

Appendix 4D
Half year report

1. Company details

Name of entity

NetComm Limited

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
85 002 490 486	31 December 2010	31 December 2009

2. Results for announcement to the market

\$A'000's

2.1 Revenues from ordinary activities	up/down	37.1 %	to	31,427
2.2 EBITDA	From	886	to	2,619
2.3 Profit from ordinary activities after tax attributable to members				431
2.4 Net Profit for the period attributable to members				431
2.5 Dividends	Amount per security		Franked amount per security	
Interim dividend declared on 22 November 2010	0.5 ¢		0.5 ¢	
2.6 +Record date for determining entitlements to the dividend.	23 December 2010			

2.7 Brief explanation

NetComm (ASX: NTC) recorded Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$2.6 million for the half year ended 31 December 2010 (1H 2011). The results are in line with guidance released in November 2011 and represents profit growth of 196 % when compared to the previous corresponding half (1H 2010).

NetComm has posted Revenue from sales of products and services in the both Australia and the global market of \$31.4 million for the first half 2011. The sales revenue growth over the previous corresponding period is up by 37 %.

The company continues on its mission to expand its global expertise in the mobile broadband market. In addition to its 3G/HSPA+ mobile broadband technologies, NetComm recently announced the introduction Long-Term Evolution (LTE), also referred to as 4G, products. LTE/4G will form an additional platform for NetComm's continued growth in Australia and expansion into North America, Europe and Middle East markets. The financial impact of this product release will not have an immediate impact on NetComm's profitability.

In addition to strong growth in international sales, improved gross margins and tight cost control are contributing factors to the current half year result.

3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ⁺ ordinary security	11.4 cents	10.2 cents

4.1 Control gained over entities

Name of entity (or group of entities)

N/a

Date control gained

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).

Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.

4.2 Loss of control over entities

Name of entity (or group of entities)

N/a

Date control lost

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).

Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).

\$

\$

5 Dividends

Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Interim Dividend:	15 April 2011	0.5 cents	0.5 cents	

6 Dividend Reinvestment Plans

The ⁺dividend or distribution plans shown below are in operation.

The Company's Dividend Reinvestment Plan ("DRP") provides holders of ordinary shares of the Company with the choice of re-investing dividends paid or declared by the Company on ordinary shares instead of receiving cash dividends.

Eligible shareholders may elect to participate in the Plan in respect of all or part of their holding and, subject to the terms of the Plan, may vary the level of participation or withdraw from the Plan at any time.

Participating shareholders are entitled on each dividend payment to which the DRP applies to be allotted the nearest whole number of ordinary shares (rounded down) which the cash dividend on the relevant Plan shares in the relevant shareholding account would purchase at the issue price.

Shares allotted under the DRP are issued at a discount of 5% from the weighted average market price of ordinary shares of the Company sold on the Australian Stock Exchange Automated Trading System on the first day on which those shares are quoted ex dividend.

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

23 December 2010

7 Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period	Previous corresponding period
N/a				

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):	Current period \$A'000	Previous corresponding period - \$A'000
Profit/(loss) from ordinary activities before tax		
Income tax on ordinary activities		
Profit/(loss) from ordinary activities after tax		
Extraordinary items net of tax		
Net profit/(loss)		
Adjustments		
Share of net profit/(loss) of associates and joint venture entities		

8 Foreign entities

For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International etc.)
Not applicable

Sign here: 
(Managing Director)

Date: 23 February 2011

Print name: David P.J. Stewart

NETCOMM LIMITED

ACN 002 490 486

HALF YEAR FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2010**

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CORPORATE INFORMATION

Directors

Terry Winters (Non Executive Chairman)
David Stewart (Managing Director)
John Brennan (Non Executive Director)
John Burton (Non Executive Director)
Ken Sheridan (Finance Director)

Company Secretary

Peter Beveridge

Registered Office

Unit 1, 2-6 Orion Rd, Lane Cove NSW 2066

Bankers

National Australia Bank

Share Registry

Computershare Investor Services
L3, 60 Carrington St., Sydney NSW 2000

Auditors

Deloitte Touche Tohmatsu

Chartered Accountants
Grosvenor Place
225 George Street, Sydney, NSW 2000

Solicitors

RBHM Lawyers

53 Berry St North Sydney NSW 2060

DLA Phillips Fox

201 Elizabeth St Sydney NSW 2000

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the half-year ended 31 December 2010.

1. DIRECTORS

The following persons were Directors of NetComm Limited during the whole of the half year and up to the date of this report unless stated otherwise:

Terry Winters	(Non Executive Chairman)
David Stewart	(Managing Director)
John Brennan	(Non Executive Director)
John Burton	(Non Executive Director)
Ken Sheridan*	(Finance Director)

*Appointed 20 December 2010 as non executive director. Appointed executive director on 7 February 2011.

2. PRINCIPAL ACTIVITIES

The Group's principal activities include the development of broadband communication devices, which include ADSL, VDSL and HSPA (3G) and emerging technologies. Key customers are Australian and international telecommunication carriers as well as Australian retailers and ISP's.

3. REVIEW AND RESULTS OF OPERATIONS

NetComm (ASX: NTC) recorded Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$2.6 million for the half year ended 31 December 2010 (1H 2011). The results are in line with guidance released in November 2011 and represents profit growth of 196 % when compared to the previous corresponding half (1H 2010).

NetComm has posted Revenue from sales of products and services in the both Australia and the global market of \$31.4 million for the first half 2011. The sales revenue growth over the previous corresponding period is up by 37 %.

The company continues on its mission to expand its global expertise in the mobile broadband market. In addition to its 3G/HSPA+ mobile broadband technologies, NetComm recently announced the introduction Long-Term Evolution (LTE), also referred to as 4G, products. LTE/4G will form an additional platform for NetComm's continued growth in Australia and expansion into North America, Europe and Middle East markets. The financial impact of this product release will not have an immediate impact on NetComm's profitability.

In addition to strong growth in international sales, improved gross margins and tight cost control are contributing factors to the current half year result.

4. AUDITOR'S INDEPENDENCE DECLARATION

We have received from our auditors an independence declaration as required under Section 307C of the *Corporations Act 2001*. A copy of the declaration is attached on page 2 and forms part of this report.

This report is made in accordance with a Resolution of the Directors.



Director
Sydney, 23 February 2011

The Board of Directors
NetComm Limited
Unit 1, 2-6 Orion Road
LANE COVE NSW 2066

Dear Board Members

NetComm Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of NetComm Limited.

As lead audit partner for the review of the financial statements of NetComm Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



Deloitte Touche Tohmatsu



Gaile Pearce
Partner
Chartered Accountants
Sydney, 23 February 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2010

	Consolidated	
	31 December	31 December
	2010	2009
Note	\$	\$
Continuing Operations		
Revenue from the sale of goods	31,427,263	22,928,171
Other income	(29,360)	48,131
Change in inventories of finished goods and work in progress	(1,427,217)	48,781
Raw materials consumed	(19,256,497)	(15,159,151)
Employee benefits	(4,153,388)	(4,249,554)
Administrative expenses	(1,852,135)	(1,467,012)
Other expenses	3 (2,089,191)	(1,262,937)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,619,475	886,429
Depreciation and amortisation expense	(1,172,340)	(852,166)
Finance costs	(223,901)	(136,490)
Profit/(loss) before income tax	1,223,234	(102,227)
Income tax (expense)/benefit	(792,386)	41,809
Profit/(loss) after income tax	430,848	(60,418)
Attributable to Equity holders of the parent	430,848	(60,418)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(81,586)	(1,090)
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period (net of tax)	(81,586)	(1,090)
Total comprehensive income for the period	349,262	(61,508)
Attributable to Equity holders of the parent	349,262	(61,508)
	349,262	(61,508)
Earnings per share:		
From continuing operations		
Basic earnings per share (cents per share)	0.42	(0.06)
Diluted earnings per share (cents per share)	0.39	(0.06)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Note	Consolidated	
		31 December 2010 \$	30 June 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		6,123,011	4,250,948
Trade and other receivables		7,387,180	8,258,968
Inventories		9,596,274	10,233,328
Other current assets		162,613	329,656
Total current assets		23,269,078	23,072,900
Non-current assets			
Property, plant and equipment		1,555,481	1,373,485
Deferred tax assets		1,892,239	2,180,308
Goodwill		895,999	895,999
Other intangible assets		3,776,034	3,846,240
Other non-current inventories		2,921,611	2,924,072
Total non-current assets		11,041,364	11,220,105
TOTAL ASSETS		34,310,442	34,293,005
LIABILITIES			
Current liabilities			
Trade and other payables		5,642,139	9,917,401
Borrowings		10,048,750	5,666,744
Short term provisions		1,509,769	1,713,007
Income tax liability		262,344	103,285
Other current liabilities		58,554	212,573
Total current liabilities		17,521,556	17,613,010
Non-current liabilities			
Long term borrowings		310,181	183,581
Long term provisions		91,137	99,525
Total non-current liabilities		401,318	283,106
TOTAL LIABILITIES		17,922,874	17,896,116
NET ASSETS		16,387,568	16,396,889
EQUITY			
Issued capital	5	9,659,475	9,649,395
Reserves		297,851	232,872
Retained earnings		6,430,242	6,514,622
TOTAL EQUITY		16,387,568	16,396,889

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2010

Consolidated		Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2010		9,649,395	6,514,621	(54,639)	287,512	16,396,889
Profit for the period			430,848			430,848
Exchange difference on translation of foreign operations		-	-	(81,586)	-	(81,586)
Total comprehensive income for the period		-	430,848	(81,586)	-	349,262
Contributions of equity net of transaction costs		10,080	-	-	-	10,080
Recognition of share based payments		-	-	-	185,188	185,188
Expiry of options		-	-	-	(38,624)	(38,624)
Declaration of dividends	4		(515,228)	-	-	(515,228)
Balance at 31 December 2010		9,659,475	6,430,240	(136,225)	434,076	16,387,566

For the half year ended 31 December 2009

Consolidated		Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2009		9,656,257	5,930,344	(72,524)	361,716	15,875,793
Loss for the period			(60,418)			(60,418)
Exchange difference on translation of foreign operations		-	-	(1,090)	-	(1,090)
Total comprehensive income for the period		-	(60,418)	(1,090)	-	(61,508)
Contributions of equity net of transaction costs		273,843	-	-	-	273,843
Recognition of share based payments		(654,700)	-	-	-	(654,700)
Settlement of share rights		-	-	-	210,289	210,289
Declaration of dividends	4	-	(1,040,709)	-	-	(1,040,709)
Balance at 31 December 2009		9,275,400	4,829,217	(73,614)	572,005	14,603,008

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2010

	Note	Consolidated	
		31 December 2010 \$	31 December 2009 \$
Cash flows from operating activities:			
Receipts from customers		35,467,660	23,222,236
Payments to suppliers and employees		(36,116,216)	(24,296,906)
Finance costs		(223,901)	(136,490)
Income taxes paid		(345,258)	(79,766)
Net cash (used in) operating activities		(1,217,715)	(1,290,926)
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		-	83,300
Interest received		10,055	6,545
Acquisition of property, plant and equipment		(356,534)	(379,038)
Acquisition of intangible assets		(907,430)	(520,569)
Acquisition of subsidiaries, controlled		-	(1,056,311)
Deferred settlement payment		(175,000)	-
Net cash (used in) investing activities		(1,428,909)	(1,866,073)
Cash flows from financing activities:			
Proceeds from issue of shares		10,080	273,843
Payment for share buy-back		-	(654,700)
Proceeds from borrowings		25,550,924	13,240,734
Repayment of borrowings		(21,042,317)	(11,231,983)
Dividends paid		-	(1,040,709)
Net cash provided by financing activities		4,518,687	587,185
Net increase / (decrease) in cash and cash equivalents held		1,872,063	(2,569,814)
Cash and cash equivalents at beginning of financial period		4,250,948	4,762,135
Effect of exchange rates on cash holdings in foreign currencies		-	(1,090)
Cash and cash equivalents at end of financial period		6,123,011	2,191,231

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2010

Note 1 – Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. The accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

Note 2 – Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of performance is more specifically focused on the product grouping and category of customer. The Group's reportable segments under AASB 8 are therefore as follows:

- Product - Australia
- Product - International
- Services – Australia

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2010

Note 2 – Segment Information (continued)

The product reportable segment supplies communication devices, including but not limited to Mobile Internet Gateways, designed and manufactured for use primarily by consumer and small medium enterprises (SME). The services reportable segment provides communications related services, including but not limited to Gateway managed services, consumed primarily by consumer and small medium enterprises (SME).

Information regarding these segments is presented below. The accounting policies of the new reporting segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment Profit	
	31-Dec 2010 \$	31-Dec 2009 \$	31-Dec 2010 \$	31-Dec 2009 \$
Continuing Operations				
Revenue generated from external customers				
Product - Australia	25,063,455	20,749,490	3,150,281	1,895,478
Product - International	6,304,046	2,150,656	(24,449)	(477,937)
Services - Australia	59,762	28,025	(476,997)	(579,244)
Intersegment Revenue				
Product - Australia	626,471	344,149	-	-
Product - International	44,225	47,737	-	-
Services - Australia	-	-	-	-
Intersegment Eliminations	(670,696)	(391,886)	-	-
	31,427,263	22,928,171	2,648,835	838,297
Other income			(29,360)	48,131
Depreciation and amortisation expense			(1,172,340)	(852,165)
Finance costs			(223,901)	(136,490)
Profit/(loss) before tax			1,223,234	(102,227)
Income tax (expense)/benefit			(792,386)	41,809
Consolidated segment revenue and profit for the period	31,427,263	22,928,171	430,848	(60,418)

The revenue reported above represents revenue generated from external customers. Intersegment revenues represent transfers between segments, which are eliminated on consolidation.

Revenues from a single customer greater than 10% of total revenues reside in the Product – Australia segment. Segment profit represents the profit earned by each segment without allocation of other income, finance costs and depreciation and amortisation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2010

Note 3 – Expenses

	Consolidated	
	31-Dec 2010	31-Dec 2009
	\$	\$
Other Expenses		
Advertising and Marketing Expense	495,660	366,777
Occupancy Expense	743,509	277,175
Other Expense	850,022	618,985
Total Other Expenses	2,089,191	1,262,937

Note 4 – Dividends

	Half Year Ended 31-Dec 2010		Half Year Ended 31-Dec 2009	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
Fully Paid Ordinary Shares				
Interim Dividend	0.5	515,228	1.00	1,040,709

Note 5 – Issuances, repurchase and repayments of equity securities

Issued capital at 31 December 2010 amounted to \$9,659,475 (103,045,733 ordinary shares). During the half-year reporting period the company issued 77,500 ordinary shares for \$10,080 on exercise of 77,500 share options under its share option plan.

The company issued nil share options (2009: 275,000) over ordinary shares under its share options plan during the half-year reporting period.

Note 6 – Discontinued operations

There were no discontinued operations to report

Note 7 – Events occurring after reporting date

NetComm Limited has had no significant events occurring after the period end up to the date of this report.

Note 8 – Contingent Liabilities

There have been no changes from what was reported in the previous annual report.

Note 9 – Acquisition of subsidiary

There were no acquisitions of subsidiaries to report.

DIRECTORS' DECLARATION

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink that reads "D.P.J. Stewart".

David Stewart
Managing Director

Sydney, 23 February 2011

Independent Auditor's Review Report to the Members of NetComm Limited

We have reviewed the accompanying half-year financial report of NetComm Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2010, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration 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 as set out on pages 3 to 10.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NetComm Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

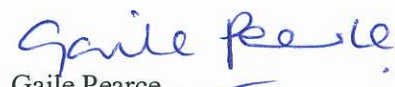
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 NetComm Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU


Gaile Pearce
Partner
Chartered Accountants
Sydney, 23 February 2011