

FORM 10-KSB/A NO. 1
U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(x) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 1997

() TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____.

Commission File Number: 0-22390

U.S. MEDICAL SYSTEMS, INC.
(Name of Small Business Issuer in its Charter)

Delaware

68-0206382

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

7600 Burnet Road, Suite 350,
Austin, Texas

78757

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number (512) 458-3335

Securities Registered under 12(g) of the Exchange Act:

Title of Each Class

Common Stock, \$0.01 Par Value

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES

X

NO

Check if there is no disclosure of delinquent filers in response to item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

Issuer's revenues for most recent fiscal year: \$455,000

Aggregate market value of the voting stock held by non-affiliates computed by the closing stock price on August 19, 1997: \$1,436,911

Number of shares outstanding of the issuer's Capital Stock as of November 7, 1997: 2,873,823

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

The executive officers, directors and key personnel of the Company are as follows:

Name - - - - -	Age ---	Position -----
Lee Cooke	53	Chairman of the Board, Chief Executive Officer and President
Clark A. Gunderson, M.D.(1) (2)	49	Director
Sharri McAnally	51	Director, Corporate Secretary and Controller

(1) Member of the Audit Committee

(2) Member of the Compensation Committee and the Stock Option Committee

LEE COOKE has served as Chairman of the Board, President and Chief Executive Officer of the Company since March 1992. From February 1992 through May 1992, he served as a consultant to the investment group which acquired the Company. He has held management positions in product manufacturing, research and development, human resources and computer marketing for over 22 years, 11 of which were at Texas Instruments. After leaving Texas Instruments, he was a principal in three start-up ventures: Rock, Dowell and Cooke, Inc., a multi-store retail operation (from 1981 to 1984); Factorial Systems, Inc., a manufacturing automation software company (from 1987 to 1988); and Habitek International, a consulting firm to the construction and architectural industry (from 1991 to 1992). From 1983 to 1987, Mr. Cooke was President and Chief Executive Officer of the Greater Austin Chamber of Commerce. From 1988 to 1991, he served as Mayor of Austin, Texas. Prior to this service, he served four years as a City of Austin council member. Mr. Cooke received his B.A. degree in Liberal Arts from Louisiana Tech University. Mr. Cooke is a director of Billing Concepts, Inc., a NASDAQ traded company, and an advisory director at Tanisys Technologies, Inc., a Vancouver Stock Exchange traded company.

CLARK A. GUNDERSON, M.D. became a Director of the Company in April 1993. Dr. Gunderson is an orthopedic surgeon in Lake Charles, Louisiana, where he has practiced since 1977. He has been a Clinical Associates Professor at Louisiana State University School of Medicine, and has served as the Chief of Surgery at Lake Charles Memorial Hospital, where he is currently President of the medical staff. Dr. Gunderson received his M.D. from the Baylor College of Medicine in 1973.

SHARRI MCANALLY joined the Company in November 1992 as Controller and became a director in 1996. In August 1994, the Board of Directors appointed her Corporate Secretary. From 1989 to 1992 she served Mission Cable Co. as Assistant Controller. Currently, she is Assistant Controller for VTEL, Inc. a video conferencing company.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth information in respect to the compensation of the Chief Executive Officer. Mr. Cooke became an employee of the Company during fiscal 1993 and did not receive perquisites exceeding 10% of his salary and bonus in 1995, 1996 or 1997. No executive officer of the Company received salary and bonus exceeding \$100,000 in fiscal 1997.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Fiscal Year ----	Salary -----	Bonus -----
Lee Cooke, Chairman, President and Chief Executive Officer	1997	\$76,729	None
	1996	\$111,500	None
	1995	\$ 81,000	None

STOCK OPTIONS

In fiscal 1994, the Shareholders approved the 1993 Stock Plan. Prior to the adoption of this Plan the Company made certain option grants that were individually approved by the Shareholders. In February 1994, the 1993 Plan Administrator approved option grants totaling 930,000 shares to employees and directors; however, these option grants were not issued until after receiving the requisite approval of the Vancouver Stock Exchange, subsequent to year end. All of such options issued were canceled as part of the Reorganization Plan and 378,180 options for employees, directors or key outsiders were issued February 7, 1997 consistent with the new capital structure. Currently, the Company's issuance of stock options can not exceed 20% of the issued and outstanding Common Stock as set by the Vancouver Stock Exchange.

OPTION GRANTS IN 1997 FISCAL YEAR

Name	No. of Securities Underlying Options Granted	% of Total Options Granted to Employees	Exercise Price	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5%	10%
Lee Cooke	143,359	100%	\$0.60	2/7/02	\$4,300	\$8,600

AGGREGATE OPTION EXERCISES IN LAST FISCAL YEAR
AND OPTION VALUES AT JUNE 30, 1997

Name ----	Number of Securities Acquired on Exercise -----	Value Realized -----	Number of Unexercised Options At June 30, 1997 Exercisable -----	Value of Unexercised In-the- Money Options at June 30, 1997 Exercisable/Unexercisable -----
Lee Cooke	0	--	143,539	0 / 0

EMPLOYMENT AGREEMENTS

The Company has entered into an employment agreement with Mr. Cooke. This agreement provides for a minimum annual base salary (subject to adjustment) of \$110,000. Mr. Cooke's current annual salary is \$79,800 due to two voluntary reductions made by Mr. Cooke on July 11, 1994 and March 1, 1995. The employment agreement expires August 27, 1999 and provides that in the event of termination without cause, Mr. Cooke is entitled to two years of severance pay. The Board of Directors has approved a two-year extension of the current agreement.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, AND
MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of the Common Stock as of November 7, 1997 for (i) each person known by the Company to own more than five percent (5%) of the Common Stock; (ii) each director and the executive officers of the Company, and (iii) all directors and all executive officers as a group.

Name and Address of Beneficial Owner -----	Amount and Nature of ----- Beneficial Ownership(1) -----	Percent of ----- Class -----
Clark A. Gunderson, M.D.(2)	316,635(3)	10.8%
Lee Cooke(2)	311,202(4)	10.4%
Sharri McAnally(2)	29,285(5)	*
All executive officers and directors as a group (3 individuals)	657,122(6)	21.4%

*Less than 1%

(1) The persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in this table and these notes. Percentage is based on 2,873,823 shares outstanding

(2) The address of the executive officers and directors of the Company is 7600 Burnet Road, Suite 350, Austin, TX 78757.

(3) Includes 2,857 shares of a children's educational account; 19,047 shares purchasable within 60 days at a price of \$0.60 per share pursuant to stock options exercisable until February 7, 2002. Includes 125,350 shares provided in forgiveness of \$84,150 principle debt and \$11,921 interest. Includes 35,000 shares purchasable within 60 days at a price of \$0.75 per share pursuant to a warrant that expires January 31, 1998.

(4) Includes 94,989 shares purchasable within 60 days at a price of \$0.60 per share pursuant to stock options exercisable until February 7, 2002. Includes 73,735 shares provided in forgiveness of \$49,000 of principle debt and \$7,012 in interest. Includes 25,500 shares purchasable within 60 days at a price of \$0.75 per share pursuant to a warrant that expires January 31, 1998.

(5) Includes 15,952 shares purchasable within 60 days at a price of \$0.60 per share pursuant to stock options exercisable until February 7, 2002.

(6) Includes 129,988 shares purchasable within 60 days a price of \$0.60 per share pursuant to stock options exercisable until February 7, 2002. Includes 60,5000 shares purchasable within 60 days at a price of \$0.75 per share pursuant to a warrant that expires January 31, 1998.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the Reorganization Plan, Clark A. Gunderson, M.D., director, received 125,350 shares of the Company's Common Stock in exchange for principle and interest due him. Lee Cooke, Chairman and President, received 73,735 shares of the Company's Common Stock for principle and interest due him.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

U.S. MEDICAL SYSTEMS, INC.
THE REGISTRANT

/s/ LEE COOKE

Lee Cooke
Chairman of the Board, President and
Chief Executive Officer

Date: November 11, 1997

EX-27

Financial Data Schedule

12-MOS
JUN-30-1997
JUL-1-1996
JUN-30-1997
275,000
0
16,000
5,000
59,000
355,000
16,000
0
371,000
110,000
0
0
29,000
261,000
371,000
455,000
0
225,000
486,000
0
5,000
33,000
(273,000)
0
0
0
0
(273,000)
(0.13)
0