

Annual Report 2021

Motivated by Vision, Driven by Fundamentals



Uscom



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CHAIRMAN'S LETTER



“Motivated by Vision,
Driven by Fundamentals”

FY2021

- Operating Cash Flow Positive
- Growth in Sales, Revenue, and Receipts
- China Profitable
- Europe Profitable
- Cash on Hand

FY2022

- Multiple New Approvals
- New Products and IP
- New distribution
- Expanded regions
- Post-COVID Applications
- Global Recovery

Dear Uscom Partners,

I am pleased to report continued strong growth for FY21 and our first operating cash flow positive year, a recognised inflection point for medical technology companies. Uscom also recorded our first annual total cash receipts in excess of \$5m, despite the impact of the global pandemic and ongoing global trade wars. Both China and Europe were profitable for FY21, and we have cash on hand and remain debt free. These results complete a 549% growth in total cash receipts over the prior nine trading years, at a compound annual growth rate of 23%. We are proud of these results; results that are **"motivated by vision, and driven by fundamentals"**. Our mission is to convert world leading science into life saving devices, and to create a powerful and enduringly profitable global health technology leader for the benefit of society and investors. Uscom's results for FY21 marked significant milestones on the path to achieving these objectives.

Our significant FY21 growth was achieved despite intermittent shutdowns and an unpredictable global trading environment. While COVID proved the clinical value of our USCOM 1A and SpiroSonic technologies, for most of the year the US market was effectively inaccessible, and in Europe our Budapest operations were intermittently in complete lockdown. Although we adapted well, thanks to the flexibility of our global team, these conditions curtailed our annual results. Despite these challenges China again reported profitability for its second consecutive year since establishment, and Hungary reported its first profitable year since incorporation in 2005.

In addition to our commercial success, we continued investing in global expansion, growing our web of subsidiaries in Singapore, Beijing, Budapest and Los Angeles, and expanding our networks of distributors in all major markets and positioning operations for the post-COVID recovery. This investment in infrastructure is necessary to support Uscom's current growth expectations in China, Europe, SE Asia and the US. This expansion is also essential preparation to manage the raft of product approvals which will more than double our product regions for sale over the next year, and are anticipated to begin significantly contributing to revenue almost immediately. Our FY22 strategy is now a simple one founded on pure business fundamentals; **"more products, more distribution, more sales and more revenue"**.

The Uscom foundations - Uscom is now a truly global organisation with 35 fulltime employees worldwide, covering 4 continents and 4 subsidiaries, crossing different cultures, languages, laws, and commercial and medical environments. This foundation is the platform on which we are building our regional distribution networks to create a powerful commercial enterprise. Currently this expanding global distribution is approaching 100 Uscom sales personnel that we are inducting and training on our technologies to sell in FY22 as new approvals are received. This expanding distribution network is central to our "more products, more distribution, more sales and more revenue" strategy. While establishing this new global model creates unique management challenges, particularly in the era of the pandemic, it is an essential next step to ensure sustained incremental revenue growth.

In May we received our Chinese NMPA approval for sale of the patented Uscom BP+ central BP monitor, and Uscom China are currently preparing marketing materials for its commercial release. China is one of the world's largest hypertension and vascular health markets, and the release of the BP+ will provide Uscom's advanced BP monitoring technology to the patients and clinicians of China.

In June we received CE Mark for the SpiroSonic AIR allowing us to sell this newest Uscom product into the European market. Many European, Middle Eastern and SE Asian countries rely on CE approval for regulatory registration of medical products in their jurisdiction, so this approval provides much wider market access than for Europe alone.

In early July Uscom also received Russian Certification for the sale of USCOM 1A in Russia following a 3-year period of review and evaluation. Russia is the largest country in Europe with ~150m population and is an increasingly sophisticated medical market. We continue to work with our distribution partner, Wondermed, and look forward to increased sales and revenue from their activities.

The SpiroSonic AIR FDA application is currently being finalised for US regulatory approval and is expected within the next 6 months, while the China NMPA approval for the AIR is also nearing completion and is expected before the end of FY22.

Regulatory approvals worldwide are becoming increasingly valuable as the demands of regulations become entwined with trade protection, making the process more expensive, less predictable and more time consuming. Many of Uscom's activities are directed to manage regulatory registration followed by maintenance of regulatory compliance; both processes are incredibly expensive and a load on Uscom's balance sheet.

After such a long period of regulatory preparation and review, this rush of regulatory approvals provides Uscom's newest products with access to the world's major markets, and we are looking forward to our current distributors and new distributors to grow sales across the growing range of Uscom's cardiovascular and pulmonary products.



USCOM 1A Milestone – 1500 units globally!

Uscom reached a truly significant milestone this year with the manufacture of its 1500th USCOM 1A. This was the result of an increasing recognition of the clinical value of the USCOM 1A and a continued increasing worldwide sales as established markets continue to grow, and new markets are developed. In excess of 400 peer reviewed publications and presentations confirm that the USCOM 1A has become a standard of care for management and diagnosis of cardiovascular disease and guidance of cardiovascular therapy. The USCOM 1A is used in many of the largest and most prestigious medical institutions around the world, through to the small regional centres where sole practitioners work daily to save the lives of acutely ill neonates, children and adults with second-to-second critical clinical decision making.

The USCOM 1A is being established as the technology of choice in ICU's, ED's, anaesthetic and paediatric departments the world over, and is the new standard of care for management of preeclampsia in pregnancy. Every USCOM 1A manufactured and sold worldwide changes the lives of patients. Devices that change global medical care and whose technology endures are rare; USCOM 1A is one of these. Everyone connected with Uscom, including founders, past and present staff, researchers, users and investors should all be proud of how we have saved lives and changed medical practice.

Uscom's longer term achievements remain excellent with total cash receipts topping 549% growth over the last 9 years with an accompanying CAGR of 23%, as we established 4 international subsidiaries, acquired two international companies, achieved intermittent profitability and operating cash flow positivity, registered multiple new patents, and brought multiple new products to market. Uscom's "**motivated by vision, driven by fundamentals**" culture is beginning to convert to strong on-going performance and value accretion. Ultimately this will position us in the cross hairs of a new breed of investor seeking real businesses, looking to build long term holdings in companies with high potential earnings growth, established outperformance in a high value sector, and heading towards long term dividends.

Uscom remains committed to the Australian Wildlife Conservancy as part of its corporate social responsibility and admires the amazing work they are doing to ensure our children and grandchildren experience the wonders of Australian nature, and the status of Australia as the world's mammalian extinction capital is reversed.

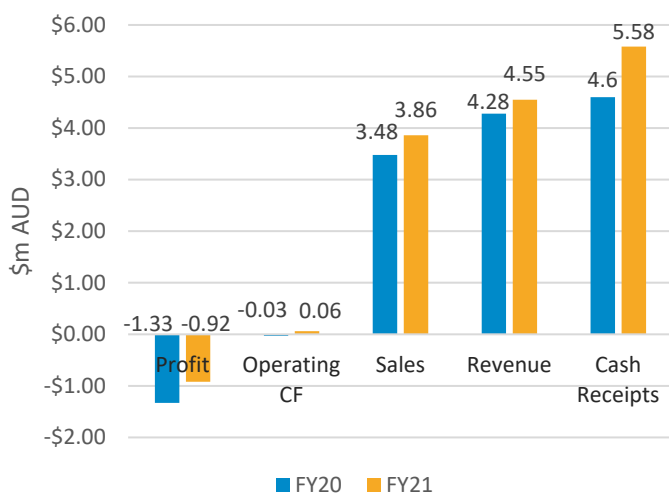
I would also like to thank all Uscom staff across New Zealand, Australia, Singapore, China, Europe and the US for their commitment and support to achieve the FY21 results in this most difficult time. Many of our people have spent months in shifting lockdowns, with our offices closed, and as I write this report all of our Australian team are in home isolation, and I'm in quarantine in Chengdu. The personal cost has been significant with a number of our staff and their family members testing positive. For our sales staff, access to customers has been limited with their schedules beset with "on again, off again" appointments. So our excellent results are especially a tribute to a united global team, and for each of their efforts I'm proud and grateful.

Investors are vital part of our Uscom team, and none of our achievements would be possible without your support. For investors it's a time to review what Uscom has done throughout this challenging year and be proud of the significant steps we build towards a strongly profitable future. Not only have we delivered successful financial results, but also developed and manufactured life-saving technologies that improve care for seriously ill COVID patients. Our motivating vision is centred on creating innovative and life-saving technologies that improve the care of global citizens, and this year more than most, fulfilling that vision was critical.

Uscom reports another successful year to investors as we continued strong financial growth, report our first global operating cash flow positive year, while investing in global expansion and preparing for the release and sale of new products in the most difficult of times. We have invested in an expanding global web of subsidiaries servicing increasing regional networks of distributors as we develop new IP and technologies, and register them for global markets in an increasingly complex global regulatory and sales environment. We look forward to these activities confirming Uscom as a global health technology leader, with revenue and profits to drive future dividends into the hands of investors. Uscom will always be a company "**motivated by vision and driven by fundamentals**", and it's this culture that ensures our increasing investor value.

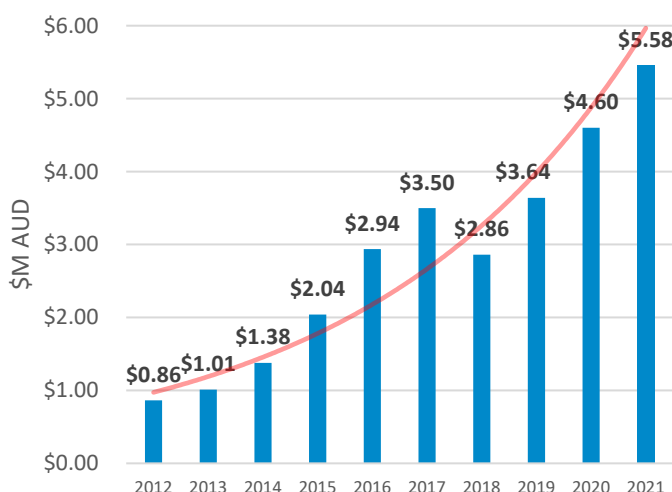
Results

UCM Results FY21



- Cash receipt \$5.58m up 21% from \$4.60m
- Operating cash inflow \$0.06m improved 167% from outflow \$0.03m
- Revenue \$4.55m up 6% from \$4.28m
- Sales revenue \$3.86m up 11% from \$3.48m
- Total expenses \$4.95m down 4% from \$5.16m
- Loss reduced to \$0.92m, down 31% from \$1.33m
- Cash on hand \$1.71m down from 1.92m
- Debt free

UCM Total Cash Receipts



- Total cash receipts \$5.58M, up 21% from \$4.60M
- Uscom China profitable
- Uscom Europe profitable
- 9-year total cash receipts trend growth
 - 23% pa compound annual growth
 - 549% total increase

Summary

Uscom continued its consistent growth trend in FY21 with operating cash flow positivity and total annual receipts of \$5.58m, up 21% YOY and despite both Europe and the US being intermittently inaccessible for over 6 months and in unpredictable lockdown. This is the first year we have reported over \$5m in cash receipts.

While global markets fluctuated between recovery and shutdown, Uscom China remained stable and profitable despite geopolitical complications. Uscom Europe was also profitable for the first time in its history, despite suffering personally, nationally and regionally with the pandemic. Uscom US was also caught between recovery and pandemic returning results less than predicted as sales appointments were made and cancelled. For Uscom investors FY21 was an excellent year in difficult times as the company continued to grow strongly, was regionally profitable and operating cash flow positive as sales continued to rise. While often limited to work from home there was a renewed focus on structural optimisation, driving regulatory, and developing manufacturing strategies in preparation for once the pandemic passes and our new regulatory approvals are received and our new premium technologies delivered to market.

Milestones

- ❖ Uscom China expands with appointment of Assistant to the Director of International Operations – Mr Scott Huang
- ❖ VENTITEST product released and shifted to post release product development
- ❖ Uscom China listed as China National High Technology Enterprise by Ministry of Science and Technology Torch High Technology Centre
- ❖ TGA approval for two new products - O2 and BASIC haemodynamic monitors for Australian sale
- ❖ Uscom Singapore incorporated and operational
- ❖ Uscom Europe restructured to expand R&D, manufacturing and sales
- ❖ NMPA regulatory cycle initiated for O2 and BASIC
- ❖ 1500th USCOM 1A manufactured
- ❖ CE approval for SpiroSonic AIR sales in Europe and SE Asia
- ❖ NMPA approval BP+ for China sales
- ❖ >200 global IP submissions and active cases
- ❖ Uscom China ranked AAA Credit Enterprise by China Credit Enterprise Publicity Network
- ❖ Russian regulatory approval for USCOM 1A
- ❖ Annual results report first \$5m plus total cash receipts

Costs

Total operating expenses for FY21 were \$4.86m down 4% from \$5.07 in FY20. Salary and wages were \$1.61m and unchanged from FY20, as we expanded Uscom China and our European sales organisation. Increased sales also means increased component and manufacturing costs. Regulatory expenses will remain a significant part of our operating focus and we expect regulatory costs to continue as we bring new products to market.

While total operating cash inflow was \$0.06m, administration and corporate costs, including tax payments, corporate loans, and issued shares accounted in lieu of cash, were up \$0.83m, undermining global profitability.

The total cost of listing and compliance remains a significant and increasing load on the profitability and mindshare of Uscom, with an estimated direct annual cost in excess of \$0.50M to maintain our ASX listing responsibilities in an increasingly complex and regulated domain.

Uscom has always been committed to maintaining basic commercial fundamentals, relying on operational cash flow in preference to opportunistic capital raising. Our EOFY cash holding was \$1.71m, and, with an FY21 net operating cash inflow of \$0.06m is adequate foreseeably, discounting any unpredictable change in cash flow. While new product approvals are expected to significantly supplement sales and cash flow, they will also require capital investment to manufacture stock to promote growth, and this investment is planned to be funded from current cash flows. While the persistent US trade war and the pandemic make global markets unpredictable, we remain focused on international events and are preparing for the opportunities as global markets rebound and confidence in growth resumes.

Uscom Products

Uscom continues to create innovative clinical solutions, based on the IP we have developed and precision technologies we have manufactured over a number of years.

The SpiroSonic AIR

The SpiroSonic AIR is a new digital home care spirometer equipped with the most advanced performance and functionality and was released in October last year and is progressing through all major regulatory cycles. It is a wireless charging, wireless connecting technology which feeds digital lung function signals through a phone APP, the SpiroSonic APP, to the cloud or station based SpiroReporter for archiving and analysis, and has special application for home use and post COVID recovery monitoring. The device features voice guided operations and on-board auto diagnostics.



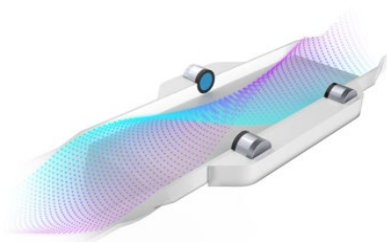
The new SpiroSonic AIR demonstrating induction wireless charging and connectivity to the SpiroSonic APP and the SpiroReporter, archiving, analysis and reporting system which can be hard drive installed or cloud-based.

The advantages of the technology include:

- ❖ Multi-path digital ultrasonic technology with PureFlow tube
- ❖ Simple to operate
- ❖ No expensive consumables
- ❖ Annual calibration (not daily)
- ❖ Accurate at high and low flows (for children and the elderly)
- ❖ Approved for home use
- ❖ Wireless web connectivity (Hospital in the Home applications)
- ❖ Digital induction charging
- ❖ Voice guided operations and auto diagnostics (AI)

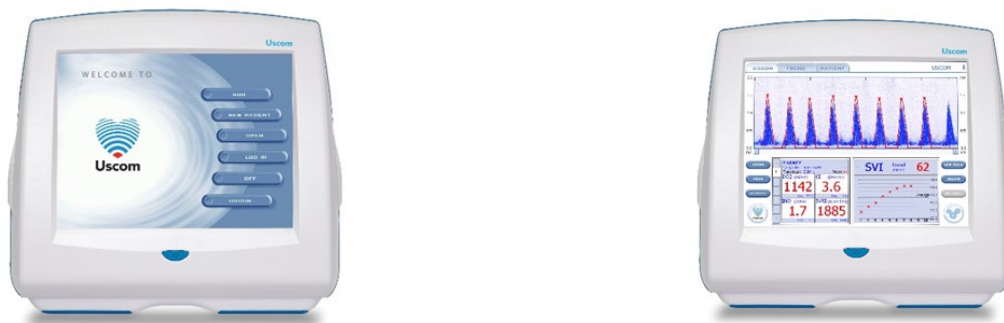


The SpiroSonic AIR Cycle connecting the patient to the AIR to the SpiroSonic APP, to the clinician for expert and remote diagnosis and delivery of therapy back to the patient. This represents the front line of the "Hospital in the Home" model of digital health care and is ideally suited for telemetric management of asthma, COPD and COVID and Post-COVID syndrome. Similar technology is being developed for the digital BP+ device.



The SpiroSonic PureFlow multi-path ultrasonic technology used in the SpiroSonic AIR device.

USCOM 1A



The USCOM 1A advanced haemodynamic monitor remains the cornerstone product of Uscom Limited providing over 75% of our total sales. The technology remains the standard of non-invasive cardiovascular monitoring providing precision diagnosis and therapeutic guidance for administration of fluid, inotropes and vasoactive therapies. Clinically the device is key for understanding the status of cardiovascular function in all clinical applications including heart failure, hypertension and sepsis in neonates, children and adults.

BP+



The BP+ is the newest addition to Uscom's clinical monitoring technologies and is an advanced cardiovascular monitor and pulse pressure wave monitor. The device provides multiple measures of brachial pulse pressure waves, suprasystolic pressure waves and central blood pressure waves. The BP+ provides unique insights in the clinical fields of hypertension, and vascular disease. Central BP monitoring is the emerging gold standard for hypertension monitoring and provides information at the level of the heart only previously provided by invasive cardiac catheters.

Combined with the BP+ Reporter, the archiving, analysis, and reporting software that accompanies the BP+, the BP+ provides the complete solution for advanced hypertension and vascular health monitoring.

VENTITEST

Uscom developed the VENTITEST ventilator testing device for a fast assessment of the performance of ventilators. The technology is now undergoing development for advanced testing and calibration of ventilators measuring multiple parameters of ventilator output. An observed phenomenon during critical care admitted COVID patients is ventilator induced lung injury (VILI) which ensured poor results for ICU patients on ventilation, and may be caused by poor or uncalibrated performance of ventilators. The global demand for ventilators is projected to increase 10-fold over the next 7 years as hospitals and clinics worldwide are refurbished and upgraded to deal with consecutive waves of infectious disease over the coming years. The VENTITEST technology is now being developed to perform advanced real time calibration of ventilators thereby improving the efficacy of ventilation. The VENTITEST technology is globally patent protected.



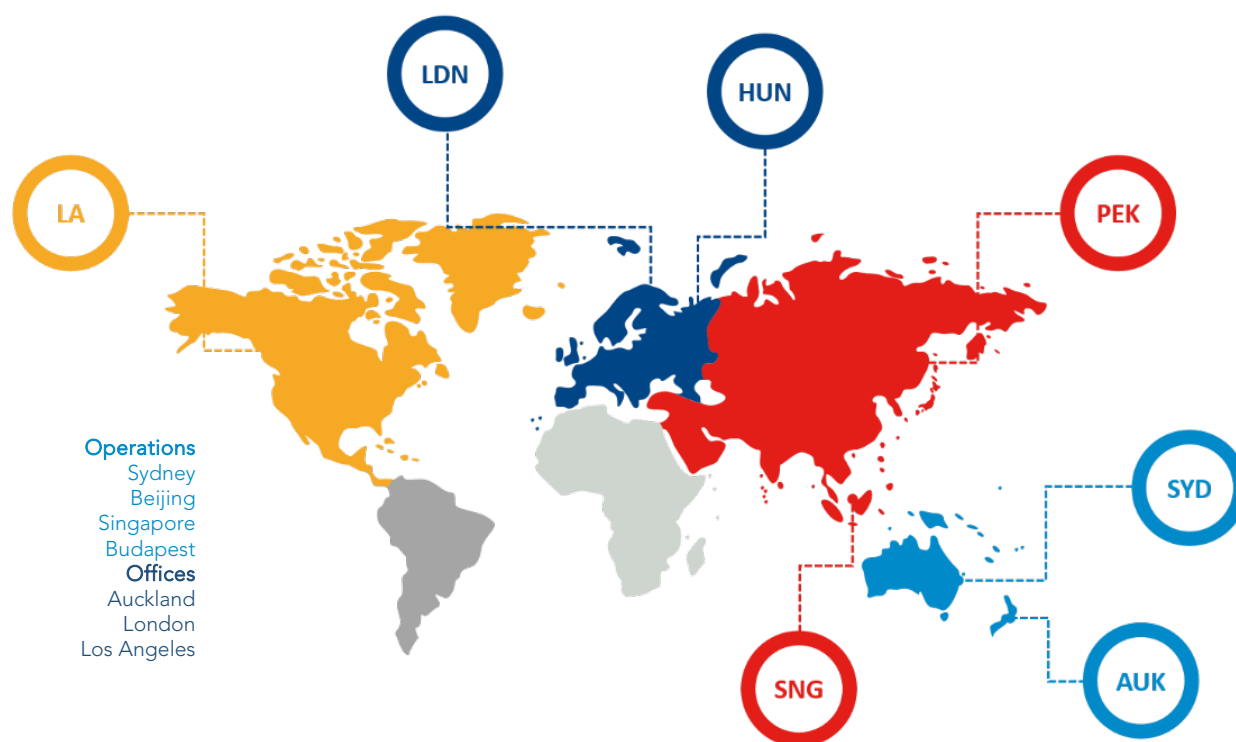
The VENTITEST sensor, the VENTITEST-S installed, and the test lung used to create a standardised resistance simulating normal lung function.

The VENTITEST-S is the accompanying software application that provides archiving, display and analysis of the flow, pressure, and volume waveforms and provides extended calculations, data logging and test report generation and printing.

Global Operations

In FY21 Uscom continued to review, restructure and expand its global operations in preparations for new approvals and the rebound in activity following COVID recovery. Uscom SNG in Singapore was activated, Uscom China was consolidated with expanded distribution and appointment of Mr Scott Huang as Assistant to The Director of International Operations, Ms Teresa Guo, a change which unites management of Australia, China, SE Asia, Europe and the US. Uscom is now a multinational operation with multiple products, and intercompany sales, and so a unified relationship between all operations is essential.

As part of the preparation for our new regulatory approvals and the release of multiple new products into global markets, we have spent a significant time developing globally consistent product pricing, and an accompanying worldwide transfer pricing strategy, in line with new accounting standards and tax law requirements.



Multiple products hedged for currencies and markets across multiple jurisdictions

Uscom China

Uscom China, based in Chaoyang, Beijing, continues to grow under Ms Teresa Guo's leadership. The appointment of Mr Scott Huang as her assistant has allowed their local management strategies to be expanded into Europe and the US resulting in a restructure and first ever profitable year in Uscom Europe. Mr Meng Xianhui remains a non-executive Director on the UCM Board of Directors delivering his extensive experience as both an international investor and executive in the biotechnology field.

While recent geopolitical tensions have created some concern for some investors, China welcomes the skills that Uscom brings to China as the below statement confirms.

"We (China) excel in fields like nanotechnologies, system and control engineering, and telecommunications and artificial intelligence,". "But the US is exceptional in fields such as medicine, social sciences, economics and business, and biosciences, all of which are topics in which China needs significant improvements."

Wang Xiaomei. "Mapping Science Structure 2021". The Chinese Academy of Sciences' Institutes of Science and Development. (2nd May 2021) <http://www.chinadaily.com.cn/a/202105/01/WS608c9670a31024ad0babba3c.html>

Uscom has received recognition in China for its biomedical academic, technologic and entrepreneurial skills with a number of Government statements and awards.

Uscom China progress in FY21:



China National High Technology Enterprise



AAA Credit Enterprise

- ❖ Increased sales with profitable and cash flow positive operations
- ❖ Expanding distribution network
- ❖ Increased clinical support and marketing materials specific for China
- ❖ Managed NMPA submissions for BP+, SpiroSonic and new O2 and BASIC devices
- ❖ Received NMPA for BP+
- ❖ Developed Uscom IP portfolio in China (>50 submissions)
- ❖ Awarded China National High Technology Enterprise from High Torch and Ministry of Science and Technology
- ❖ Uscom China joined Austrade at the Shanghai CMEF medical device trade fair with USCOM 1A and BP+
- ❖ Recognised as AAA Credit Enterprise ranking from China Credit Enterprise Publicity Network
- ❖ Marketing preparation for China release of BP+
- ❖ Continued discussions with potential Chinese partners for local manufacturing and strategic partnerships

Uscom Singapore

Uscom SNG Pte. Ltd was established as a Regional Headquarters in Singapore and a platform for increased Asian and SE Asian engagement. The Headquarters will act as a regional sales, technical and clinical support hub anchoring regional expansion into the SE Asian market. SE Asia is a critical growth driver for global economies, and Singapore is geographically convenient, positioned between Uscom Sydney, and its major market of China, and its European manufacturing centre in Budapest.

Uscom Europe

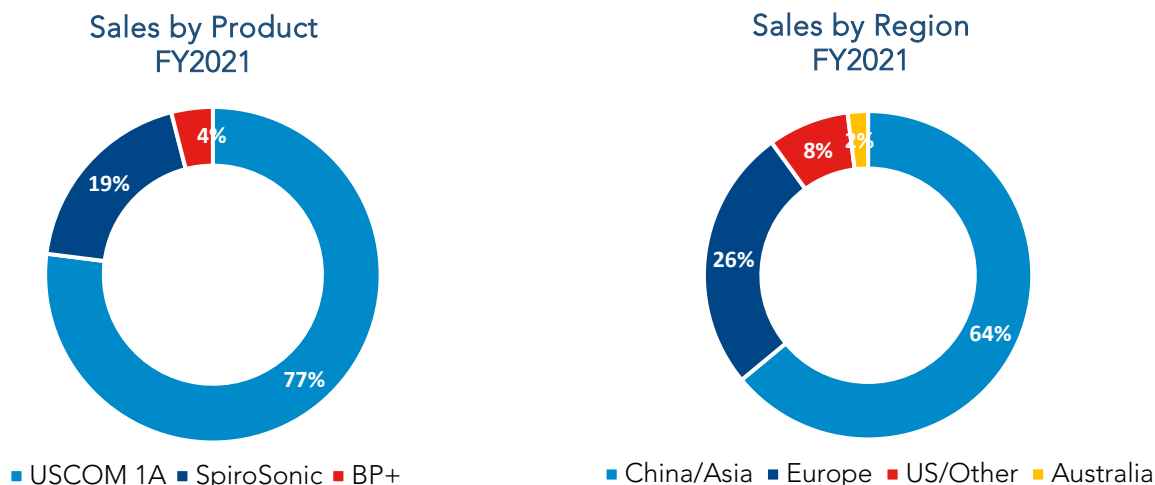
Uscom Europe has undergone a number of changes over the last year which have produced great results, with total revenue increasing to \$793K, and a \$378k loss converting to a \$30k profit – the first profit for the Hungarian business since incorporation in 2005. Through the year Mr Tamas Vitrai was appointed as Company Manager, and Zsofia Kertesz appointed as Marketing and Finance Manager, with both working closely with Teresa Guo, Director of International Operations and China GM, and more recently Mr Scott Huang, assistant to the DIO. Dr Antonio Ferrario, our European Sales and Marketing Manager is working to induct a newly appointed sales executive Ms Viktoria Dinocsik as we develop the foundations of a direct European clinical sales marketing team. Many of our initiatives have been difficult to implement during the last pandemic year, however the foundations have been put in place and we look forward to them yielding a strong sales uplift in the year ahead. It is expected that our Russian distributors will also provide an addition to our future European sales as they move into the market.

Uscom USA

Uscom appointed and trained a new dealer network of >30 sales persons to cover ~80% of the US geography for USCOM 1A sales immediately prior to the pandemic shutdown in mid FY20. We are now reinitialising this team and training them in the BP+ and SpiroSonic technologies so we can identify potential pre-approval sales. As business slowly normalises there are now signs of a rebound with more leads, more demonstrations and a building sales pipeline. A number of key sales into prestigious KOL hospitals are pending which will influence additional national buyers.

Sales by Product and Region

This year USCOM 1A reached its milestone 1500th manufactured device, confirming the value of our premium cardiac monitoring technology. This milestone was predicated on the principle of simple clinical value; the usefulness of the product. We are proud of the number of neonates, children and adults treated each day, worldwide, with our USCOM 1A, and the number of lives it has saved or improved.

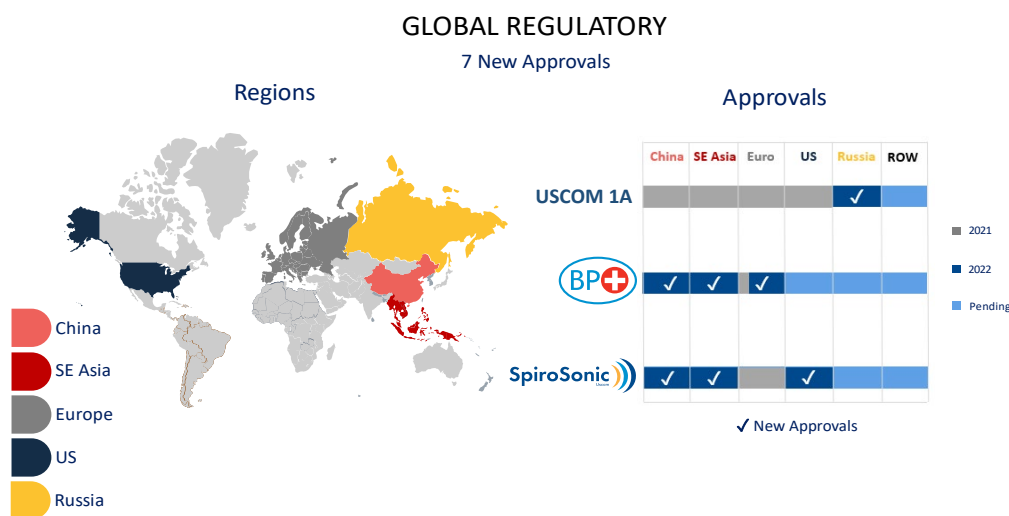


USCOM 1A sales remained strong despite limited access to clinicians and hospitals, and the device remains Uscom's cornerstone product generating 77% of Uscom's total sales revenue. In terms of % of total Uscom revenue both BP+ and SpiroSonic technologies increased over FY21. SpiroSonic sales reached 19% of total revenue in FY21 associated with an increase in COVID-19 lung function monitoring, while the increase of BP+ sales was associated with the release of BP+ Reporter and increased research sales and increasing clinician attention.

Regionally China and SE Asia were responsible for the majority of total global sales, while Europe increased to 26%, with US sales also increasing significantly. This changing sales pattern demonstrates the early success of our strategic restructure of distribution in Europe and the US in FY20, combined with early signs of a pandemic rebound.

Regulatory - Ticking the boxes in preparation for FY22

For Uscom FY21 was a year of ticking the regulatory boxes as we received new regulatory approvals for China, Europe, Russia and Australia, with additional NMPA and FDA approvals pending. The SpiroSonic AIR received approval for Europe and much of SE Asia, the BP+ received NMPA approval for China, and the USCOM 1A received certification for Russia. Currently SpiroSonic AIR is reaching the final stages of FDA approval for the US, and NMPA for China, both of which are expected in the next 3-12 months. The USCOM O2 and BASIC are also under review with the NMPA. This series of approvals expands our sales "product regions" by over 140%, and adds significant opportunity for us to expand our distribution partnerships both established and new, and grow revenue.



12 Product Regions for sale in FY22

Regulatory approvals are required to sell medical devices into all jurisdictions with our main regulatory approvals being NMPA for China, CE for Europe and FDA for the US, and each requires a detailed, expensive and time-consuming submission. The global regulatory process has grown exponentially with regulatory bodies remaining independent and minimal reciprocity, and it's this increasing complexity which increases the value of our approvals, and acts as a barrier to entry for new competitors.



New approvals in Europe, China and Russia support the FY22 "more products, more distributors, more sales and more profit" strategy.

China – NMPA



Uscom BP+ received a 5-year approval in April, with SpiroSonic approaching approval, and expected in 6-12 months. USCOM 1A received a 5-year approval last year, while O2 and BASIC are in submission with approval expected in 12-24 months.

Europe - CE



In May the SpiroSonic AIR received CE Mark allowing sale into Europe. The CE Mark is commonly used in SE Asia and MEast as complete or part regulatory approval. USCOM 1A and BP+ have also received the CE Mark.

Russia – Roszdravnadzor



The Russian regulatory body is the Federal Service on surveillance in Healthcare and Social Development Roszdravnadzor and certification is necessary for sale into the Russian market. USCOM 1A received Roszdravnadzor certification in late June. We are planning for lodgement of applications for SpiroSonic and BP+ with assistance of our local distribution partner Wondermed.

Australia – TGA



The Therapeutic Goods Administration of Australia registered the two new cardiac output monitors, O2 and BASIC, for sale in Australia in May. The USCOM 1A, the SpiroSonic series and the BP+ are already approved for sale in Australia.

US – FDA



The SpiroSonic series are currently undergoing FDA preparation and approval is expected in 3-6 months, while BP+ submission is continuing. The USCOM 1A has an active FDA approval while both the SpiroSonic and BP+ have approval for research sale, current submissions include expanded functionality in line with other international approvals.

Science

USCOM was founded on leadership in science, and our technologies are increasingly being recognised internationally for leadership in cardiovascular and pulmonary monitoring and management science. In FY21 the USCOM 1A and SpiroSonic devices have established important global clinical roles in acute and chronic COVID, while the USCOM 1A continues to revolutionise diagnosis and management of preeclampsia, and BP+ emerges as a leader in the massive and complex field of hypertension.

Recent Publications

Pneumonia and children - China

Ultrasonic Cardiac Output Monitor (USCOM), Application in Severe Pneumonia Complicated Septic Shock of Hemodynamic Assessment and Treatment in Children

Xiaofei Pang¹, Aiqin Song²

¹Department of Medicine, Qingdao University, Qingdao Shandong

²The Affiliated Hospital of Qingdao University, Qingdao Shandong
Email: 1250717934@qq.com

The study concludes "USCOM is easy to operate, can accurately evaluate hemodynamic status in children with severe pneumonia and septic shock, provides personalised management of vasoactive drugs, in has important clinical value in this application."

Pang X, Song A. Ultrasonic Cardiac Output Monitor (USCOM) Application in Severe Pneumonia Complicated Septic Shock of Hemodynamic Assessment and Treatment in Children. *Advances in Clinical Med* 2021;11(2);714-721. doi.org/10.12677/acm.2021.112102

Comparison with MRI – Australia, - UK

Pediatric Cardiology
https://doi.org/10.1007/s00246-021-02604-2

LETTER TO THE EDITOR

A Deeper Understanding of Physics, Physiology, Experimental Methodology, and Statistics is Essential for Valid Comparison of USCOM 1A and cMRI

Phillips^{1,2} · Joe Brierley³

USCOM advantages over MRI include accuracy, feasibility, ease of use, cost, fit for purpose, easy to learn and implement, with established long term utility data.

Phillips RA, Brierley J. A Deeper Understanding of Physics, Physiology, Experimental Methodology and Statistics is Essential for Valid Comparison of USCOM 1A and cMRI. *Ped Cardiol* 2021; 42: 981–982. doi.org/10.1007/s00246-021-02604-2

Comparison of USCOM 1A with GE LOGIQ - Italy

Journal of Clinical Monitoring and Computing
https://doi.org/10.1007/s10877-021-00711-2

ORIGINAL RESEARCH

Ultrasonic cardiac output monitor provides effective non-invasive bedside measurements of neonatal cardiac output

Pliauckiene¹ · Arunas Liubsys¹ · Ramune Vankeviciene¹ · Vytautas Usonis¹

USCOM 1A advantages over GE LOGIQ S8 include simple bedside use, accessibility, two years training versus 2 days, and is simpler to monitor longitudinal changes such as in heart failure or during therapy, concluding "the USCOM can be used by any physician with a knowledge of cardiovascular physiology and it is particularly suitable for cases when frequent measurements are required."

Pliauckiene A, Liubsys A, Vankeviciene R, Usonis V. Ultrasonic cardiac output monitor provides effective non-invasive bedside measurements of neonatal cardiac output. *Journal of Clinical Monitoring and Computing*. April 30th 2021. https://doi.org/10.1007/s10877-021-00711-2

Comparison of USCOM 1A with Bioimpedance in Pediatrics - Indonesia

Original Article

Determining pediatric fluid responsiveness by stroke volume variation analysis using ICON® electrical cardiometry and ultrasonic cardiac output monitor: A cross-sectional study

Kurniawan Taufiq Kadafi, Abdul Latief¹, Antonius Hocky Pudjiadi¹

Access this article

Website: www.ijcni.org
DOI: 10.4103/IJCIIS.IJCIIS_87_18



This study found bioimpedance was unable to detect patients requiring fluid, nor the amount of fluid required, while USCOM 1A was very good in these critically ill children with septic shock requiring fluid and mechanical ventilation. "This study showed that electrical cardiometry (ICON) is unable to assess preload and the response of fluid resuscitation in children."

Kadafi TK, Latief A, Pudjiadi AH. Determining pediatric fluid responsiveness by stroke volume variation analysis using ICON® electrical cardiometry and ultrasonic cardiac output monitor: A cross-sectional study. *Int J of Crit Ill Inj Sci* 2020; 10(3):123-128. doi: 10.4103/IJCIIS.IJCIIS_87_18

Comparison of USCOM 1A with Bioimpedance for Exercise Testing - China

J Appl Physiol 128: 1146–1152, 2020.
First published March 26, 2020; doi:10.1152/jappphysiol.00822.2019.

RESEARCH ARTICLE

Performance evaluation of a portable bioimpedance cardiac output monitor for measuring hemodynamic changes in athletes during a head-up tilt test

Cara H. Y. Cheung,¹ May L. Khaw,² Victor C. W. Tam,¹ Michael T. C. Ying,¹ and Shara W. Y. Lee¹
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The study comparing USCOM 1A and Bioimpedance, concluded "These findings suggest that the suitability of (Bioimpedance) for sports use is questionable."

Cheung CHY, Khaw ML, Tam VCW, Ying MTC, Lee SWY. Performance evaluation of a portable bioimpedance cardiac output monitor for measuring hemodynamic changes in athletes during a head-up tilt test. *J Appl Physiol* 2020; 128: 1146–1152; doi:10.1152/jappphysiol.00822.2019

IP and Brands

Uscom actively manages a growing portfolio of international patents, copyrights and trademarks and has in excess of 200 discrete worldwide intellectual property (IP) submissions protecting the current novel Uscom devices and our developing pipeline of new products.

Great brands are a foundation for a great company and Uscom has four great brands - USCOM 1A, BP+, SpiroSonic and VENTITEST, with each sitting over a suite of individual products. Our brands demonstrate the culture of our company; innovative, strong, clean and impactful.



Education and Distributor Support

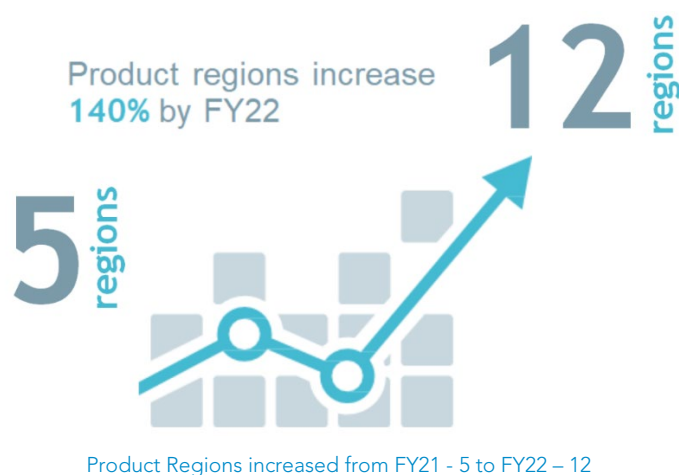
Uscom devices are innovative and so their successful adoption depends on customer education both on the science of our technologies and their clinical utility in determining diagnosis and therapy, and improving outcomes. The delivery of comprehensive and professional education modules enhances our brands and our products and enhances their adoption.



Scarlett Zhang, Uscom China's Critical Care Application Specialist training clinicians in the use of USCOM 1A at Lanling People's Hospital in Shandong Province, China. Education is critical to successful adoption of the USCOM 1A and involves new concepts and clinical practices.

Strategy FY22

The simple strategy for Uscom FY22 is **"more products, more distributors, more sales and more revenue"**. Importantly we have the recent and impending cluster of approvals to fuel this strategy, with our "product regions" set to be increased by 140% in FY22. While the appointment, training and activation of new distributors to sell these new devices in new regions takes some time, each new sale adds revenue to our near break-even FY21 position to drive us to profitability. These new approvals will feed new devices into our new global hub of subsidiaries and their associated distribution networks that we have developed over the last 10 years. This expansion has been expensive, time consuming and strategic, and positions Uscom ideally for the next phase of our business. These new products, and our expanding global distribution networks represent real off balance-sheet investor value. However, in FY22 we anticipate these strategic investments will reward investors with real further revenue growth as our new product approvals deliver products to our increased distributor network across the world. From this integrated global platform will evolve opportunities for strategic corporate activities to further grow products and revenues and a platform on which to grow a significant global health technology enterprise.



Investment

"Hunt for stock market treasures: Outperforming value plays with growth potential"
CNBC Trading Nation - 26th December 2020

- Attractive valuation (low multiple)
- High potential for earnings growth
- Quarterly outperformance
- High value sector

Operating cash flow positivity and intermittent profitability confirm Uscom's position as an investment opportunity. Uscom continues to grow operational fundamentals while executing strategic global expansion, both leading to increased shareholder value and ultimately dividends. For FY21 the Uscom FPO VWAP was 17.7c, ranging from 12.0 c to 27.5c, with 59M shares traded over the year being approximately 38% of issued capital. The average share price for the previous 9-years was 18.6c, while total cash receipts increased by 549% over this time with a CAGR of 23% suggesting a continuing path to dividends. This mismatch of rapidly improving fundamentals and unchanged SP creates a unique combination for value investors.

During the year Uscom Board and management purchased UCM FPO shares on market and continued to increase their holding and reducing market holdings from ~1200 to ~1000. This follows a small parcel share buy-back last year which reduced UCM shareholdings by 25%. This consolidation strategy simplifies the Uscom register and will decrease administrative cost of communications and ultimately drive the per unit value of UCM shares as we approach the dividend phase of the business.

Uscom has developed an active in-house social media strategy across MailChimp, Twitter, Facebook and LinkedIn to ensure awareness of our activities and achievements, and to provide investors with immediate information and results to support informed investment decisions.

"Quite honestly this seems to be the right company with the right products at the right time for huge growth to commence. Stay tuned. This could well be quite a large global company in the making"

Independent Investor commentary following NWR Investor Conference Presentation, "Motivated by Vision, Driven by Fundamentals" - 5th August 2021. (https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02403179-2A1313509?access_token=83ff96335c2d45a094df02a206a39ff4)

Risks

The Pandemic

COVID-19 has changed the way we do business. The time to recovery from this pandemic is unpredictable, with some suggesting we will need to adapt to living with waves of seasonal infections which will continue to damage Uscom's business. The establishment of global business centres in Australia, Singapore, China, Budapest, London and LA assists us to keep channels open to international markets and mitigate against regional outbreaks.

Global Markets

Uscom's expanded global operations creates exposure to risk such as international trade wars, currency volatility, regional Health reform, Brexit, economic slowdowns, and geo-political conflicts. However global diversification, while exposing us to a wider range of challenges, also mitigates against the dangers of regional risks.

China

China is our major market and investment for Uscom, and any significant change in business conditions in China may impact us as we respond. Uscom has confidence in the scale and accessibility of the China market as China continues to value the technological, academic and entrepreneurial bioscience skills that Uscom practices.

Distributors

Uscom depends on distribution to deliver its products to market and has substantially revised our global sales strategy as we move to take a more direct role in all our markets. Increasingly we are developing a model with high quality administrative people managing direct dealers selling into multiple markets. As we continue to grow it is conceived that a simple sub-distribution model will remain the most cost efficient. We continually monitor our markets to optimise our operations and adjust for unpredicted negative changes.

Regulatory

Regulatory certification is increasingly complex, expensive and time consuming in all jurisdictions. Uscom is managing multiple regulatory submissions for a number of products across four continents into multiple markets, and international trade protection is increasingly an identified risk for management.

Key Personnel

Uscom is dependent on a small, skilled and vital team working to ensure and manage ongoing rapid growth. Implementation of a competitive executive remuneration plan and adequate executive compensation may mitigate the risk of damaging resignations. The expansion of Uscom China and the expansion of Uscom Europe and Uscom Inc. in the US will also disperse these risks.

Other Risks

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

Corporate Social Responsibility



Northern Quoll populations are benefiting from AWCs reintroduction programmes

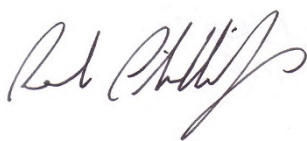
Uscom supports the Australian Wildlife Conservancy and its goals of conserving and preserving the Australian environment and animals, and reversing Australia's record as the mammalian extinction capital of the world. In the last 15 years Australia's threatened species list has increased by 36%. With strategic expansion of predator and feral free environments the AWC has reported significant success in conserving many of our most threatened animals by re-vitalising current populations and re-introducing others to newly protected habitats. Uscom supports the vital national activities of the AWC - www.australianwildlife.org (Rob Phillips personally supports AWC on behalf of Uscom Limited)

Conclusion

FY21 was a milestone year for Uscom, as it reported its first full operating cash flow positive year, and its first total cash receipts in excess of \$5m, with profitability in both China and Europe. Uscom received three new regulatory approvals for China, Europe and Russia, with another two for the US and China nearing completion, with each new approval representing a new revenue stream. Our FY22 strategy is simple; **"more products, more distribution, more sales and more revenue"**. We have received our new product approvals, and we have strategically invested in a global web of subsidiaries to access all our major markets, and are now developing the network of distributors attached to each regional hub to deliver our products to market. This global, vertically integrated entity directly connected to the market, creates an efficient pathway into which we can feed new products for rapid delivery to market and a model set to deliver sales, profit and growth foreseeably.

Thanks to shareholders for their support as we execute on our **'motivated by vision, driven by fundamentals'** corporate mission. While this year was challenging worldwide, we maintained strong growth and investment, while growing shareholder value and creating a platform for long term shareholder wealth, and we look forward to the benefits of our sound strategy continuing to grow the strength of Uscom foreseeably.

Kind Regards

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

Professor Rob Phillips
Chairman
18 August 2021

ASX ANNOUNCEMENTS FY2021

Announcements are a measure of corporate activity, and below is the list of FY 2021 announcements (Excluding Financial Reporting) with those deemed to be financially sensitive by the ASX marked as (\$), being 21 of 46:

1	29/06/2021	Change of Director's Interest Notice - Phillips
2	31/05/2021	Change of Director's Interest Notice - Meng
3	27/05/2021	Change in Substantial Holding - Meng
4	27/05/2021	Change of Director's Interest Notice - Meng
5	27/05/2021	Two New USCOM Monitors Get Australian TGA Clearance (\$)
6	26/05/2021	Cleansing Notice
7	26/05/2021	Appendix 2A
8	24/05/2021	SpiroSonic AIR Approved for European CE Mark (\$)
9	04/05/2021	Two New Uscom Devices for China (\$)
10	26/04/2021	Appendix 4C – Quarterly (\$)
11	19/04/2021	China NMPA Approves Uscom BP Plus (\$)
12	29/03/2021	BP Plus in Final Review Phase of NMPA In China (\$)
13	26/02/2021	Section 708A Notice
14	26/02/2021	Appendix 2A
15	24/02/2021	FY21 H1 Investor Presentation - Strong Growth, Bright Future (\$)
16	24/02/2021	Half Yearly Report and Accounts (\$)
17	23/02/2021	Uscom Half Year Results Webinar
18	27/01/2021	Appendix 4C – Quarterly (\$)
19	09/12/2020	Amended Change of Director's Interest Notice
20	09/12/2020	Change Of Director's Interest Notice
21	09/12/2020	H1 Market Update FY21 (5 Mths) V FY20 (6 Mths) (\$)
22	04/12/2020	Uscom China Listed as National High Technology Enterprise (\$)
23	25/11/2020	Cleansing Notice
24	25/11/2020	Appendix 2A
25	05/11/2020	Uscom NWR Virtual Investor Conference (\$)
26	05/11/2020	Uscom To Present at NWR Virtual Conference
27	29/10/2020	Change of Director's Interest Notice - Phillips

28	29/10/2020	Cleansing Notice
29	29/10/2020	Appendix 2A
30	29/10/2020	Results of Meeting
31	29/10/2020	Uscom 2020 AGM Presentation (\$)
32	15/10/2020	Appendix 4C – Quarterly (\$)
33	29/09/2020	Notice of Annual General Meeting/Proxy Form
34	01/09/2020	Corporate Governance Statement
35	01/09/2020	Change of Auditor
36	01/09/2020	Appendix 4G
37	28/08/2020	Cleansing Statement
38	28/08/2020	Appendix 2A
39	17/08/2020	Uscom 4E Annual Results 2020 (\$)
40	04/08/2020	Uscom VENTITEST Global Release (\$)
41	04/08/2020	Pause in Trading (\$)
42	20/07/2020	USCOM 1A Evidence for Early Treatment of Preeclampsia (\$)
43	14/07/2020	FY2020 Q4 Investor Briefing (\$)
44	13/07/2020	Quarterly Activities Report - June 2020 (\$)
45	13/07/2020	Appendix 4C – Quarterly (\$)
46	10/07/2020	Upcoming Investor Webinar

DIRECTORS REPORT

The Directors present their report on Uscom Ltd and its Controlled Entities for the financial year ended 30 June 2021.

Directors

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

Associate Professor R A Phillips	Executive Director - Chairman
Mr C Bernecker	Non-Executive Director
Mr B Crowley	Non-Executive Director
Mr X Meng	Non-Executive Director

Directors' qualifications and experience



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 18 years' experience in corporate management since taking Uscom public in 2003, and has taken the company to profitability, established global operations and overseen the acquisition of two international medical device companies. 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.

Company secretary's qualifications and experience

Mr Brett Crowley

Brett Crowley is also the Company Secretary since 24 May 2016.

Meetings of Directors

Directors	Board of Directors	
	Meetings held while a Director	No. of meetings attended
R A Phillips	6	6
C Bernecker	6	5
B Crowley	6	6
X Meng	6	6

Principal activities

Uscom Ltd is engaged in the development, design, manufacture and marketing of premium non-invasive cardiovascular and pulmonary medical devices. Uscom Ltd owns a portfolio of intellectual property relating to the technology and techniques associated with these devices and manages a worldwide network of distribution partners for the sale of its equipment to hospitals and other medical care locations. Uscom Ltd owns 100% of Uscom Inc, a company engaged in the sale and promotion of Uscom 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 Consolidated Entity after providing for income tax amounted to \$924,243 (2020: \$1,331,335).

Dividends

No dividends were declared or recommended for the financial year ended 30 June 2021 (2020: 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 1-16.

Events after the reporting date

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

Future developments

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

Environmental regulations

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

Indemnifying officers

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

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

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

Non-audit services

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

The Directors are of the opinion that the provision of non-audit services as disclosed in Note 24 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 46 for details of auditors' remuneration.

The auditor's independence declaration as required under section 307C of the Corporation Act is set out on page 27.

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 (Appointed on 23 August 2018)

Xianhui Meng, Non-Executive Director (Appointed on 16 December 2019)

Executive Directors

Rob Phillips, Executive Director, Chairman, Chief Executive Officer

Senior Executives

Nick Schicht, General Manager

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

Remuneration policies

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

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

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

- Encourage professional and personal development

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

Non-Executive Directors

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

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

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

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

Executive Directors and Senior Executives remuneration

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

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

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

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

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

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

Fixed remuneration

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

Short-term incentives

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

Long-term incentives

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

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

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

Service agreements

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

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

Details of the employment agreement are as follows:

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

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

Due to the small number of Executives the remuneration committee comprises the Board of Directors which is made up of 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 Consolidated Entity has sufficient market traction.

Termination

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

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

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

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

Service contracts have been entered into by the Consolidated Entity 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 Consolidated Entity 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 2021.

	Short term benefits			Post-employment benefits	Long term benefits	Equity	Total remuneration	Performance related
	Directors' Base Fee	Base salary	Annual leave cash out	Superannuation	Long service leave	Share-based payment	\$	%
	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Director								
C Bernecker	38,325	-	-	-	-	-	38,250	-
B Crowley	34,959	-	-	3,321	-	-	38,280	-
X Meng	-	-	-	-	-	-	-	-
Executive Director								
R Phillips	-	250,755	60,366	-	13,580	361,176	685,877	52.7%
Senior Executive								
N Schicht	-	196,000	-	18,620	10,390	20,000	245,010	8.2%
Total	73,284	446,755	60,366	21,941	23,970	381,176	1,007,492	37.8%

Remuneration includes salaries, benefits and superannuation contributions in respect of the financial year 2020.

	Short term benefits			Post-employment benefits	Long term benefits	Equity	Total remuneration	Performance related
	Directors' Base Fee \$	Base salary \$	Annual leave cash out \$	Superannuation \$	Long service leave \$	Share-based payment \$	\$	%
Non-Executive Director								
C Bernecker	38,325	-	-	-	-	-	38,325	-
B Crowley	34,959	-	-	3,321	-	-	38,280	-
X Meng	-	-	-	-	-	-	-	-
Executive Director								
R Phillips	-	250,755	15,009	-	9,402	77,309	352,474	22%
Senior Executive								
N Schicht	-	189,000	-	17,955	6,201	5,103	218,259	2%
Total	73,284	439,755	15,009	21,276	15,603	82,412	647,339	13%

Equity Incentive Plan

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

The purpose of the Plan is to:

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

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

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

	Balance	Granted	Exercised	Lapsed / Cancelled	Balance	Total Vested	Total Unexercisable
	1 July 2020 No.	During FY2021 No.	During FY2021 No.	During FY2021 No.	30 June 2021 No.	30 June 2021 No.	20 June 2021 No.
Non-Executive Director							
C Bernecker	-	-	-	--	-	--	-
B Crowley	-	-	-	--	-	--	-
X Meng	-	-	-	--	-	--	-
Executive Director							
R Phillips (a)	-	1,436,782	-	--	1,436,782	--	1,436,782
Senior Executive							
N Schicht (b)	450,000	-	300,000	--	150,000	--	150,000
Total	450,000	1,436,782	300,000	--	1,586,782	--	1,586,782

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 2021 %	Vesting date	30 June 2021 Outstanding Right No.	Exercise Price \$	Issued date fair value \$
1 (Executive)	26 November 2014	100%	1 July 2020	150,000	0.00	0.19
Total				150,000		

(a) 1,436,782 Indeterminate rights were issued to Rob Phillips on the terms and conditions approved by shareholders at the AGM on 29 October 2020 under the Equity Incentive Plan, vesting dependent on performance hurdles on 1 July 2021. Consideration

payable upon vesting is \$nil. The Board exercised its discretion to pay cash in lieu of issue of ordinary shares. Upon meeting the performance hurdles, total of 1,436,782 were exercised on 5 July 2021 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. Consideration payable upon vesting is \$nil. 300,000 were exercised on 28 August 2020 and remaining balance is 150,000 as the reporting date.

Number ordinary shares held by Directors and Senior Executives

	Balance	Received as	Options/Rights		Balance
	01 July 2020	Remuneration	Exercised	Purchased on market	30 June 2021
	No.	No.	No.	No.	No.
Non-Executive Director					
C Bernecker	-	-	-	-	-
B Crowley	-	-	-	200,000	200,000
X Meng	31,368,208	-	-	1,492,292 ⁽¹⁾	32,860,500
Executive Director					
R Phillips	26,865,547	-	-	3,734,627 ⁽²⁾	30,600,174
Senior Executive					
N Schicht	313,200	114,943	300,000	-	728,143 ⁽³⁾
Total	58,546,955	114,943	300,000	5,426,919	64,388,817

*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, 1,000,000 ordinary shares were purchased on market on 25 May 2021 and 492,292 ordinary shares were purchased on market on 26 May 2021.
- (2) 3,090,000 @ \$0.10 were allotted on 29 October 2020 for \$300,000 share capital placement in advance on 30 September 2020 and included 90,000 shares were on account of interest payment. 644,627 ordinary shares were purchased on market on 28 June 2021.
- (3) 5,000 of these ordinary shares are held by a family associate.

Additional Information

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

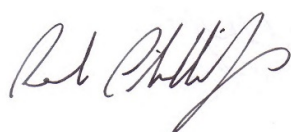
	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Sales Revenue	3,858,081	3,479,758	2,844,138	2,168,051	2,723,359
Loss after income tax	(924,243)	(1,331,335)	(1,389,398)	(1,960,923)	(1,800,849)

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

	2021	2020	2019	2018	2017
Share Price at financial year end (\$)	0.16	0.22	0.14	0.17	0.19
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings declared (cents per share)	(0.6)	(0.9)	(1.0)	(1.6)	(1.6)

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.



Professor Rob Phillips
Chairman
18 August 2021

FINANCIAL REPORT

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AUDITOR'S INDEPENDENCE DECLARATION



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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF USCOM LIMITED

As lead auditor of Uscom Limited for the year ended 30 June 2021, 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.

A handwritten signature in black ink, appearing to read 'John Bresolin', is written over a light blue grid background.

John Bresolin
Partner

BDO Audit Pty Ltd

Sydney

18 August 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

Continuing operations	Note	2021 \$	2020 \$
Revenue and other income	3	4,554,810	4,284,726
Raw materials and consumables used		(485,073)	(435,007)
Expenses from continuing activities	4	(4,951,940)	(5,163,908)
Loss before income tax from continuing operations		(882,203)	(1,314,189)
Income tax	5	(42,040)	(17,146)
Loss after income tax from continuing operations	6	(924,243)	(1,331,335)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference for foreign operations, net of tax		50,189	(13,185)
Other comprehensive income for the year, net of tax		50,189	(13,185)
Total comprehensive income/(loss) for the year		(874,054)	(1,344,520)
Attributable to:			
Owners of the Company		(874,054)	(1,344,520)
Total comprehensive income/(loss) for the year		(874,054)	(1,344,520)
Earnings per share from continuing operations attributable to the owners of the Company			
Earnings per share (EPS)			
Basic earnings per share (cents per share)	7	(0.6)	(0.9)
Diluted earnings per share (cents per share)	7	(0.6)	(0.9)

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 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	8	1,710,554	1,920,657
Trade and other receivables	9	404,366	453,700
Inventories	10	894,877	828,853
Tax asset	11	441,283	475,109
Total current assets		3,451,080	3,678,319
Non-current assets			
Bank guarantee	12	83,456	83,456
Plant and equipment	13	99,310	163,524
Intangible assets	14	469,684	498,122
Right-of-use assets	15	1,231,438	1,493,980
Total non-current assets		1,883,889	2,239,082
Total assets		5,334,969	5,917,401
Current liabilities			
Trade and other payables	16	556,020	597,124
Provisions	17	203,765	213,985
Lease liabilities	15	189,050	187,310
Total current liabilities		948,835	998,419
Non-current liabilities			
Provisions	17	67,652	66,703
Lease liabilities	15	1,240,884	1,429,935
Total non-current liabilities		1,308,536	1,496,638
Total liabilities		2,257,371	2,495,057
Net assets		3,077,598	3,422,345
Equity			
Issued capital	18	34,665,560	34,197,430
Reserve	19	3,352,406	3,241,040
Accumulated losses	6	(34,940,368)	(34,016,125)
Total equity		3,077,598	3,422,345

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 2021

	Issued Capital \$	Options and rights Reserve \$	Other reserves \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 30 June 2019	33,300,933	2,824,660	-	(32,684,790)	47,153	3,487,956
Loss for the year	-	-	-	(1,331,335)	-	(1,331,335)
Other comprehensive income	-	-	-	-	(13,185)	(13,185)
Total Comprehensive Income for the year	-	-	-	(1,331,335)	(13,185)	(1,344,520)
Transactions with Owners in their capacity as owners:						
Shares issued (Note 18)	750,000	-	-	-	-	750,000
Transaction costs on shares issued (Note 18)	(16,455)	-	-	-	-	(16,455)
Share-based payments (Note 18) (Note 19)	162,952	82,412	-	-	-	245,364
Unissued equity (Note 19)	-	-	300,000	-	-	300,000
Balance at 30 June 2020	34,197,430	2,907,072	300,000	(34,016,125)	33,968	3,422,345
Loss for the year	-	-	-	(924,243)	-	(924,243)
Other comprehensive income	-	-	-	-	50,189	50,189
Total Comprehensive Income for the year	-	-	-	(924,243)	50,189	(874,054)
Transactions with Owners in their capacity as owners:						
Shares issued (Note 18)	309,000	-	-	-	-	309,000
Transaction costs on shares issued (Note 18)	(10,870)	-	-	-	-	(10,870)
Share-based payments (Note 18) (Note 19)	170,000	361,177	-	-	-	531,177
Unissued equity (Note 19)	-	-	(300,000)	-	-	(300,000)
Balance at 30 June 2021	34,665,560	3,268,249	-	(34,940,368)	84,157	3,077,598

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,845,102	4,025,173
Interest received		32,144	14,390
Interest expense (lease)	15	(83,688)	(88,002)
Interest expenses (other)		(11,824)	-
Payments to suppliers and employees (inclusive of GST)		(5,426,761)	(4,546,913)
Grant and other income received		700,005	562,090
Net cash from/ (used in) operating activities	21	54,978	(33,262)
Cash flows from investing activities			
Purchase of patents and trademarks	14	(27,841)	(22,405)
Purchase of plant and equipment	13	(5,510)	(15,754)
Net cash used in investing activities		(33,351)	(38,159)
Cash flows from financing activities			
Proceeds from issue of shares and options	18	-	750,000
Payment of lease (Principal)	15	(270,998)	(236,778)
Share issue costs	18	(10,870)	(16,455)
Unissued equity contributions received	19	-	300,000
Net cash provided by financing activities		(281,868)	796,767
Net increase/(decrease) in cash held		(260,241)	725,346
Cash and cash equivalents at the beginning of the year		1,920,657	1,208,496
Exchange rate adjustment for opening balance		50,138	(13,185)
Cash and cash equivalents at the end of the year	8	1,710,554	1,920,657

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 2021

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 Consolidated Entity 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 consolidated Group 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 18 August 2021.

Going concern

The consolidated entity incurred an operating cash inflow of \$54,978 during the year ended 30 June 2021 (2020: outflow \$33,262). The total comprehensive loss for the year ended 30 June 2021 was \$874,054 (2020: \$1,344,520) and the cash on hand as at 30 June 2021 was \$1,710,554.

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

Principles of consolidation

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

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

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

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

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.

Note 2: 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.

Note 3: Revenue and other income

	2021 \$	2020 \$
Operating revenue		
Sale of products	3,847,920	3,407,932
Services revenue	10,161	71,826
Other revenue		
Interest received	31,738	13,540
Other income		
Grants - R&D incentive	443,395	468,454
Grants – Others	87,190	36,433
COVID-19 Government subsidies	134,000	96,500
Foreign exchange gain	-	190,041
Sundry income	405	-
Total other income	664,990	791,428
Total revenues and other income from continuing operations	4,554,810	4,284,726

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows

	Australia \$	Asia \$	Americas \$	Europe \$	Other regions \$	Consolidated \$
2021						
Sales of products	87,972	2,445,977	225,532	991,284	97,155	3,847,920
Services revenue	8,843	-	201	1,117	-	10,161
Total	96,815	2,445,977	225,733	992,401	97,155	3,858,081
Goods transferred at a point in time	87,972	2,445,977	225,532	991,284	97,155	3,847,920
Services transferred over time	8,843	-	201	1,117	-	10,161
Total	96,815	2,445,977	225,733	992,401	97,155	3,858,081
2020						
Sales of products	5,386	2,415,770	524	681,956	304,296	3,407,932
Services revenue	13,567	16,396	149	41,714	-	71,826
Total	18,953	2,432,166	673	723,670	304,296	3,479,758
Goods transferred at a point in time	5,386	2,415,770	524	681,956	304,296	3,407,932
Services transferred over time	13,567	16,396	149	41,714	-	71,826
Total	18,953	2,432,166	673	723,670	304,296	3,479,758

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 Group.
- **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

	2021	2020
	\$	\$
Depreciation and amortisation expenses	125,254	320,225
Impairment of patents	-	231,185
Depreciation – right-of-use assets	270,998	249,507
Employee benefits expense	2,195,055	2,017,014
Research and development expenses	815,857	809,998
Advertising and marketing expenses	634,525	681,578
Occupancy expenses	14,802	56,977
Auditors remuneration (audit and review)	94,200	95,861
Regulatory expenses	121,222	140,718
Administrative expenses	533,820	470,949
Exchange losses	50,694	-
Finance costs	95,513	89,896
Total expenses from continuing activities	4,951,940	5,163,908

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 \$531,177 in 2021 (2020: \$245,364) 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.

Impairment of patents

Impairment of patents was \$Nil in 2021 (2020: \$231,185). Refer to Note 14 for details.

Note 5: Income tax

	2021	2020
	\$	\$
Major components of income tax		
Current income tax	(42,040)	(17,146)
Income tax	(42,040)	(17,146)
Reconciliation between income tax credit and prima facie tax on accounting loss		
Accounting loss before income tax	(882,203)	(1,314,189)
Tax benefit at 26% in Australia, 28% in USA, 11% in Hungary, 25% in China (2020: 27.5% in Australia, 28% in USA, 11% in Hungary and 25% in China)	168,924	51,888
Tax effect on non-taxable income and non-deductible expenses	(288,003)	(179,607)
Temporary differences	18,427	(47,532)
Deferred tax asset not brought to account	58,612	158,105
Income tax	(42,040)	(17,146)

The consolidated entity currently has carried forward losses of \$17.7m from prior years in respect to its Australian operations and approximately \$2.2m in respect to its American and Asia operations. The utilisation of these carried forward losses is conditional on the consolidated entity meeting the conditions for deductibility imposed by the law in the period in which the consolidated entity derives sufficient taxable income in order to utilise these losses. For the year ended 30 June 2021, management has reviewed the deductibility of these losses in comparison to the estimated taxable income derived by the consolidated entity and are confident that sufficient losses are available to offset the expected taxable income for the financial year ended 30 June 2021. Whilst the consolidated entity has continued to trade positively due to the COVID-19 induced demand, it is currently not known with sufficient probability how the consolidated entity's trade will transpire for the FY22 period and beyond. As a consequence, the consolidated entity has elected not to recognise any deferred tax assets or carried forward income tax losses.

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

	Australia \$	USA \$	Hungary \$	China \$	Singapore \$	Total \$
2021						
Tax losses	17,780,922	1,625,613	360,068	(217,466)	197,520	19,746,657
Tax credit	4,623,040	454,905	39,608	(54,367)	33,578	5,096,764
2020						
Tax losses	18,442,341	1,370,763	390,680	(55,453)	-	20,148,331
Tax credit	4,795,009	383,589	42,975	(13,864)	-	5,207,709

Note 6: Accumulated Losses

	2021 \$	2020 \$
Accumulated losses at the beginning of the financial year	(34,016,125)	(32,684,790)
Loss for the year	(924,243)	(1,331,335)
Accumulated losses at the end of the financial year	(34,940,368)	(34,016,125)

Note 7: Earnings per share

	2021 \$	2020 \$
Loss after tax used in calculation of basic and diluted EPS	(924,243)	(1,331,335)
	Number	Number
Weighted average number of ordinary shares during the year used in calculation of basic EPS	148,066,517	145,211,920
Weighted average number of options outstanding	-	-
Weighted average number of rights outstanding	1,114,415	450,000
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	149,180,932	145,661,920
Basic earnings per share (cents per share)	(0.6)	(0.9)
Diluted earnings per share (cents per share)	(0.6)	(0.9)

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

	2021 \$	2020 \$
Cash on hand	226	66
Bank: Cheque accounts	1,668,498	1,853,415
Bank: Cash management	26,615	51,972
Bank: Term deposits	15,215	15,204
Total cash and cash equivalents	1,710,554	1,920,657

Cash at bank and on hand bears floating interest rates. The interest rate relating to cash and cash equivalents for the year was between 0.05% and 0.75% (2020: between 0.15% and 0.85%)

Note 9: Trade and other receivables

	2021 \$	2020 \$
Current		
Trade receivables (a)	225,032	271,761
Other receivables (b)	179,335	181,939
Total current receivables	404,367	453,700

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 2021 (\$Nil as at 30 June 2020). The company has recognised a loss of \$NIL (2020: \$NIL) in profit and loss in respect of impairment of receivables for the year ended 30 June 2021.

The group 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 Group as at 30 June 2021 has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Group (2020: \$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

	2021 \$	2020 \$
Current inventories at cost		
Raw materials	657,832	511,617
Finished products	237,045	317,236
Total inventories	894,877	828,853

Inventories are measured at the lower of cost or net realisable value. Costs are assigned on the basis of weighted average costs. Cost comprises all costs of purchase and conversion and an appropriate proportion of fixed and variable overheads, net of settlement discounts. Overheads are applied on the basis of normal operative capacity. The costs are recognised when materials are delivered to the Consolidated Entity. 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.

Note 11: Tax asset

	2021 \$	2020 \$
Income tax credit/(expense)	(26,717)	15,486
R & D tax incentive	468,000	459,623
Total tax asset	441,283	475,109

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 Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

R & D tax incentive

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

Note 12: Trade and other receivables

	2021	2020
	\$	\$
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 (2020: \$83,456).

Note 13: Plant and equipment

	2021	2020
	\$	\$
Plant and equipment at cost	747,956	743,157
Accumulated depreciation – including foreign exchange impact	(699,625)	(669,337)
	48,331	73,820
Office furniture and equipment at cost	175,712	175,712
Accumulated depreciation – including foreign exchange impact	(127,825)	(92,825)
	47,887	82,887
Computer software at cost	43,338	43,338
Accumulated depreciation – including foreign exchange impact	(41,029)	(37,303)
	2,309	6,035
Low value asset pool at cost	59,456	58,760
Accumulated depreciation – including foreign exchange impact	(58,673)	(57,978)
	783	782
Total plant and equipment	99,310	163,524

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	
	\$	\$	\$	\$	\$
Consolidated Entity					
Carrying amount at 1 July 2020	73,820	82,887	6,035	782	163,524
Additions	4,799	-	-	711	5,510
Disposals	-	(749)	-	-	(749)
Depreciation expense	(30,287)	(34,251)	(3,728)	(710)	(68,976)
Effects of foreign currency exchange differences	(1)	-	2	-	1
Carrying amount at 30 June 2021	48,331	47,887	2,309	783	99,310

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

	2021 \$	2020 \$
Non-current		
Patents at cost	2,002,579	1,974,739
Accumulated amortisation	(1,532,895)	(1,245,433)
Impairment	-	(231,185)
Carrying amount at 30 June	469,684	498,122
Regulatory approvals -acquisitions through business combinations	630,730	630,730
Accumulated amortisation	(630,730)	(630,730)
Carrying amount at 30 June	-	-
Total intangible assets	469,684	498,122
Movements in carrying amounts		
Patents carrying amount at 1 July	498,121	810,159
Additions	27,841	22,405
Impairment	-	(231,185)
Amortisation	(56,278)	(103,257)
Patents carrying amount at 30 June	469,684	498,122
Regulatory approvals -acquisitions through business combinations	-	147,170
Additions	-	-
Impairment	-	-
Amortisation	-	(147,170)
Regulatory approvals carrying amount at 30 June	-	-

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 \$
2021					
Patent from cardiovascular products	36,975	74,095	-	358,614	469,684
Less: Impairment provided	-	-	-	-	-
Total	36,975	74,095	-	358,614	469,684
2020					
Patent from cardiovascular products	40,537	76,719	231,185	380,866	729,307
Less: Impairment provided	-	-	(231,185)	-	(231,185)
Total	40,537	76,719	-	380,866	498,122

The group tests whether intangible assets have suffered any impairment on an annual basis or any indications present that an asset may be impaired. For the 2021 and 2020 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 2021 (2020: \$231,185 impairment charge for Americas Territory of BP+ and 1A products in response to poor economic conditions in the US).

Note 15: Right-of-use assets

	2021	2020
	\$	\$
Right-of-use assets	1,231,438	1,493,980
Lease liabilities - current	(189,050)	(187,310)
Lease liabilities – non current	(1,240,884)	(1,429,935)
Reconciliation of movement in lease liabilities:		
Lease liability recognise at 1 July	1,617,244	1,620,535
Additions	-	145,485
Interest expense	83,688	88,002
Repayment of lease liabilities	(270,998)	(236,778)
Total lease liabilities as at 30 June	1,429,934	1,617,244

Note 16: Trade and other payables

	2021	2020
	\$	\$
Current		
Trade payables	135,583	269,893
Sundry payables and accrued expenses	245,418	147,752
Employee related payables	175,019	179,479
Total payables	556,020	597,124

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

The carrying amounts of the Group's trade and other payables are denominated in Australian Dollars. For an analysis of the financial risks associated with trade and other payable refer to Note 22.

Note 17: Provisions

	2021	2020
	\$	\$
Current		
Provision for annual leave	156,504	173,280
Provision for long service leave	47,261	40,705
Non-current		
Provision for long service leave	22,391	27,549
Provision for warranties	26,600	21,550
Provision for make good	18,661	17,604
(a) Aggregate employee benefits	226,156	241,535
(b) Movement in employee benefits		
Balance at beginning of the year	241,535	185,411
Additional provision	142,701	134,879
Amounts used	(158,080)	(78,755)
Balance at end of the year	226,156	241,535
(c) Movement in warranties		
Balance at beginning of the year	21,550	12,700
Additional provision	8,850	11,894
Amounts used	(3,800)	(3,044)
Balance at end of the year	26,600	21,550
(d) Movement in make good		
Balance at beginning of the year	17,604	15,718
Additional provision	1,256	1,886
Amounts used	-	-
Balance at end of the year	18,860	17,604

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 payables within 12 months and non-mandatory benefits such as medical care, housing, car and service goods.

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

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

Long term employee benefits

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

Warranties

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

Lease Make Good

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

Note 18: Issued capital

	2021 Number	2020 Number	2021 \$	2020 \$
Ordinary shares				
Fully paid ordinary shares	154,384,643	149,828,334	34,665,560	34,197,430
Total contributed equity	154,384,643	149,828,334	34,665,560	34,197,430
Movement in issued capital				
Shares on issue at the beginning of the year	149,828,334	137,640,866	34,197,430	33,300,933
Ordinary share issued for cash	3,090,000	7,500,000	309,000	750,000
Ordinary share issued for in lieu of salary	1,466,309	4,687,468	170,000	162,952
Share issue costs	-	-	(10,870)	(16,455)
Issued Equity at the end of the year	154,384,643	149,828,334	34,665,560	34,197,430

The Company's authorised share capital amounted to 154,384,643 ordinary shares of no-par value at 30 June 2021.

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

Note 19: Options and rights reserve

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

The purpose of the Plan is to:

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

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

	2021 \$	2020 \$
Options and rights reserves (i)	3,268,249	2,907,072
Other equity reserves (ii)	-	300,000
Foreign currency translation reserves	84,157	33,968
Total reserves	3,352,406	3,241,040

	2021 Number	2020 Number	2021 \$	2020 \$
(i) Movement in Performance rights reserve				
Opening balance	450,000	1,640,476	2,907,072	2,824,660
Granted during the period (a)	1,436,782	2,173,913	-	-
Exercised during the period (b)	(300,000)	(3,364,389)	-	-
Lapsed during the period	-	-	-	-
Expenses from share-based payment	-	-	361,177	82,412
Rights at the end of the period	1,586,782	450,000	3,268,249	2,907,072
Total	1,586,782	450,000	3,268,249	2,907,072

(a) 1,436,782 Indeterminate rights were issued to Rob Phillips on the terms and conditions approved by shareholders at the AGM on 29 October 2020 under the Equity Incentive Plan, vesting dependent on performance hurdles on 1 July 2021. Consideration payable upon vesting is \$nil. The Board exercised its discretion to pay cash in lieu of issue of ordinary shares. Upon meeting the performance hurdles, a total of 1,436,782 rights were exercised on 5 July 2021 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. Consideration payable upon vesting is \$nil. 300,000 of these performance rights were exercised on 28 August 2020.

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 2021 are noted below:

Grant date	Vesting date	Vesting period (moths)	Exercise price	Share price at issue date	Fair value at issue date	Est. volatility	Expected dividend yield	Average risk-free rate
29-Oct-20	01-Jul-21	8	Nil	\$0.175	\$0.175	122%	Nil	0.23%

(ii) On 30 September 2020, the Company announced the private placement of shares to management and major shareholders. Included in the placement was the issue of 3 million shares to the Company Executive Chairman Rob Philips at \$0.10 per share. The issue is conditional on shareholder approval which will be sought at the general meeting. An amount of \$300,000 was received by the company from Rob Philips as an advance on the placement which will be allocated to the allotted capital once approved. In the event the shareholders reject the placement, the amount will be repaid to Rob Philips. On 29 October 2020, 3,090,000 shares at \$0.10 per share were approved by the shareholders and issued to Rob Philips. This included 90,000 shares which were on account of interest payable on the amount of \$300,000.

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

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

	2021	2020
	\$	\$
Opening balance	33,968	47,153
Translation of financial statements of foreign Controlled Entities	50,189	(13,185)
Closing balance	84,157	33,968

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

	2021	2020
	\$	\$
(a) Reconciliation of cash		
Cash at bank and on hand	1,710,554	1,920,657
Total cash at end of year	1,710,554	1,920,657
(b) Reconciliation of cash flow from operations to loss from continuing operations after income tax		
Loss from continuing operations after income tax	(924,243)	(1,331,335)
Non cash flows in loss from continuing operations		
Depreciation	68,129	69,798
Amortisation	56,283	250,427
Impairment	-	231,185
Depreciation on right-of-use assets	270,998	249,507
Share based payment expenses	531,177	245,364
FX Gain & Losses	50,693	(13,185)
Loss on disposal of PPE	1,595	-
(Increase)/decrease in assets		
Trade debtors and other receivables	46,729	311,545
Other assets	(5,851)	(73,301)
Inventories	(66,025)	(313,692)
Tax credit	75,868	(12,112)
Increase/(decrease) in liabilities		
Trade and other payables	(41,104)	285,677
Provision	(9,271)	66,860
Net cash from/ (used in) operating activities	54,978	(33,262)

Note 22: Financial instruments

a. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

b. Capital risk management

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

c. Outstanding contracts

At 30 June 2021, there were no outstanding contracts.

d. Financial risk management objectives

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

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

e. Foreign currency risk management

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Consolidated Entity does not have any forward foreign exchange contracts as at 30 June 2021 and is exposed to foreign currency risk on sales and purchases denominated in a currency other than Australian dollars.

The currencies giving rise to this risk is primarily the US Dollar, Euro and Chinese yuan. The Consolidated Entity incurs costs in US Dollars for its operations which provide a natural hedge for a portion of income denominated in US Dollars.

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

	2021	2020
	USD	USD
Cash	152,050	407,288
Current trade debtors	-	234,335
Current trade creditors	22,211	28,582
	HUF	HUF
Cash	2,459	2,459
Current trade debtors	3,249,184	4,090,988
Current trade creditors	10,224,208	6,893,267
	EUR	EUR
Cash	159,251	50,975
Current trade debtors	25,428	22,045
Current trade creditors	10,679	5,902
	NZD	NZD
Cash	-	-
Current trade debtors	-	-
Current trade creditors	18,447	18,767
	CNY	CNY
Cash	5,338,138	4,076,199
Current trade debtors	614,800	925,000
Current trade creditors	16,700	-

f. Foreign currency sensitivity

The Consolidated Entity is mainly exposed to exchange rate risks arising from movements in the US Dollar (USD), Euro (EUR), New Zealand Dollar (NZD), 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.

The analysis below demonstrates the profit impact of a 10% movement of USD, 5% movement of EUR, 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.

	2021	2020
	\$	\$
Profit/Loss - increase 10% USD, 5% EUR, 5% HUF and 5% CNY	(296,417)	(580,978)
- decrease 10% USD, 5% EUR, 5% HUF and 5% CNY	296,417	580,978

g. Interest rate risk management

The Consolidated Entity does not have any external loans or borrowings as at 30 June 2021 and is not exposed to interest rate risks related to debt.

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

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

h. Interest rate sensitivity

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

	2021	2020
	\$	\$
Profit/Loss - increase 100 basis points	3,174	1,354
- decrease 100 basis points	(3,174)	(1,354)

i. Credit risk management

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

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

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

	2021	2020
	\$	\$
Debtors outstanding but not impaired		
0 - 45 days	225,032	271,761
46 - 90 days	-	-
Over 90 days	-	-
Total	225,032	271,761

No bad debt was written off during the year (2020: \$Nil). There was no doubtful debt provision as at 30 June 2021 (2020: Nil). The outstanding debts \$225,032 are not past due to the reporting date. The group 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.

j. Liquidity risk management

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

The following table details the Consolidated Entity'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 Consolidated Entity.

Consolidated	Weighted Average effective interest Rate %	Fixed interest rate maturing				Total
		Floating interest \$	Within 1 year \$	1 to 5 years \$	Non-interest bearing \$	
2021						
Trade creditors	0.0	-	-	-	135,583	135,583
Payables	0.0	-	-	-	175,019	175,019
Lease liabilities	5.71	-	189,050	1,240,884	-	1,429,935
Total financial liabilities		-	189,050	1,240,884	310,602	1,740,537
2020						
Trade creditors	0.0	-	-	-	269,893	269,893
Payables	0.0	-	-	-	179,479	179,479
Lease liabilities	5.71	-	187,310	1,429,934	-	1,617,244
Total financial liabilities		-	187,310	1,429,934	449,372	2,066,616

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 Consolidated Entity 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 18.

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

	2021	2020
	\$	\$
Short-term employee benefits	580,405	528,048
Post-employment benefits	21,941	21,276
Long-term benefits	23,970	15,603
Share-based payment	381,176	82,412
Total key management personnel remuneration	1,007,492	647,339

Note 24: Parent entity information

	2021	2020
	\$	\$
Set out below is the supplementary information about the parent entity.		
Statement of comprehensive income		
Loss after income tax	(1,174,054)	(1,044,519)
Total comprehensive income	(1,174,054)	(1,044,519)
Statement of financial position		
Total current assets	3,038,760	3,709,591
Total assets	3,697,636	4,515,814
Total current liabilities	552,387	1,026,764
Total liabilities	620,039	1,093,469
Equity		
Contributed equity	34,665,560	34,197,430
Options reserve	3,268,249	2,907,072
Accumulated losses	(34,856,211)	(33,682,157)
Total equity	3,077,598	3,422,345

Contingent liabilities

The parent entity has provided a guarantee in respect of obligations under premises lease of \$83,456 (2020: \$83,456). No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee.

Other than the guarantee mentioned above, the parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

Significant accounting policies

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

Note 25: Auditors' remuneration

	2021	2020
	\$	\$
Audit services		
BDO Audit Pty Limited for audit and review of financial reports	82,200	85,650
BDO Hungary for audit and review of financial reports	12,000	10,211
Total remuneration for audit services	94,200	95,861

Note 26: Operating segments

Segment information

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

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

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

The largest customer group operates in Asia and accounts for approximately 64% of the total sales. For the current period USCOM 1A comprised 77%, SpiroSonic spirometers 19% and BP+ 4% of the total Uscom sales revenue.

Basis of accounting for purposes of reporting by operating segments

Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 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 \$
2021					
Sales to external customers	193,970	2,445,977	225,733	992,401	3,858,081
Other income/revenue	591,600	27,932	-	77,197	696,729
Total segment revenue/income	785,570	2,473,909	225,733	1,069,598	4,554,810
Segment expenses	3,058,217	987,430	393,364	998,002	5,437,014
Segment result	(2,272,647)	1,486,479	(167,631)	71,596	(882,203)
Income tax	-	(5,391)	-	(36,649)	(42,040)
Consolidated loss from ordinary activities after income tax	(2,272,647)	1,481,088	(167,631)	34,947	(924,243)
Segment assets	3,485,014	1,404,351	115,057	330,546	5,334,969
Segment liabilities	1,936,777	127,210	66,070	127,314	2,257,371
Acquisition of plant and equipment and intangibles	19,985	-	1,640	11,725	33,350
Depreciation and amortisation	245,055	68,260	-	82,936	396,252
2020					
Sales to external customers	323,249	2,432,166	673	723,670	3,479,758
Other income/revenue	569,636	8,854	190,041	36,438	804,969
Total segment revenue/income	892,885	2,441,020	190,714	760,108	4,284,726
Segment expenses	3,987,506	380,102	413,760	817,547	5,598,915
Segment result	(3,094,621)	2,060,917	(223,046)	(227,888)	(1,314,189)
Income tax	-	-	-	(17,146)	(17,146)
Consolidated loss from ordinary activities after income tax	(2,602,412)	1,707,269	(191,158)	(245,034)	(1,331,335)
Segment assets	3,902,217	1,380,020	43,439	591,425	5,917,401
Segment liabilities	2,405,208	16,535	41,711	31,603	2,495,057
Acquisition of plant and equipment and intangibles	9,629	-	18,024	10,505	38,159
Depreciation and amortisation	317,828	26,895	310,568	145,629	800,917

Note 27: Contingencies

Other than the guarantee mentioned at Note 24, the consolidated entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

Note 28: Events after the reporting date

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

Impact of COVID-19

The effect of COVID-19 on future results of Uscom is difficult to predict. The impact on Uscom operations is twofold:

1. Reduced sales: with regional shutdowns and "on again, off again" sales appointments, sales are likely to be negatively impaired, resulting in reduced sales across all devices. The degree of impairment is dependent on the extent and severity of the current infections, and the effect of any additional new mutations. Great scientists are grappling with prediction of the outcome of the pandemic with predictions ranging from recovery in 3 months to persistent disruption foreseeably. Uscom management are watching intently for any reliable indicators of diminished sales which may warrant adjustment of our current operational strategy.
2. Increased sales: the USCOM 1A has been recommended as the preferred method for management of severe COVID by the Chinese National Health and Medical Commission, and by the Wuhan Pediatric and adult ICU Societies, and we are listed in the International Pediatric Sepsis Guidelines as a means of treating sepsis in pediatrics, which is the fatal complication of COVID. China has already purchased 50 units and installed them in specialised infectious disease hospitals, with more to come.

Uscom SpiroSonic devices are also useful to monitor the effective lung function of acutely infected subjects, and to monitor the post COVID complications of pulmonary fibrosis. The application of these devices can be in the hospital or in home care.

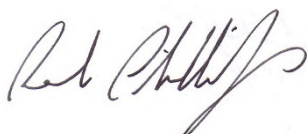
The number of increased sales is difficult to determine and will vary from jurisdiction to jurisdiction but Uscom management are watching intently for reliable indicators of increased demand which may warrant adjustment of our current operational strategy.

DIRECTORS DECLARATION

Uscom Limited and its Controlled Entity

1. The directors of the company declare that: The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying Notes, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2021 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
18 August 2021

INDEPENDENT AUDIT REPORT



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Level 11, 1 Margaret St
 Sydney NSW 2000
 Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Uscom Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Uscom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 and of its financial performance for the year ended on that date; and

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.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



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.

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 <i>Note 14 Intangibles Asset</i> of the financial report, the carrying value of intangible assets was considered significant to our audit as the carrying value of \$469,684 at 30 June 2021 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 effect of COVID-19 on future results of Uscom. The intangible assets relate to patents held in connection with the BP+ and Uscom 1A products.</p>	<p>Our audit procedures include amongst other:</p> <ul style="list-style-type: none"> • Evaluated management’s assessment of the impact of the COVID-19 pandemic on the Group to assess any impairment indicators present according to <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 challenging and testing 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 growth rates, terminal values and discount factors used in discounted cash flow valuations based on BDO sensitised results. • Together with BDO valuation specialists, assessed the reasonableness of the discount rate applied by management across the different CGUs. • Reviewed the regulation process for NMPA and FDA approvals for the BP+ and SpiroSonic device, as well as reasonableness on timing reflected in the revenue forecast associated with those products. • Reviewed the accuracy of the impairment models calculations, especially concerning the formula applied to the calculation of the terminal values for each CGU. • Reviewed patents for appropriate amortisation rates and useful economic life. • Evaluated the adequacy of the impairment disclosures in the financial report, particularly those relating to intangible assets and to judgements and estimates.



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 2021, 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 (<http://www.auasb.gov.au/Home.aspx>) 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 directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Uscom Limited, for the year ended 30 June 2021, 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

A handwritten signature in black ink, appearing to read 'John Bresolin'. Above the signature, the letters 'BDO' are written in a cursive, handwritten style.

John Bresolin
Partner

Sydney, 18 August 2021

SHAREHOLDERS INFORMATION

Additional information required by Australian Stock Exchange Listing Rules is as follows. This information is current as at 31 July 2021.

Distribution schedules of shareholder

Holdings Ranges	Holders Number	Ordinary Shares Number	%
1 – 1,000	63	12,888	0.010
1,001 – 5,000	209	711,243	0.460
5,001 – 10,000	175	1,377,064	0.880
10,001 – 100,000	476	16,860,198	10.820
100,001 – 99,999,999,999	140	136,860,032	87.830
Total	1,063	155,821,425	100.000

There were 168 holders of less than a marketable parcel of 3,333 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 2021 are:

CITICORP NOMINEES PTY LIMITED	33,119,538
MR ROBERT ALLAN PHILLIPS	32,202,535
JETAN PTY LTD & JETAN PTY LTD <G R PLUMMER SUPER FUND A/C>	10,180,652

Twenty largest registered holders – ordinary shares

Balance as at 31 July 2021	Ordinary Shares	
	Number	%
CITICORP NOMINEES PTY LIMITED	33,119,538	21.255
MR ROBERT ALLAN PHILLIPS	32,202,535	20.666
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,266,609	4.022
JETAN PTY LTD	5,180,652	3.325
JETAN PTY LTD <G R PLUMMER SUPER FUND A/C>	5,000,000	3.209
EASTBOURNE ROAD PTY LTD <JACK BOYD SUPER FUND A/C>	2,611,086	1.676
DONGJUN SUN	2,414,125	1.549
INVIA CUSTODIAN PTY LIMITED <RIVERBEL FAMILY NO 3 A/C>	2,088,118	1.340
MR DAVID LEROY BOYLES	2,000,000	1.284
MR JOHN LIONEL GLEESON	1,830,750	1.175
MRS CHRISTINE QUYE	1,829,109	1.174
MR RUTHERFORD JAMES BROWNE & MRS SHEBA ELIZABETH MARJORIE BROWNE	1,568,820	1.007
RAEWYN JANETTE LOVETT & STRUAN GRANT MCOMISH <SHARROCK FAMILY A/C>	1,477,640	0.948
MR CHRISTOPHER JAMES WERE & LOCKHART TRUSTEE SERVICES NO 17 LIMITED	1,424,095	0.914
TRENTAM SUPER PTY LTD <TRENTAM SF A/C>	1,351,000	0.867
QUERION PTY LTD	1,266,667	0.813
MR PERRY JULIAN ROSENZWEIG	1,104,718	0.709
MR DOUGLAS JAMES CAMERON	1,038,888	0.667
MAK PLANNING AND DESIGN PTY LTD <S ALSTON SUPERANNUATION A/C>	1,000,001	0.642
INVIA CUSTODIAN PTY LIMITED <BOZWALD PTY LTD A/C>	991,667	0.636
Total	105,766,018	67.876
Total Securities	155,821,425	

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

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

GPO Box 3993
Sydney NSW 2001 Australia

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

Stock exchange listing

Quotation has been granted for 155,821,425 ordinary shares of the Company as at 31 July 2021 on all Member Exchanges of the Australian Stock Exchange Limited.

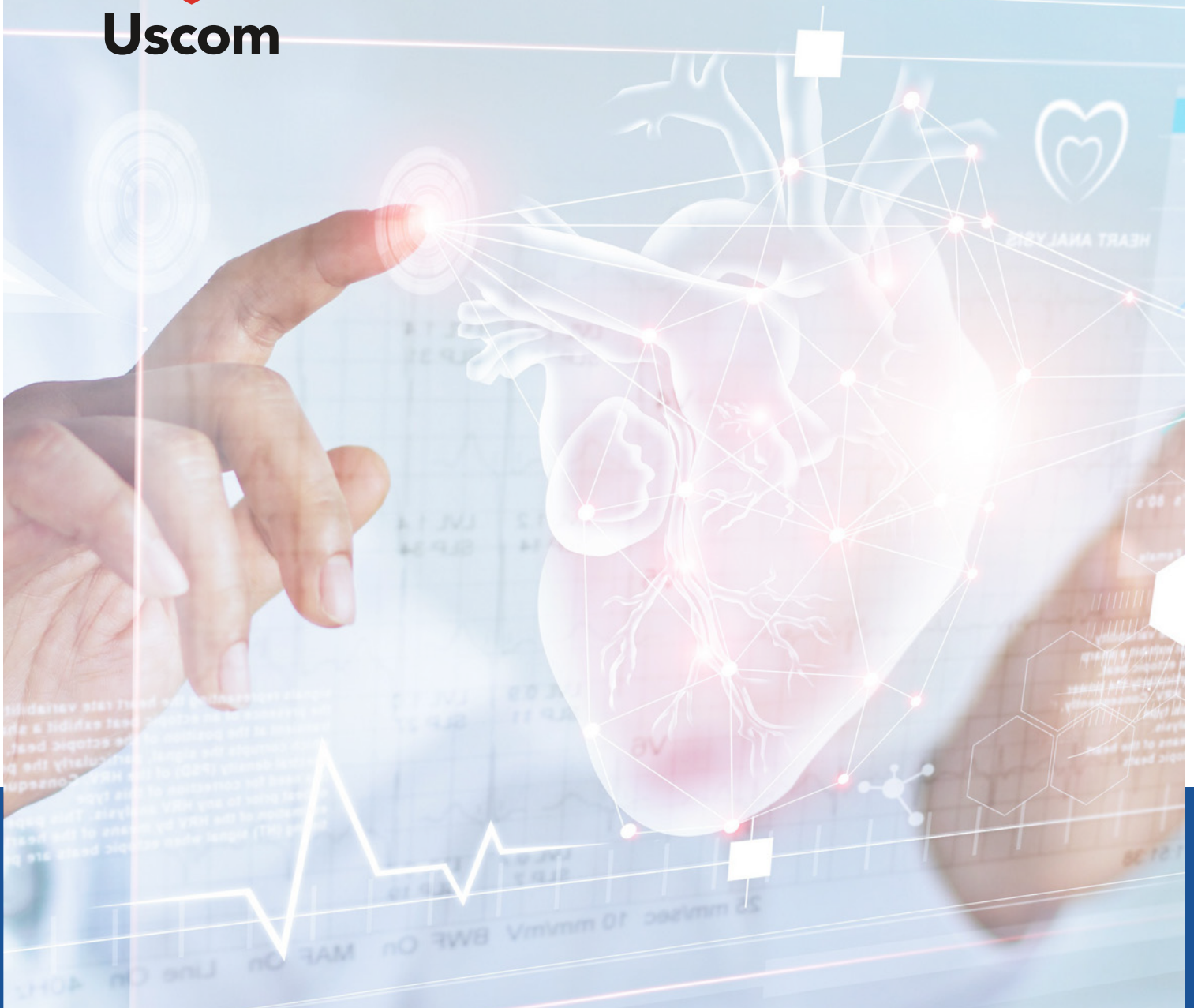
Unquoted securities

Rights over unissued shares as at 31 July 2021

150,000 rights over ordinary shares are on issue to an executive under the Equity Incentive Plan.



Uscom



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