,557	-	3,164,557
Senior Executive							
N Schicht (b)	550,000	-	-	-	550,000	350,000	200,000
Total	2,186,782	3,164,557	(1,636,782)	-	3,714,557	350,000	3,364,557

Further details of the options and rights are disclosed in Note 19 of the financial statements.

Details of rights outstanding as at end of year

Holder's No.	Grant date	Exercisable at 30 June 2023 %	Vesting date	30 June 2023 Outstanding Right No.	Exercise Price \$	Issued date fair value \$
1 (Executive)	26-Nov-14	100%	1 July 2020	150,000	0.00	0.190
	24-Aug-21	100%	1 July 2022	200,000	0.00	0.145
	01-Apr-22	0%	1 July 2023	200,000	0.00	0.098
Total				550,000		

(a) 3,164,557 Indeterminate rights were issued to Rob Phillips on the terms and conditions approved by shareholders at the AGM on 10 November 2022 under the Equity Incentive Plan, vesting dependent on performance hurdles on 1 July 2023. Consideration payable upon vesting is \$nil. Upon meeting the performance hurdles, total of 3,164,557 were exercised on 7 July 2023 after the reporting date.

(b) 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. 300,000 were exercised on 28 August 2020 and remaining balance is 150,000 as the reporting date. 200,000 performance rights were granted to Nick Schicht on 24 August 2021 and 200,000 on 1 April 2022 under the Equity Incentive Plan, vesting dependent on performance hurdles on 1 July 2022, and 1 July 2023. Consideration payable upon vesting is \$nil.

Number ordinary shares held by Directors and Senior Executives

	Balance 01 July 2022 No.	Received as Remuneration No.	Options/Rights Exercised No.	Subscribed as Non-Renounceable Rights Issue No.	Purchased on market No.	Balance 30 June 2023 No.
Non-Executive Director						
C Bernecker	-	-	-	-	-	-
B Crowley	200,000	-	-	-	-	200,000
X Meng	42,718,650	-	-	-	-	42,718,650 ⁽¹⁾
Executive Director						
R Phillips	41,863,296	-	1,636,782	569,302	-	44,069,380 ⁽²⁾
Senior Executive						
N Schicht	720,463	-	-	-	-	720,463 ⁽³⁾
Total	85,502,409	-	1,636,782	569,302	-	87,708,493

*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 Smart Top Overseas Limited managed by Citicorp Nominees Pty Limited.

(2) R Phillips subscribed 569,302 ordinary shares on 12 April 2023 under non renounceable right issue.

(3) 5,000 of these ordinary shares are held by a family associate.

Additional Information

The earnings of the Company for the five years to 30 June 2023 are summarised below:

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Sales Revenue	2,664,166	2,509,684	3,858,081	3,479,758	2,844,138
Loss after income tax	(2,590,888)	(1,972,313)	(924,243)	(1,331,335)	(1,389,398)

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

	2023	2022	2021	2020	2019
Share Price at financial year end (\$)	0.05	0.07	0.16	0.22	0.14
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings declared (cents per share)	(1.5)	(1.1)	(0.6)	(0.9)	(1.0)

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.

A handwritten signature in black ink, appearing to read "Rob Phillips", written over a faint circular watermark.

Professor Rob Phillips
Chairman
17 August 2023

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Financial Report

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AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY TINA HAN TO THE DIRECTORS OF USCOM LIMITED

As lead auditor of Uscom Limited for the year ended 30 June 2023, 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 period.



Tina Han
Director

BDO Audit Pty Ltd
Sydney
17 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	3	2,664,166	2,509,683
Other Income	3	492,059	743,895
Raw materials and consumables used		(418,703)	(344,474)
Expenses from continuing activities	4	(5,294,150)	(4,848,973)
Loss before income tax		(2,556,628)	(1,939,869)
Income tax expense	5	34,260	32,444
Loss after income tax	6	(2,590,888)	(1,972,313)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference for foreign operations, net of tax		28,466	(11,354)
Other comprehensive income for the year, net of tax		28,466	(11,354)
Total comprehensive (loss) for the year		(2,562,422)	(1,983,667)
Attributable to:			
Owners of the Company		(2,562,422)	(1,983,667)
Total comprehensive (loss) for the year		(2,562,422)	(1,983,667)
Earnings per share attributable to the owners of the Company			
Earnings per share (EPS)			
Basic earnings per share (cents per share)	7	(1.5)	(1.1)
Diluted earnings per share (cents per share)	7	(1.5)	(1.1)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	8	2,178,740	4,704,185
Trade and other receivables	9	367,890	340,075
Inventories	10	753,758	872,117
Tax asset	11	441,533	395,709
Total current assets		3,741,922	6,312,086
Non-current assets			
Other assets	12	83,456	83,456
Plant and equipment	13	37,842	46,748
Intangible assets	14	497,947	477,010
Right-of-use assets	15	818,944	1,073,640
Total non-current assets		1,438,190	1,680,853
Total assets		5,180,112	7,992,940
Current liabilities			
Trade and other payables	16	764,483	478,164
Provisions	17	187,706	197,368
Lease liabilities	15	262,783	220,466
Total current liabilities		1,214,971	895,998
Non-current liabilities			
Provisions	17	92,309	70,100
Lease liabilities	15	828,804	1,091,586
Total non-current liabilities		921,112	1,161,686
Total liabilities		2,136,083	2,057,684
Net assets		3,044,029	5,935,256
Equity			
Issued capital	18	38,509,140	39,136,673
Reserves	19	4,038,458	3,711,264
Accumulated losses	6	(39,503,569)	(36,912,681)
Total equity		3,044,029	5,935,256

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

	Issued Capital \$	Options and rights Reserve \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 July 2021	34,665,560	3,268,249	(34,940,368)	84,157	3,077,598
Loss for the year	-	-	(1,972,313)	-	(1,972,313)
Other comprehensive income	-	-	-	(11,354)	(11,354)
Total Comprehensive Income for the year	-	-	(1,972,313)	(11,354)	(1,983,667)
Transactions with Owners in their capacity as owners:					
Shares issued (Note 18)	4,359,074	-	-	-	4,359,074
Transaction costs on shares issued (Note 18)	(54,862)	-	-	-	(54,862)
Share-based payments (Note 18) (Note 19)	166,900	370,212	-	-	537,112
Balance at 30 June 2022	39,136,673	3,638,461	(36,912,681)	72,804	5,935,256
Loss for the year	-	-	(2,590,888)	-	(2,590,888)
Other comprehensive income	-	-	-	28,466	28,466
Total Comprehensive Income for the year	-	-	(2,590,888)	28,466	(2,562,422)
Transactions with Owners in their capacity as owners:					
Shares issued - Equal Access Buy Back (Note 18)	(619,679)	-	-	-	(619,679)
Transaction costs on shares issued (Note 18)	(22,854)	-	-	-	(22,854)
Share-based payments (Note 18) (Note 19)	15,000	298,728	-	-	313,728
Balance at 30 June 2023	38,509,140	3,937,189	(39,503,569)	101,269	3,044,029

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,862,711	2,765,275
Interest received		55,421	21,239
Interest expense (lease)	15	(89,964)	(74,054)
Interest expenses (other)		(723)	(4,670)
Payments to suppliers and employees (inclusive of GST)		(4,636,540)	(4,365,953)
Grant and other income received		385,073	690,648
Net cash (used in) operating activities	21	(1,424,022)	(967,515)
Cash flows from investing activities			
Purchase of patents and trademarks	14	(134,747)	(109,487)
Purchase of plant and equipment	13	(17,190)	(5,826)
Net cash used in investing activities		(151,937)	(115,313)
Cash flows from financing activities			
Proceeds from issue of shares and options	18	-	4,359,075
Payments for Equal Access Share Buy-Back	18	(619,679)	-
Payment of lease (Principal)	15	(310,430)	(255,313)
Share issue costs	18	(22,854)	(54,862)
Net cash provided by/(used in) financing activities		(952,962)	4,048,900
Net increase/(decrease) in cash held		(2,528,922)	2,966,072
Cash and cash equivalents at the beginning of the year		4,704,185	1,710,554
Exchange rate adjustment for opening balance		3,477	27,559
Cash and cash equivalents at the end of the year	8	2,178,740	4,704,185

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

Note 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report covers the Company of Uscom Ltd and its Controlled Entities. Uscom Ltd is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board ["AASB"] and the Corporations Act 2001, as appropriate for-profit oriented entities.

(i) Statement of compliance

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ["IASB"].

(ii) Historical cost convention

- The financial report has been prepared on an accrual basis under the historical cost convention.
- The financial report is presented in Australian dollars, which is the Parent Company's functional and presentational currency.
- The financial statements have been approved and authorised for issue by the Board of Directors on the 17 August 2023.

Going concern

The Company incurred an operating cash outflow of \$1,424,022 during the year ended 30 June 2023 (2022: outflow \$967,515). The total comprehensive loss for the year ended 30 June 2023 was \$2,546,319 (2022: \$1,983,667) and the cash on hand as at 30 June 2023 was \$2,178,740 (2022: \$4,704,185).

The Company's forecasts and projections for the next twelve months take into account the current status, operational changes and projected future trading performance, and indicate that, in the directors' opinion, the Company will be able to operate as a going concern. The timing and sales volumes may vary from those forecast by management, however, this forecast is reliant upon the receipt of the regulatory approvals from China and the successful securement of various large customer contracts. Both conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As such the timing of operating cash flows may differ to those forecast by management. Should the timing of operating cash flow be significantly different to those forecast the Company may need to seek alternative financing to enable it to settle its liabilities as they fall due.

Notwithstanding the above, the Directors have historically been successful in obtaining financing through equity raises and are actively managing the expenditure of the company to ensure that cash is maintained whilst executing the strategy and are confident that should the need arise further funding can be raised through either debt or equity.

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

Principles of consolidation

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

A list of Controlled Entities is contained in Note 23 to the financial statements. All Controlled Entities have a June financial year-end.

All inter-company balances and transactions between Entities in the Company, 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 policies applied by the Parent Entity.

On consolidation, the assets and liabilities of the Company'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.

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.

New accounting standards and interpretations

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. These standards, amendments or interpretation are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2: Critical Accounting Estimates and Judgements

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 company.

Key estimates – valuation of intangible and other non-current assets

The impairment tests are performed at the level of operating segments. The criteria used for these evaluations include management's estimate of the asset's continuing ability to generate positive income from operations and positive cash flow in future periods compared to the carrying value of the asset, as well as the strategic significance of any identifiable intangible asset in the business objectives. If assets are considered to be impaired, impairment expenses recorded for the amount by which the carrying value of the assets exceeds their fair value. Factors that would influence the likelihood of a material change in the reported results include significant changes in the asset's ability to generate positive cash flow, a significant decline in the economic and competitive environment on which the asset depends, significant changes in the strategic business objectives, utilisation of the asset, and a significant change in the economic and/or political conditions in certain countries.

Key estimates – valuation of employee share option plan shares

At each reporting date, the entity revises its estimate of the number of rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, is recognised in profit or loss with a corresponding adjustment to equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the shares or options.

Key Judgements - research and development claim

Judgement is required in determining the amount of grant revenue relating to the research and development claim. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be subject to change. The company calculates its research and development claim based on the company's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit or loss in the year in which such determination is made.

Note 3: Revenue and other income

	2023	2022
	\$	\$
Operating revenue		
Sale of products	2,590,461	2,443,350
Services revenue	73,705	66,333
	2,664,166	2,509,683
Other income		
Grants - R&D incentive	429,073	395,346
Grants – Others	-	91,150
COVID-19 Government subsidies	-	130,851
Foreign exchange gain	-	36,004
Interest received	55,383	23,417
Sundry income	7,604	67,127
Total other income	492,059	743,895
Total revenues and other income from continuing operations	3,156,225	3,253,578

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows

	Australia \$	Asia \$	Americas \$	Europe \$	Consolidated \$
2023					
Sales of products	740,957	895,745	40,073	913,687	2,590,461
Services revenue	17,330	-	1,412	54,963	73,705
Total	758,287	895,745	41,485	968,650	2,664,166
Goods transferred at a point in time	740,957	895,745	40,073	913,687	2,590,461
Services transferred over time	17,330	-	1,412	54,963	73,705
Total	758,287	895,745	41,485	968,650	2,664,166
2022					
Sales of products	186,788	1,110,301	329,383	816,878	2,443,350
Services revenue	13,051	1,818	898	50,567	66,333
Total	199,839	1,112,119	330,280	867,445	2,509,684
Goods transferred at a point in time	186,788	1,110,301	329,383	816,878	2,443,350
Services transferred over time	13,051	1,818	898	50,567	66,333
Total	199,839	1,112,119	330,280	867,445	2,509,684

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).

- **Sale of goods**
Revenue from the sale of goods is recognised when control of the products has transferred, being the point in time when the products are delivered to the customer's specified location, the amount of revenue can be measured reliably, and it is probable that payment will be received by the Company.
- **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.
- **Research and developments tax incentive**
R&D tax incentives are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the rebates will be received. R&D tax incentives are recognised as income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the rebates are intended to compensate.

Note 4: Expenses from continuing activities

	2023 \$	2022 \$
Depreciation and amortisation expenses	144,081	160,338
Depreciation – right-of-use assets	238,593	255,314
Employee benefits expense	2,888,595	2,959,533
Research and development expenses	48,592	43,305
Advertising and marketing expenses	953,544	662,706
Occupancy expenses	36,814	6,630
Auditors remuneration (audit and review)	106,800	93,950
Regulatory expenses	234,938	188,193
Administrative expenses	510,003	400,281
Exchange losses	29,273	-
Finance costs	102,917	78,723
Total expenses from continuing activities	5,294,150	4,848,973

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 17 for details on provisions for employee benefits. Share based expenses of \$352,275 in 2023 contents equity reserves \$313,728 (2022: \$537,112) are included in employee benefits expenses above.

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.

Note 5: Income tax

	2023 \$	2022 \$
Major components of income tax		
Current income tax	34,260	32,444
Income tax expense	34,260	32,444
Reconciliation between income tax credit and prima facie tax on accounting loss		
Accounting loss before income tax	(2,556,628)	(1,937,869)
(Tax benefit) at 25% in Australia, 28% in USA, 11% in Hungary, 25% in China and 17% in Singapore (2022: 25% in Australia, 28% in USA, 11% in Hungary, 25% in China and 17% in Singapore)	(551,819)	(463,197)
Tax effect on non-taxable income and non-deductible expenses	230,937	279,070
Temporary differences not brought to account	50,839	49,256
Deferred tax assets on tax losses not brought to account	304,303	167,314
Income tax expense	34,260	32,444

The Company currently has carried forward losses of \$22.1m (2022: \$20.7m). Potential deferred tax assets attributable to tax losses carried forward for the Company, have not been brought to account as the directors believe it is not appropriate to regard realisation of the deferred tax asset as probable. The benefit will only be obtained if:

- The Company derives future assessable income of a nature and amount sufficient to enable the benefits from the deductions for the losses to be realised;
- The Company continues to comply with the conditions for deductibility imposed by the law;
- The losses are available under the continuity of ownership or same business tests;
- No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

The table below has summarised the tax losses estimate derived from different jurisdictions.

	Australia \$	USA \$	Hungary \$	China \$	Singapore \$	Total \$
2023						
Tax losses	18,571,351	1,403,872	629,458	356,417	1,023,887	21,984,985
Tax credit	4,642,838	392,854	69,240	89,104	174,061	5,368,097
2022						
Tax losses	18,383,537	1,404,799	511,535	(71,043)	467,441	20,696,269
Tax credit	4,595,884	393,113	56,269	(17,761)	79,465	5,106,970

Note 6: Accumulated Losses

	2023 \$	2022 \$
Accumulated losses at the beginning of the financial year	(36,912,681)	(34,940,368)
Loss for the year	(2,590,888)	(1,972,313)
Accumulated losses at the end of the financial year	(39,503,569)	(36,912,681)

Note 7: Earnings per share

	2023	2022
	\$	\$
Loss after tax used in calculation of basic and diluted EPS	(2,590,888)	(1,972,313)
Weighted average number of ordinary shares during the year used in calculation of basic EPS	173,340,851	171,740,712
Weighted average number of options outstanding	-	-
Weighted average number of rights outstanding	1,447,167	1,063,834
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	174,788,018	172,804,546
Basic earnings per share (cents per share)	(1.5)	(1.1)
Diluted earnings per share (cents per share)	(1.5)	(1.1)

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

Note 8: Cash and cash equivalents

	2023	2022
	\$	\$
Cash on hand		
Bank: Cheque accounts	1,808,299	1,641,558
Bank: Cash management	70,441	47,405
Bank: Term deposits	300,000	3,015,222
Total cash and cash equivalents	2,178,740	4,704,185

Cash at bank and on hand bears floating interest rates. The interest rate relating to cash and cash equivalents for the year was between 3.25% and 4.37% (2022: between 0.05% and 0.45%)

Note 9: Trade and other receivables

	2023	2022
	\$	\$
Current		
Trade receivables (a)	134,384	220,654
Other receivables (b)	233,506	119,421
Total current receivables	367,890	340,075

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.

a. Past due but not impaired and impairment of receivables

Trade receivables are non-interest bearing and on an average of 45-day terms. Customers with balances past due without provisions for impairment of receivables amount to \$Nil as at 30 June 2023 (\$Nil as at 30 June 2022). The company has recognised a loss of \$NIL (2022: \$NIL) in profit and loss in respect of impairment of receivables for the year ended 30 June 2023.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The ECL assessment completed by the Company as at 30 June 2023 has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Company (2022: \$Nil).

b. Other receivables

These amounts related to prepayments, accrued interest and net GST refunds receivable. None of these receivables are impaired or past due but not impaired.

c. Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

Information about the company's exposure to fair value and credit risk in relation to trade and other receivables is provided in Note 22.

Note 10: Inventories

	2023	2022
	\$	\$
Current inventories at cost		
Raw materials	613,911	669,765
Finished products	139,847	202,352
Total inventories	753,758	872,117

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 Company. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories generally have no expiry dates. However various factors affect the assessment of recoverability of the carrying value of inventory including regulatory approvals and future demand for the Company's product. These factors are taken into consideration in determining the appropriate level of provisioning for inventory. Nil provision provided for 30 June 2023 (Nil: 30 June 2022).

Note 11: Tax asset

	2023	2022
	\$	\$
Income tax credit	2,533	709
R & D tax incentive	439,000	395,000
Total tax asset	441,533	395,709

Income tax

Income taxes are accounted for using the Balance Sheet liability method whereby:

- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expenses except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is 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 Company 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

The Company is eligible for a research and development (R&D) grant which is received on an annual basis after the Australia Tax Office processes the Company's tax return. The amount of R&D grant receivable is accrued based on eligible expenses incurred during the respective financial year.

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Note 12: Other assets

	2023	2022
	\$	\$
Non-Current		
Bank guarantee	83,456	83,456
Total other non-current assets	83,456	83,456

The parent entity has provided a guarantee in respect of obligations under premises lease of \$83,456 (2022: \$83,456).

Note 13: Plant and equipment

	2023	2022
	\$	\$
Plant and equipment at cost	740,472	736,781
Accumulated depreciation – including foreign exchange impact	(717,777)	(708,701)
	22,695	28,080
Office furniture and equipment at cost	186,303	192,537
Accumulated depreciation – including foreign exchange impact	(184,620)	(179,448)
	1,683	13,089
Computer software at cost	67,797	36,278
Accumulated depreciation – including foreign exchange impact	(55,723)	(32,924)
	12,073	3,354
Low value asset pool at cost	38,542	38,542
Accumulated depreciation – including foreign exchange impact	(37,151)	(36,317)
	1,391	2,225
Total plant and equipment	37,842	46,748

Movements in carrying amounts	Plant and equipment	Office furniture and equipment	Computer software	Low value asset pool	Total
Useful life	2-7 years	2-7 years	3 years	3 years	
	\$	\$	\$	\$	\$
Company					
Carrying amount at 1 July 2022	28,080	13,089	3,354	2,225	46,748
Additions	(3,605)	(10,784)	31,580	-	17,190
Disposals	-	-	-	-	-
Depreciation expense	(5,701)	(941)	(22,794)	(836)	(30,272)
Effects of foreign currency exchange differences	3,921	319	(66)	1	4,175
Carrying amount at 30 June 2023	22,695	1,683	12,073	1,391	37,842

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	20% - 25%
- Office Furniture & Equipment	20%
- Computer Software	25%
- Low Value Pool	37.5%

Note 14: Intangible assets

	2023 \$	2022 \$
Non-current		
Patents at cost	2,246,814	2,112,066
Accumulated amortisation	(1,748,867)	(1,635,056)
Impairment	-	-
Carrying amount at 30 June	497,947	477,010
Regulatory approvals -acquisitions through business combinations	630,730	630,730
Accumulated amortisation	(630,730)	(630,730)
Carrying amount at 30 June	-	-
Total intangible assets	497,947	477,010
Movements in carrying amounts		
Patents carrying amount at 1 July	477,010	469,684
Additions	134,747	109,486
Impairment	-	-
Amortisation	(113,810)	(102,160)
Patents carrying amount at 30 June	497,947	477,010

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.

Intangible Assets comprise Intellectual Property in the form of Patents and Regulatory approvals (NMPA, 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 a diminishing value basis at 12.5% per annum.

Impairment of assets

Intangible assets are monitored by management at the level of the four operating segments identified in Note 26.

A segment-level summary of the intangible allocation is presented below:

	Australia \$	Asia \$	Americas \$	Europe \$	Consolidated \$
2023					
Patent from cardiovascular products	74,770	23,655	27,287	372,236	497,947
Less: Impairment provided	-	-	-	-	-
Total	74,770	23,655	27,287	372,236	497,947
2022					
Patent from cardiovascular products	66,733	64,830	23,114	322,333	477,010
Less: Impairment provided	-	-	-	-	-
Total	66,733	64,830	23,114	322,333	477,010

The Company tests whether intangible assets have suffered any impairment on an annual basis or any indications present that an asset may be impaired. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

No impairment identified from the assessment in 2023 (2022: Nil).

Note 15: Right-of-use assets and Lease liabilities

	2023	2022
	\$	\$
Right-of-use assets	818,944	1,073,640
Lease liabilities - current	(262,783)	(220,466)
Lease liabilities – non current	(828,804)	(1,091,586)
	(1,091,587)	(1,312,052)
Reconciliation of movement in lease liabilities:		
Lease liability recognise at 1 July	1,312,052	1,429,934
Additions	-	63,378
Interest expense	89,964	74,054
Repayment of lease liabilities	(310,430)	(255,314)
Total lease liabilities as at 30 June	1,091,587	1,312,052

The Company leases business premises (offices and laboratories). Rental contracts are typically for a fixed period of 12 months to 60 months and may include extension options. From 1 July 2019 leases are recognised as a right of use asset and a corresponding liability at the date at which the lease is available for use by the Company. Assets and liabilities are measured on a present value basis.

Lease payments are discounted using the interest rate implicit in the lease. Where a rate cannot be readily determined from the lease (generally the case) then the lessee's incremental borrowing rate will be used, being the rate the lessee would have to pay to borrow the funds to obtain the equivalent asset. As the Company does not have any borrowings the incremental borrowing rate has been determined using a build-up approach whereby the risk-free rate is adjusted for credit risk, considering factors such as term, country, and currency. Right of use assets are depreciated on a straight-line basis over the term of the lease. The Company has no variable lease payments in its leases.

Lease payments for operating leases of low value items or for a period of less than 12 months, where substantially all the risks and benefits remain with the lessor, are charged as expense in the period in which they are incurred.

Note 16: Trade and other payables

	2023	2022
	\$	\$
Current		
Trade payables	277,819	153,690
Sundry payables and accrued expenses	338,907	208,672
Employee related payables	147,757	115,802
Total payables	764,483	478,164

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company 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 Company'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 22.

Note 17: Provisions

	2023	2022
	\$	\$
Current		
Provision for annual leave	151,663	160,956
Provision for long service leave	36,043	36,412
	187,706	197,368
Non-current		
Provision for long service leave	39,303	26,826
Provision for warranties	19,650	22,150
Provision for make good	33,355	21,124
	92,309	70,100
(a) Aggregate employee benefits	227,010	224,194
(b) Movement in employee benefits		
Balance at beginning of the year	224,194	226,156
Additional provision	210,906	147,521
Amounts used	(208,090)	(149,483)
Balance at end of the year	227,010	224,194
(c) Movement in warranties		
Balance at beginning of the year	22,150	26,600
Additional provision	180	(1,940)
Amounts used	(2,680)	(2,510)
Balance at end of the year	19,650	22,150
(d) Movement in make good		
Balance at beginning of the year	21,124	18,860
Additional provision	12,231	2,264
Amounts used	-	-
Balance at end of the year	33,355	21,124

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, and profit sharing and bonuses payable 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 Company 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 Company'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 Company'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 Company 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.

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Note 18: Issued capital

	2023 Number	2022 Number	2023 \$	2022 \$
Ordinary shares				
Fully paid ordinary shares	187,368,999	196,768,333	38,509,140	39,136,673
Total contributed equity	187,368,999	196,768,333	38,509,140	39,136,673
Movement in issued capital				
Shares on issue at the beginning of the year	196,768,333	154,384,643	39,136,673	34,665,560
Ordinary share issued for cash	-	39,627,942	-	4,359,074
Ordinary share issued for in lieu of salary	1,867,551	2,755,748	15,000	166,900
Ordinary share (Equal Access Share Buy-Back) **	(11,266,885)	-	(619,679)	-
Share issue costs	-	-	(22,854)	(54,862)
Issued Equity at the end of the year	187,368,999	196,768,333	38,509,140	39,136,673

The Company's authorised share capital amounted to 187,368,999 ordinary shares of no-par value at 30 June 2023.

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.

**On 19 May 2023, the company conducted an off-market equal access share buy-back to all shareholders. The buy-back offer price was set at 5.5c per share, which represented a 37.5% premium to the monthly Volume Weighted Average of 4c. On the offer cessation date 22 June 2023, 11,266,885 ordinary shares were accepted by the shareholders to sell and in return for cash payment of \$619,679 in total.

Note 19: Options and rights reserve

The Company has adopted an Equity Incentive Plan for the benefit of an employee, contractor, consultant, executive director of the Company or any other person whom the Board determines to be eligible to participate in the Plans. The objective of the EIP is to provide reward and incentive to valuable personnel while preserving cash. 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 rewards 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 Company 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.

	2023 \$	2022 \$
Options and rights reserves (i)	3,937,189	3,638,461
Foreign currency translation reserves	101,269	72,803
Total reserves	4,038,458	3,711,264

	2023 Number	2022 Number	2023 \$	2022 \$
(i) Movement in options and rights reserves				
Opening balance	2,186,782	1,586,782	3,638,461	3,268,249
Granted during the period (a)	3,164,557	2,036,782	-	-
Exercised during the period	(1,636,782)	(1,436,782)	-	-
Lapsed during the period	-	-	-	-
Share-based payment expenses	-	-	313,728	537,112
Fair value of shares issued to employees	-	-	(15,000)	(166,900)
Rights at the end of the period	3,714,557	2,186,782	3,937,189	3,638,461

(a) 3,164,557 indeterminate rights were issued to Rob Phillips on the terms and conditions approved by shareholders at the AGM on 10 November 2022 under the Equity Incentive Plan, vesting dependent on performance hurdles on 1 July 2023. Consideration payable upon vesting is \$nil. Upon meeting the performance hurdles, a total of 3,164,557 rights were exercised on 7 July 2023 after the reporting date.

Performance rights were issued during the year, pursuant to the Equity Incentive Plan. Fair values at grant date are determined using a Black-Scholes Pricing Model that takes into account the exercise price, the term of the rights, the share price at the grant date, the expected volatility of the underlying share, and risk-free interest rate for the term of the option. The model inputs for options granted during the year ended 30 June 2023 are noted below:

Grant date	# Granted	Vesting date	Vesting period (months)	Exercise price	Share price at issue date	Fair value at issue date	Est. volatility	Expected dividend yield	Average risk-free rate
10-Nov-22	3,164,557	01-Jul-23	7.8	Nil	\$0.053	\$0.053	61%	0	3.67%
01-Apr-22	200,000	01-Jul-23	14	Nil	\$0.098	\$0.098	62%	0	2.50%
24-Aug-21	200,000	01-Jul-22	10	Nil	\$0.145	\$0.145	61%	0	0.34%
26-Nov-14	150,000	01-Jul-20	12	Nil	\$0.190	\$0.190	67%	0	2.21%

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

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.

Note 20: Foreign currency translation reserve

	2023 \$	2022 \$
Opening balance	72,804	84,157
Translation of financial statements of foreign Controlled Entities	28,466	(11,354)
Closing balance	101,269	72,804

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.

Note 21: Cash flow information

	2023	2022
	\$	\$
(a) Reconciliation of cash		
Cash at bank and on hand	2,178,740	4,704,185
Total cash at end of year	2,178,740	4,704,185
(b) Reconciliation of cash flow from operations to loss from continuing operations after income tax		
Loss from continuing operations after income tax	(2,590,888)	(1,972,313)
Non cash flows in loss from continuing operations		
Depreciation	30,270	58,177
Amortisation	113,811	102,160
Depreciation on right-of-use assets	238,593	255,314
Share based payment expenses	313,728	537,112
FX Gain & Losses	28,466	(11,353)
(Increase)/decrease in assets		
Trade debtors and other receivables	(27,377)	4,378
Other assets	(114,085)	59,913
Inventories	118,359	22,760
Tax credit	(45,824)	45,574
Increase/(decrease) in liabilities		
Trade and other payables	510,857	(65,089)
Provision	68	(4,148)
Net cash from/ (used in) operating activities	(1,424,022)	(967,515)

Note 22: Financial instruments

a. Significant accounting policies

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

b. Capital risk management

The Company manages its capital to ensure that its Controlled Entities are able to continue as a going concern. The capital structure of the Entity consists of cash and cash equivalents (Note 8) and equity attributable to equity holders of the Parent Entity, comprising issued capital (Note 18), and accumulated losses (Note 6).

c. Financial risk management objectives

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

d. Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Company does not have any forward foreign exchange contracts as at 30 June 2023 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 USD, EUR, HUF, GBP and CNY. The Company incurs costs in USD for its operations which provide a natural hedge for a portion of income denominated in USD.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	2023	2022
	USD	USD
Cash	82,207	141,583
Current trade debtors	-	-
Current trade creditors	50,663	16,837
	HUF	HUF
Cash	1,602,372	5,700,531
Current trade debtors	1,041,448	51,112
Current trade creditors	2,855,642	991,947
	EUR	EUR
Cash	348,043	104,552
Current trade debtors	6,938	91,364
Current trade creditors	16,172	-
	GBP	GBP
Cash	6,264	-
Current trade debtors	-	-
Current trade creditors	2,876	-
	CNY	CNY
Cash	1,394,566	2,719,189
Current trade debtors	5,463,013	3,698,837
Current trade creditors	-	105,899

e. Foreign currency sensitivity

The Company is mainly exposed to exchange rate risks arising from movements in the US dollar (USD), Euro (EUR), Pound sterling (GBP), Hungarian forint (HUF) and Chinese yuan (CNY) against the Australian dollar (AUD), and the US dollar from the translation of the operations of its Controlled Entity. However the entity earns in these same currencies so there is a natural hedge against currency movements.

The analysis below demonstrates the profit impact of a 10% movement of USD, 5% movement of EUR, GBP, HUF and CNY rates against the AUD 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.

	2023	2022
	\$	\$
Sensitivity		
10% change in USD rate	29,304	190,402
5% change in EUR rate	50,660	9,264
5% change in GBP rate	11,548	-
5% change in CNY rate	37,773	44,395
5% change in HUF rate	2,510	18,532
	131,795	262,593
Profit/Loss		
- increase	(131,795)	(262,593)
- decrease	131,795	262,593

f. Interest rate risk management

The Company does not have any external loans or borrowings as at 30 June 2023 and is not exposed to interest rate risks related to debt.

The Company is exposed to interest rate risk as it holds cash and term deposits at both fixed and floating interest rates. The risk is managed by the Company 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.

g. 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.

	2023	2022
	\$	\$
Profit/Loss - increase 100 basis points	5,538	2,342
- decrease 100 basis points	(5,538)	(2,342)

h. Credit risk management

Credit risk represents the loss that would be recognised if counterparties defaulted on its contractual obligations. The Company'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 Company does not have significant credit risk exposure to any single counterparty or any Company 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 Company, 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.

	2023	2022
	\$	\$
Debtors outstanding but not impaired		
0 - 45 days	248,031	220,654
46 - 90 days	-	-
Over 90 days	-	-
Total	248,031	220,654

No bad debt was written off during the year (2022: \$Nil). There was no doubtful debt provision as at 30 June 2023 (2022: Nil). The outstanding debts \$248,031 are not past due to the reporting date. The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Details included in Note 9.

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

Consolidated	Weighted Average effective interest Rate %	Fixed interest rate maturing				Total
		Floating interest \$	Within 1 year \$	1 to 5 years \$	Non-interest bearing \$	
2023						
Trade creditors	0	-	-	-	391,466	391,466
Payables	0	-	-	-	147,757	147,757
Lease liabilities	6.38	-	251,068	910,447	-	1,161,515
Total financial liabilities		-	251,068	910,447	539,223	1,700,738
2022						
Trade creditors	0	-	-	-	153,690	153,690
Payables	0	-	-	-	115,802	115,802
Lease liabilities	6.14	-	310,430	1,226,230	-	1,536,660
Total financial liabilities		-	310,430	1,226,230	269,492	1,806,152

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

Note 23: Related party disclosures

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

Parent and Controlled Entity

Parent Entity

Significant investments in subsidiaries:	Uscom Inc
Country of subsidiary incorporation:	U.S.A
Proportion of ownership interest:	100%
Significant investments in subsidiaries:	Uscom Medical Ltd
Country of subsidiary incorporation:	U.K.
Proportion of ownership interest:	100%
Significant investments in subsidiaries:	Uscom Kft
Country of subsidiary incorporation:	Hungary
Proportion of ownership interest:	100%
Significant investments in subsidiaries:	Beijing Uscom Consulting Co. LTD
Country of subsidiary incorporation:	China
Proportion of ownership interest:	100%
Significant investments in subsidiaries:	Uscom SNG Pte. Ltd.
Country of subsidiary incorporation:	Singapore
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 Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-Executive Directors

- Christian Bernecker, Non-Executive Director
- Brett Crowley, Non-Executive Director
- Xianhui Meng, Non-Executive Director

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 35.

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

	2023	2022
	\$	\$
Short-term employee benefits	623,025	642,703
Post-employment benefits	26,770	24,495
Long-term benefits	18,913	24,327
Share-based payment	167,722	270,566
Total key management personnel remuneration	836,430	962,091

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Note 24: Parent entity information

	2023	2022
	\$	\$
Set out below is the supplementary information about the parent entity.		
Statement of comprehensive income		
Loss after income tax	(2,562,421)	(1,983,667)
Total comprehensive income	(2,562,421)	(1,983,667)
Statement of financial position		
Total current assets	3,275,650	6,085,128
Total assets	3,794,798	6,532,532
Total current liabilities	659,506	527,177
Total liabilities	750,769	597,277
Equity		
Contributed equity	38,509,140	39,136,673
Options reserve	3,937,189	3,638,461
Accumulated losses	(39,402,300)	(36,839,879)
Total equity	3,044,029	5,935,255

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Company.

- Investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity.
- Dividends received from subsidiaries are recognised as other income by the Parent Entity and its receipt may be an indicator of an impairment of the investment.

Contingent liabilities

The parent entity has provided a guarantee in respect of obligations under premises lease of \$83,456 (2022: \$83,456). No liability was recognised by the parent entity or the Company in relation to this guarantee.

Other than the guarantee mentioned above, the parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Company, as disclosed in Note 1.

Note 25: Auditors' remuneration

	2023	2022
	\$	\$
Audit services		
BDO Audit Pty Limited for audit and review of financial reports	104,300	92,750
BDO Hungary for audit	1,650	1,200
BDO China for audit	850	-
Total remuneration for audit services	106,800	93,950
Non-audit services	-	-
Total audit and non-audit services	106,800	93,950

Note 26: Operating segments

Segment information

The Company operates in the global health and medical products industry.

The Company 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 including other regions, Asia, the Americas, Europe. For each segment, the CEO and General Manager review internal management reports on at least a monthly basis.

In 2023, the customers in Asia accounts for approximately 36% of the total sales (2022: 45%). For the current period USCOM 1A comprised \$1,890,768 (FY22: \$2,074,866), SpiroSonic spirometers \$551,381 (FY22: \$370,642) and BP+ for \$148,312 (FY22: \$51,123) of the total sales.

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

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

	Australia \$	Asia \$	Americas \$	Europe \$	Consolidated \$
2023					
Sales to external customers	758,287	895,745	41,485	968,650	2,664,166
Other income/revenue	473,345	11,147	-	7,567	492,059
Total segment revenue/income	1,231,632	906,893	41,485	976,216	3,156,225
Segment expenses	(3,013,564)	(1,363,266)	(474,895)	(861,128)	(5,712,853)
Segment result	(1,781,934)	(456,374)	(433,410)	115,088	(2,556,628)
Income tax expenses	-	70	-	(34,330)	(34,260)
Consolidated loss after income tax	(1,781,934)	(456,304)	(433,410)	80,759	(2,590,888)
Segment assets	3,583,207	1,117,640	77,543	401,722	5,180,112
Segment liabilities	1,798,442	173,760	21,634	142,248	2,136,083
Acquisition of plant and equipment and intangibles	30,933	32,178	13,934	74,892	151,937
Depreciation and amortisation	191,923	58,482	6,237	126,032	382,674
2022					
Sales to external customers	199,839	1,112,119	330,280	867,445	2,509,683
Other income/revenue	571,659	15,022	61,718	95,497	743,895
Total segment revenue/income	771,498	1,127,141	391,998	962,942	3,253,578
Segment expenses	(2,791,094)	(978,869)	(561,329)	(862,156)	(5,193,448)
Segment result	(2,019,597)	148,272	(169,330)	100,785	(1,939,869)
Income tax expenses	-	1,229	-	(33,675)	(32,444)
Consolidated loss after income tax	(2,019,597)	149,501	(169,330)	67,111	(1,972,313)
Segment assets	6,501,176	1,229,153	65,497	197,115	7,992,940
Segment liabilities	1,782,805	163,159	15,930	95,791	2,057,684
Acquisition of plant and equipment and intangibles	42,719	-	25,548	47,045	115,312
Depreciation and amortisation	243,745	49,879	4,950	117,077	415,651

Note 27: Contingencies

Other than the guarantee mentioned at Note 24, the Company did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

Note 28: Events after the reporting date

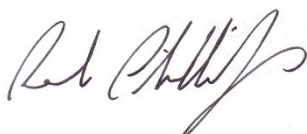
No matters or circumstances have arisen since the end of the financial year to the date of this report, that has significantly affected or may significantly affect the activities of the Company, the results of those activities or the state of affairs of the Company in the ensuing or any subsequent financial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

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 Australian 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 2022 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:



Professor Rob Phillips
Chairman
17 August 2023

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INDEPENDENT AUDIT REPORT



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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 2023, 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 2023 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 (including Independence Standards)* (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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment and carrying value of intangible assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 14 Intangibles Asset of the financial report, the carrying value of intangible assets were considered significant to our audit as the carrying value of \$497,947 at 30 June 2023 is material to the financial statements and requires considerable judgement and estimation by management based on increasing uncertain outcomes of regulatory approvals in all jurisdictions as well as the unpredictable sales performance in the future.</p>	<p>Our audit procedures include amongst other:</p> <ul style="list-style-type: none"> • Evaluated management’s assessment of any impairment indicators in accordance with <i>AASB 136 Impairment of Assets</i>. • Critically reviewed the Value-in-Use (‘VIU’) models prepared by management based on the identified cash generating units (‘CGUs’) through assessing the following key assumptions: <ul style="list-style-type: none"> ○ Growth on sales volume and price; ○ Budgeted gross margin; ○ Other operating costs; and ○ Long-term growth rate • Re-performed the valuation assessment of projected sales, growth rates, operating expenditures, capital expenditures, terminal values and discount factors used in discounted cash flow valuations based on BDO sensitised results. • Together with BDO internal specialists, assessed the reasonableness of the discount rate applied by management across the different CGUs. • Reviewed the accuracy of the impairment models calculations. • Reviewed the patents in relation to the appropriateness of the amortisation rates and useful economic lives. • Evaluated the adequacy of the disclosures in the financial report.

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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 2023, 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.

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 at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2023.

In our opinion, the Remuneration Report of Uscom Limited, for the year ended 30 June 2023, 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 Audit Pty Ltd



Tina Han
Director

Sydney, 17 August 2023

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SHAREHOLDERS INFORMATION

Additional information required by Australian Stock Exchange Listing Rules is as follows. This information is current as at 31 July 2023.

Distribution schedules of shareholder

Holdings Ranges	Holders Number	Ordinary Shares Number	%
1 – 1,000	40	4,497	0.000
1,001 – 5,000	25	83,232	0.040
5,001 – 10,000	30	236,144	0.120
10,001 – 100,000	333	11,781,720	6.180
100,001 – 99,999,999,999	124	178,427,963	93.650
Total	552	190,533,556	100.000

There were 88 holders of less than a marketable parcel of 9,804 ordinary shares.

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.

Substantial shareholders

The names of the substantial shareholders listed in the holding company's register as at 31 July 2023 are:

MR ROBERT ALLAN PHILLIPS	24.492
CITICORP NOMINEES PTY LIMITED	22.761
JETAN PTY LTD & JETAN PTY LTD <G R PLUMMER SUPER FUND A/C>	10.569

Twenty largest registered holders – ordinary shares

Balance as at 31 July 2023	Ordinary Shares Number	%
MR ROBERT ALLAN PHILLIPS	46,664,635	24.492
CITICORP NOMINEES PTY LIMITED	42,985,397	22.561
JETAN PTY LTD	13,637,064	7.157
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,539,336	4.482
JETAN PTY LTD <G R PLUMMER SUPER FUND A/C>	6,500,000	3.411
INVIA CUSTODIAN PTY LIMITED <BOZWALD PTY LTD A/C>	3,289,168	1.726
MR DAVID LEROY BOYLES	3,000,000	1.575
MS PAMELA JACK	2,845,212	1.493
INVIA CUSTODIAN PTY LIMITED <RIVERBEL FAMILY NO 3 A/C>	2,714,554	1.425
MR DONGJUN SUN	2,414,125	1.267
MR DOUGLAS JAMES CAMERON	2,375,099	1.247
MRS CHRISTINE QUYE	2,311,227	1.213
MR RUTHERFORD JAMES BROWNE & MRS SHEBA ELIZABETH MARJORIE BROWNE	2,121,991	1.114
MR PERRY JULIAN ROSENZWEIG	1,820,711	0.956
MR CHRISTOPHER JAMES WERE & LOCKHART TRUSTEE SERVICES NO 17 LIMITED	1,424,095	0.747
TRENTHAM SUPER PTY LTD <TRENTHAM SF A/C>	1,351,000	0.709
MR DEAN LEON BURROWS & MRS KERRY ANN BURROWS	1,100,000	0.577
MAK PLANNING AND DESIGN PTY LTD <S ALSTON SUPERANNUATION A/C>	1,087,001	0.571
NINTIETH Y PTY LTD <I K CALDWELL & CO STAFF A/C>	1,075,000	0.564
PITHER INVESTMENTS PTY LTD <PITHER INVESTMENTS A/C>	1,075,000	0.564
Total Securities of Top 20 Holdings	148,330,615	77.850

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Total Securities

190,533,556

[Registered office and principal place of office](#)

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

[Company secretary](#)

Brett Crowley

[Registers of securities](#)

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Sydney NSW 2000 Australia

GPO Box 3993
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[Stock exchange listing](#)

Quotation has been granted for 190,533,556 ordinary shares of the Company as at 31 July 2023 on all Member Exchanges of the Australian Stock Exchange Limited.

[Unquoted securities](#)

Rights over unissued shares as at 31 July 2023

550,000 rights over ordinary shares are on issue to an executive under the Equity Incentive Plan.

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ASX: UCM

Level 8, 66 Clarence Street Sydney,
NSW 2000 Australia

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