

Rules 4.1, 4.3

Appendix 4D

Half yearly report

Introduced 1/1/2003.

Name of Entity	USCOM LIMITED
ACN	091 028 090
Financial Period Ended	31 DECEMBER 2004
Previous Corresponding Reporting Period	31 DECEMBER 2003

Results for Announcement to the Market

		\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities		658,680	516%
Profit / (loss) from ordinary activities after tax attributable to members		(1,353,002)	(107%)
Net profit / (loss) for the period attributable to members		(1,353,002)	(107%)
Dividends (distributions)	Amount per security	Franked amount per security	
Final Dividend	Nil	N/A	
Interim Dividend	Nil	N/A	
Previous corresponding period	Nil	N/A	
Record date for determining entitlements to the dividends (if any)			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:			
Refer Directors' report in Attachment 1.			

The half-yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

		Current Period
Net tangible asset backing per ordinary security		34 ¢

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

Refer Attachment 1.

+ See chapter 19 for defined terms.

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects :

Refer Statement of Financial Performance in Attachment 1.

Returns to shareholders including distributions and buy backs :

Not Applicable

Significant features of operating performance :

Refer Attachment 1.

The results of segments that are significant to an understanding of the business as a whole:

Refer to Note 5 in Attachment 1.

Discussion of trends in performance :

Refer Attachment 1.

Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

None.

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Not Applicable
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Not Applicable
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
Not Applicable				
Aggregate Share of Net Profits				

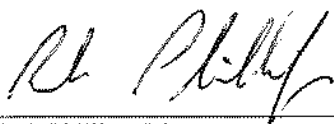
+ See chapter 19 for defined terms.

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	*
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: Not Applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Not Applicable			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By (Director/Company Secretary) Rob PHILLIPS	
Print Name	Rob Phillips, Director
Date	11 February 2005

+ See chapter 19 for defined terms.

DIRECTORS' REPORT

Your directors submit the financial report of USCOM Ltd for the half-year ended 31 December 2004.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Rob Phillips
Mr Gary Davey
Mr Luke Fay
Dr Fred Berry
Mr Roman Zwolenski

Independence of auditors

We have received a declaration from the auditors, PKF, of their independence, which is attached as part of this Directors' report.

Review of operations

The calendar year, 2004 brought tremendous opportunities and challenges to USCOM. It was USCOM's first year as a company listed on the Australian Stock Exchange and the first 12 months of the company's global marketing effort.

In many respects, these are still early days for USCOM, as we begin the execution of our marketing strategies for the various world markets. However, we are delighted with the progress to date and the company has established important beach-heads in all of its priority markets.

The company has met all of the strategic milestones it had set for calendar 2004 and our financial performance for the 6 months to the end of the year was in line with expectations.

We concluded the calendar year with \$11.9 million cash in hand, with a total cash spend for the 6 month period of \$1.4 million. This is consistent with the company's policy of careful cash management, preserving cash for the company's primary focus of global marketing. There were no major capital requirements and no surprises in constructing our core marketing infrastructure. The continuing rollout of our marketing plan, the growth of our marketing team and distribution channels, will lead to greater demand on cash over the coming six months. This effort will be focussed on converting the opportunities that we have been working on to date and continuing to expand the USCOM brand in the marketplace.

Financial Highlights

For 6 months to 31 December 2004:

• Revenue from sale of goods	\$268,341
• Cash receipts from sales	\$290,916
• Other income	
◦ Export Market Development Grants	\$50,000
◦ Interest	\$338,771
• Costs	\$2,071,682
• Loss for the period	(\$1,353,002)
• Cash in Hand at 31 December	\$11,914,981

+ See chapter 19 for defined terms.

DIRECTORS' REPORT (continued)

Sales

During the period, USCOM reported revenues of \$268,341 arising from the sale of USCOM monitors in Australia, India, Pakistan and the UK. Among these sales (19 units reported as revenue for the period) was the installation of an USCOM machine at the prestigious St Vincent's Hospital in Sydney. In addition, the world renowned Great Ormond Street Hospital in London, one of the world's most respected sites for the care of children, became an USCOM customer. In India, the internationally recognised Escorts Heart Centre in Delhi also purchased an USCOM device. These prestigious sites are an integral part of the wider adoption of USCOM across the medical community. **The company has successfully marketed its technology in 11 different countries.**

Technology

The company has also significantly advanced the science of USCOM. A total of 18 scientific papers have now been presented proving the accuracy of the USCOM method in a wide range of applications, including paediatrics, intensive care, emergency care, anaesthetics, retrieval and heart pacing. The company's Research & Development team has also had a busy year, having released 2 software upgrades for the USCOM monitor and finalising a number of exciting innovations for release in the first half of calendar 2005.

Research Collaborations

The company is bringing together a network of luminary researchers around the world to support the development and promotion of the science of USCOM.

This is especially the case in the United States where collaborative research agreements have been signed at 7 of the country's most important clinical and medical research locations. These agreements cover the categories of emergency care and paediatrics, providing USCOM with world-class research and essential support for the company's US market entry. During the 6-month period, the company appointed its first international executive with the hiring of Mr Barry Zakar as USCOM's North American Head of Operations. The need for a non-invasive solution such as USCOM was confirmed in market research among US medical professionals published by USCOM during November 2004. We remain on track to initiate our commercial launch in the US during 2005.

Milestones

The following are the milestones which USCOM has met during the past 12 months:

- Opened our revenues stream.
- Built an outstanding team of marketing professionals
- Established distribution channels covering Australasia, Asia, the Middle East and Europe
- Attracted superstar research collaborators
- Secured each of our targeted regulatory approvals for Europe, China & Japan
- Submitted our application for US market approval (FDA)
- Proven the science of USCOM: USCOM is the most accurate clinical method of measuring cardiac output.
- Established brand awareness through participation at many international and local conferences.

The company is delighted with its progress through calendar 2004. We have met our objectives. The response from clinical professionals around the world has exceeded even our own expectations. However, USCOM's mission to change medical practice will not happen overnight.

The methods and protocols of medicine are deeply entrenched and they can only change over time, with a convincing scientific argument and a compelling product. The company is working with its distribution parties on the complexities of hospital budgeting cycles and securing a place on purchasing "wish-lists", a process which differs from market-to-market and site-to-site. These are not insurmountable hurdles, and the company remains more convinced than ever that USCOM will become a standard tool of medical practice.

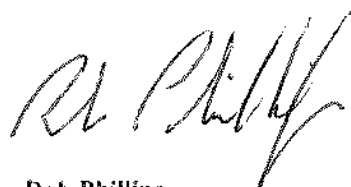
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DIRECTORS' REPORT (continued)

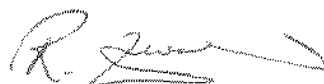
For the first half of calendar 2005, the company will continue to grow its business in established markets and focus significant resources on new opportunities. The following are the key target milestones for the next 6 months:

- Finalise regulatory approval for Korea & Taiwan
- Take first customer orders in Japan
- Secure FDA 510 registration for the United States
- Initiate studies at key US collaborative sites
- Make our first North American customer sales

We are highly focused on the clearly defined challenges for the months ahead and excited by the early signs from the market about the prospects for 2005.



Rob Phillips
Director



Roman Zwolenski
Director

Sydney, 11 February 2005

+ See chapter 19 for defined terms.

DIRECTORS' REPORT (continued)

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Auditor's Independence Declaration

To: The Directors

USCOM Limited

As lead engagement partner for the review of USCOM Limited for the half-year ended 31 December 2004, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Geoff Harris', is written over a dotted line.

Geoff Harris

Partner

PKF Chartered Accountants

Sydney, 11 February 2005

+ See chapter 19 for defined terms.

USCOM LIMITED
Statement of Financial Performance
For the half year ended 31 December 2004

	<i>Note</i>	31 Dec 2004 \$	31 Dec 2003 \$
Revenues from ordinary activities	2	658,680	106,878
Raw materials and consumables used		(75,102)	-
Expenses from ordinary activities, excluding borrowing cost expenses	3	(1,995,174)	(761,006)
Borrowing cost expenses		(1,406)	(440)
Loss from ordinary activities before income tax		(1,413,002)	(654,568)
Income tax credit relating to ordinary activities		60,000	-
Net loss from ordinary activities after income tax credit		(1,353,002)	(654,568)
Total changes in equity		(1,353,002)	(654,568)
Earning per share (EPS)			
Basic earnings per share (cents per share)		(3.6)	(2.1)
Diluted earnings per share (cents per share)		(3.5)	(2.1)

The Statement of Financial Performance is to be read in conjunction with the attached notes.

+ See chapter 19 for defined terms.

USCOM LIMITED
Statement of Financial Position
As at 31 December 2004

	<i>Note</i>	31 Dec 2004	30 Jun 2004
		\$	\$
CURRENT ASSETS			
Cash assets		11,914,981	13,324,934
Receivables		271,849	293,868
Inventories		280,819	197,941
Current tax assets		28,575	22,981
Other assets	4	310,118	349,932
TOTAL CURRENT ASSETS		12,806,342	14,189,656
NON-CURRENT ASSETS			
Receivables		2,134	10,004
Other financial assets		100,030	100,030
Plant and equipment		154,975	158,461
Intangible assets		163,497	146,266
TOTAL NON-CURRENT ASSETS		420,636	414,761
TOTAL ASSETS		13,226,978	14,604,417
CURRENT LIABILITIES			
Payables		176,364	231,453
Provisions		63,767	37,314
Lease incentives		12,938	12,938
TOTAL CURRENT LIABILITIES		253,069	281,705
NON-CURRENT LIABILITIES			
Provisions		21,248	10,581
Lease incentives		12,938	19,406
TOTAL NON-CURRENT LIABILITIES		34,186	29,987
TOTAL LIABILITIES		287,255	311,692
NET ASSETS		12,939,723	14,292,725
EQUITY			
Contributed equity		16,644,265	16,644,265
Accumulated losses		(3,704,542)	(2,351,540)
TOTAL EQUITY		12,939,723	14,292,725

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

+ See chapter 19 for defined terms.

USCOM LIMITED
Statement of Cash Flow
For the half year ended 31 December 2004

	31 Dec 2004	31 Dec 2003
	\$	\$
Cash flows from operating activities		
Receipts from customers	290,916	-
Grants received	50,000	50,000
Payments to suppliers and employees	(2,180,179)	(696,892)
Interest received	479,292	33,566
Interest and other costs of finance paid	(1,687)	(440)
Income tax receipt	-	213,060
Others	1,568	-
Net cash provided by operating activities	(1,360,090)	(400,706)
Cash flows from investing activities		
Payments for purchase of plant and equipment	(23,737)	(8,777)
Payments for purchase of patents and trademarks	(26,126)	(55,060)
Net cash provided by investing activities	(49,863)	(63,837)
Cash flows from financing activities		
Proceeds from issue of shares	-	16,029,990
Share issue cost	-	(1,165,874)
Repayment of non interest bearing liabilities	-	(77,093)
Net cash provided by financing activities	-	14,787,023
Net increase/ (decrease) in cash held	(1,409,953)	14,322,480
Cash at 1 July 2004	13,324,934	384,586
Cash at 31 December 2004	11,914,981	14,707,066

The Statement of Cash Flow is to be read in conjunction with the attached notes.

+ See chapter 19 for defined terms.

Notes to the Financial Statements

NOTE 1: BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by USCOM Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

	31 Dec 2004 \$	31 Dec 2003 \$
NOTE 2: REVENUE FROM ORDINARY ACTIVITIES		
Operating revenue		
Sale of goods	268,341	-
Grants received	50,000	50,000
Exchange gains	-	-
Total operating revenue	318,341	50,000
Non-operating revenue		
Interest received	338,771	56,878
Insurance recovery	1,568	-
Total non-operating revenue	340,339	56,878
Total revenue from ordinary activities	658,680	106,878

**NOTE 3: EXPENSES FROM ORDINARY ACTIVITIES,
EXCLUDING BORROWING COST EXPENSES**

Depreciation and amortisation expenses	36,117	16,092
Employee expenses	617,898	247,963
Research and development expenses	262,400	154,053
Advertising and marketing expenses	806,241	173,152
Occupancy expenses	114,211	37,388
Regulatory expenses	19,283	45,151
Administrative expenses	117,923	84,638
Other expenses from ordinary activities	-	2,569
Exchange losses	21,101	-
Total expenses from ordinary activities, excluding borrowing cost expenses	1,995,174	761,006

+ See chapter 19 for defined terms.

Notes to the Financial Statements

	31 Dec 2004	30 Jun 2004
	\$	\$

NOTE 4: OTHER ASSETS

Income tax credit	211,736	151,736
Accrued interest income	24,172	164,694
Prepayments	74,210	33,502
Total other assets	310,118	349,932

31 Dec 2004	31 Dec 2003
\$	\$

NOTE 5: SEGMENT INFORMATION

USCOM operates in the health products industry

Geographic segment revenues – sale of goods

Australia	38,000	-
North Asia	80,723	-
South-east Asia	53,847	-
Middle East	61,206	-
Europe	34,565	-
Segment total	268,341	-

NOTE 6: CONTINGENCIES

There are no contingencies as at 31 December 2004

NOTE 7: EVENT SUBSEQUENT TO REPORTING DATE

There are no events subsequent to 31 December 2004 that are required to be reported in this note.

+ See chapter 19 for defined terms.

Notes to the Financial Statements

**NOTE 8: ADOPTION OF AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Australian equivalents to IFRSs will be adopted in the financial report for the year ending 30 June 2006 and in the comparative information presented in that report for the year ending 30 June 2005. In preparation, opening balances at 1 July 2004 for the year ending 30 June 2005 will be converted to IFRSs in accordance with a new Standard AASB 1 "First-time Adoption of International Financial Reporting Pronouncements".

The transition to Australian equivalents of IFRSs is being managed by a special project group headed by Paul Butler, USCOM's General Manager. Work has commenced in gathering information in the following areas where key differences might arise:

Share-based payments

The present policy of providing share-based compensation to employees will, under IFRSs, result in the recognition of an expense and an equivalent increase in equity.

Income tax

The method of accounting for income tax under IFRSs will lead to the recognition of temporary differences for assets and liabilities which may be different from those which are presently recognised only for timing differences.

Intangible assets

The accounting for intangible assets currently recognised and revalued each year will change. Some of the intangible assets may need to be derecognised where the recognition criteria for intangible assets under IFRSs are not met. In addition, those revaluations which have not been determined by reference to an active market will be derecognised.

Impairment of assets

Recoverable amount under IFRSs is the higher of fair value less costs to sell and value in use. Under IFRSs the amount must be determined in some cases by reference to separate cash generating units. This could lead to different recoverable amounts being established for the assets used in certain operations compared with those presently determined.

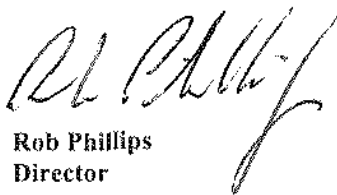
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DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 The accompanying interim financial statements and notes, as set out on page 10 to 15:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2004 and of its performance for the half-year ended on the date.
- 2 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.

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



Rob Phillips
Director



Roman Zwolenski
Director

Sydney, 11 February 2005

+ See chapter 19 for defined terms.

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Independent Review Report

To the members of

USCOM Limited

Scope

We have reviewed the financial report of USCOM Limited for the half-year ended 31 December 2004 as set out on pages 10 to 16. The company's directors are responsible for the financial report. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Stock Exchange.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of USCOM Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Chartered Accountants
A New South Wales Partnership

Geoff Harris – Partner
Sydney
11 February 2005

+ See chapter 19 for defined terms.