

# Appendix 4E

## Preliminary final report

### 1. Company details

NETCOMM WIRELESS LIMITED		
ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
85 002 490 486	30 June 2013	30 June 2012

### 2. Results for announcement to the market

				\$A'000's
2.1	Revenue from continuing operations	Down	27.8%	to 42,858
2.2	(Loss) after tax from continuing operations	Down	134.5%	to (542)
2.3	Net loss for the period attributable to members	Down	164.4%	to (542)
2.4	<b>Dividends</b>		Amount per security	Franked amount per security
	Final dividend proposed		Nil ¢	Nil ¢
	Interim dividend		Nil ¢	Nil ¢
	Record date for determining entitlements to the final dividend		NA	NA

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**2.5 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.**

Revenues were \$16.5 million lower in 2013 compared to last year which was in broadly line with our latest forecast to the market on 1 July 2013.

These lower sales reflect the move away from consumer grade 3G routers to M2M.

Earnings Before Interest, Tax, Depreciation and Amortisation for the 2013 year were \$803,000 in line with our latest forecast to the market on 1 July 2013. This represented a decrease of \$4,052,000 compared to last year, once again reflecting our move away from consumer grade routers.

The Company incurred a Loss Before Tax from Continuing Operations of (\$2,681,000) compared to Profit After Tax from continuing operations of \$1,772,000 in the prior year.

Income Tax Benefit for 2013 was \$2,139,000 compared to a \$202,000 Income Tax Expense in 2012. The key reason for this difference is outlined in Section 3.5 of this Appendix 4E.

The Directors have not recommended the payment of a final dividend in order to preserve cash which will assist in funding the company's M2M strategy.

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### 3. Consolidated Statement of Profit or Loss and Comprehensive Income

Continuing Operations	Note	30 June 2013 \$A'000	30 June 2012 \$A'000
Revenues from operations	3.1	42,858	59,361
Expenses from operations	3.2	(42,055)	(54,507)
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)		803	4,855
Depreciation & amortisation	3.4	(2,902)	(2,622)
Finance costs	3.4	(582)	(460)
<b>(Loss)/Profit before income tax from continuing operations</b>		<b>(2,681)</b>	<b>1,772</b>
Income tax benefit/(expense)	3.5	2,139	(202)
<b>(Loss)/Profit after income tax from continuing operations</b>		<b>(542)</b>	<b>1,570</b>
Profit/(Loss) after tax for the year from discontinued operations	3.3	-	(730)
<b>Net (Loss)/Profit for the financial year attributable to members of NetComm Wireless Limited</b>		<b>(542)</b>	<b>841</b>
<b>Other comprehensive Income/(Loss)</b>			
Exchange differences arising on translation of foreign operations		178	22
Foreign exchange hedging		(984)	-
Income tax relating to components of other comprehensive income		295	-
<b>Total comprehensive (Loss)/Income attributable to members of NetComm Wireless Limited</b>		<b>(1,053)</b>	<b>863</b>

Earnings/(loss) per share from continuing operations		
Basic EPS – cents	(0.51)	1.51
Diluted EPS - Cents	(0.51)	1.50

Earnings/(loss) per share from discontinued operations		
Basic EPS – cents	-	(0.70)
Diluted EPS - Cents	-	(0.70)

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**Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**3.1 Revenue from continuing operations**

	30 June 2013 \$A'000	30 June 2012 \$A'000
<b>Revenue</b>		
Sales Revenue	42,780	59,186
Interest Received	78	95
Other Revenue	-	80
	<b>42,858</b>	<b>59,361</b>

**3.2 Expenses from continuing operations**

	30 June 2013 \$A'000	30 June 2012 \$A'000
Cost of sales	28,452	40,866
Distribution and selling costs	813	952
Employee benefits expense	7,017	8,411
Contractor costs	506	608
Advertising & marketing	615	(168)
Property expenses	934	832
Legal & professional fees	713	527
Travel expenses	834	739
Insurance	332	267
Bad debt provision	6	(98)
Foreign exchange loss	504	356
Other	1,329	1,215
<b>Total</b>	<b>42,055</b>	<b>54,507</b>

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### 3.3 Profit/(loss) after tax from discontinued operations

	30 June 2013 \$A'000	30 June 2012 \$A'000
<b>Revenue</b>		
Sales Revenue	-	135
<b>Cost of Sales</b>		
Write down in value of inventories	-	(792)
Movement in inventories	-	(114)
<b>Administrative &amp; Other expenses</b>		
Employee benefits expense	-	(26)
Other	-	(30)
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	-	(827)
Income tax benefit	-	97
<b>Profit/(Loss) from discontinued operations</b>	-	(730)

### 3.4 Profit before income tax from continuing operations includes the following specific expenses

	30 June 2013 \$A'000	30 June 2012 \$A'000
Finance Costs paid or payable on :		
Finance leases	(29)	(52)
Trade finance	(553)	(408)
<b>Total</b>	(582)	(460)
Depreciation and amortisation of Property, Plant and equipment (including Leasehold Improvements)	(911)	(644)
Amortisation of Intangible assets (including capitalised development costs, software and other intangible assets)	(1,991)	(1,978)
<b>Total</b>	(2,902)	(2,622)

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### 3.5 Income tax expense from continuing operations

	30 June 2013 \$A'000	30 June 2012 \$A'000
(Loss)/Profit before income tax	(2,681)	1,772
Income tax benefit/(expense) at the Australian tax rate 30% (2012: 30%)	804	(532)
Non-deductible amortisation of intangibles	-	(159)
Estimated R&D claim	597	316
Over provision of income tax in prior years	734	200
Other	4	(27)
<b>Total income tax benefit/(expense)</b>	<b>2,139</b>	<b>(202)</b>

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#### 4. Consolidated Statement of Financial Position

	30 June 2013 \$A'000	30 June 2012 \$A'000
<b>Current assets</b>		
Cash and cash equivalents	3,882	7,050
Trade and other receivables	4,700	9,333
Inventories	9,857	9,864
Other current assets	1,253	1,087
<b>Total current assets</b>	<b>19,692</b>	<b>27,334</b>
Assets from discontinued operations	-	5
<b>Non-current assets</b>		
Other non-current assets	302	302
Property, plant and equipment	1,877	1,842
Deferred tax assets	4,441	2,027
Goodwill	896	896
Other intangible assets	6,217	4,777
<b>Total non-current assets</b>	<b>13,733</b>	<b>9,844</b>
<b>Total assets</b>	<b>33,425</b>	<b>37,183</b>
<b>Current liabilities</b>		
Trade and other payables	5,899	7,238
Borrowings	7,067	12,320
Provisions	634	909
Income tax liability	-	128
Other liabilities	203	422
<b>Total current liabilities</b>	<b>13,803</b>	<b>21,017</b>
<b>Non-current liabilities</b>		
Borrowings	80	116
Provisions	313	223
<b>Total non-current liabilities</b>	<b>393</b>	<b>339</b>
<b>Total liabilities</b>	<b>14,196</b>	<b>21,356</b>
<b>Net assets</b>	<b>19,229</b>	<b>15,827</b>
<b>Equity</b>		
Issued capital	14,332	9,877
Reserves	(199)	312
Retained earnings	5,096	5,638
<b>Total equity</b>	<b>19,229</b>	<b>15,827</b>

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Foreign Exchange Hedging Reserve	Option Reserve	Total
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
<b>Balance at 1 July 2012</b>	9,877	5,638	(83)	-	395	15,827
Loss for the period		(542)				(542)
Exchange difference on translation of foreign operations	-	-	178	-	-	178
Foreign exchange hedging (Net of tax)	-	-	-	(689)	-	(689)
<b>Total comprehensive income for the period</b>	-	<b>(542)</b>	<b>178</b>	<b>(689)</b>	-	<b>(1,053)</b>
Contributions of equity net of transaction costs	4,343	-	-	-	-	4,343
Share buy-backs	-	-	-	-	-	-
Recognition of share based payments	-	-	-	-	-	-
Transfer from options reserve	-	-	-	-	-	-
Exercise of options	112	-	-	-	-	112
Payment of dividends	-	-	-	-	-	-
<b>Balance at 30 June 2013</b>	<b>14,332</b>	<b>5,096</b>	<b>95</b>	<b>(689)</b>	<b>395</b>	<b>19,229</b>

Issued Capital	2013	2012
	No. of Shares	No of Shares
At the beginning of the reporting period	104,833,864	103,757,614
Shares issued during the year	18,543,526	-
Exercise of options	962,500	1,076,250
<b>At reporting date</b>	<b>124,339,890</b>	<b>104,833,864</b>



For the year ended 30 June 2012

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Total
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
<b>Balance at 1 July 2011</b>	9,797	4,797	(105)	352	14,841
Profit for the period	-	841	-	-	841
Exchange difference on translation of foreign operations	-	-	22	-	22
<b>Total comprehensive income for the period</b>	-	841	22	-	863
Contributions of equity net of transaction costs	-	-	-	-	-
Share buy-backs	-	-	-	-	-
Recognition of share based payments	-	-	-	43	43
Transfer from options reserve	-	-	-	-	-
Exercise of options	80	-	-	-	80
Payment of dividends	-	-	-	-	-
<b>Balance at 30 June 2012</b>	9,877	5,638	(83)	395	15,827

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## 5. Consolidated Statement of Cash Flows

	30 June 2013 \$A'000	30 June 2012 \$A'000
<b>Cash flows related to operating activities</b>		
Receipts from customers	52,154	66,591
Payments to suppliers and employees	(49,580)	(66,209)
Interest paid	(582)	(460)
Income taxes paid	-	(193)
Net cash from continuing operations	1,992	(271)
Net operating cash flows from discontinued operations	-	78
<b>Net operating cash flows</b>	<b>1,992</b>	<b>(193)</b>
<b>Cash flows related to investing activities</b>		
Interest received	78	95
Payment for purchases of property, plant and equipment	(557)	(421)
Proceeds from sale of property, plant and equipment	-	11
Payment for purchases of intangible assets	(3,846)	(3,631)
<b>Net investing cash flows</b>	<b>(4,325)</b>	<b>(3,946)</b>
<b>Cash flows related to financing activities</b>		
Proceeds from issues of shares	4,455	80
Net proceeds/(repayment) of borrowings	(5,290)	6,461
<b>Net financing cash flows</b>	<b>(835)</b>	<b>6,541</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,168)</b>	<b>2,402</b>
Cash and cash equivalents at beginning of financial year	7,050	4,648
<b>Cash and cash equivalents at end of financial year</b>	<b>3,882</b>	<b>7,050</b>

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## 6.1 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

N/A
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## 6.2 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the condensed consolidated cash flow statement) to the related items in the accounts is as follows.

	30 June 2013 \$A'000	30 June 2012 \$A'000
Cash on hand and at bank	3,882	7,050
<b>Total cash at end of financial year</b>	<b>3,882</b>	<b>7,050</b>

## 6.3 Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2013 \$A'000	30 June 2012 \$A'000
<b>(Loss)/Profit after income tax</b>	<b>(542)</b>	841
Depreciation & amortisation	2,902	2,622
Share options expense	-	43
Interest received	(78)	(95)
<b>Changes in operating assets &amp; liabilities</b>		
Receivables	4,638	1,128
Inventories	7	(3,422)
Write-down in inventories relating to services business	-	792
Other assets	(166)	(508)
Deferred taxes	(2,414)	(69)
Trade and other payables	(1,339)	(1,960)
Other liabilities	(831)	338
Provisions	(185)	97
<b>Net cash inflow from operating activities</b>	<b>1,992</b>	(193)

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## 7. Dividends

### 7.1 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
<b>Final dividend:</b>	Current year	Nil	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil	Nil
<b>Interim dividend:</b>	Current year	Nil	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil	Nil

### 7.2 Total dividend per security (interim *plus* final)

	30 June 2013 \$A'000	30 June 2012 \$A'000
Ordinary securities	0	0

### 7.3 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

N/A

Any other disclosures in relation to dividends (distributions).

### 8. Consolidated retained profits

	30 June 2013 \$A'000	30 June 2012 \$A'000
Retained profits at the beginning of the financial period	5,638	4,797
Net (loss)/profit attributable to members	(542)	841
Dividends paid or payable	-	-
<b>Retained earnings at end of financial period</b>	<b>5,096</b>	<b>5,638</b>

### 9. NTA backing

	30 June 2013	30 June 2012
Net tangible asset backing per ordinary security	9.51 cents	9.6 cents

### 10. 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.	

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.	

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### 10.1 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).	\$		

### 11. 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):	30 June 2013 \$A'000	30 June 2012 \$A'000
Profit/(loss) from ordinary activities before tax		
Income tax on ordinary activities		
<b>Profit/(loss) from ordinary activities after tax</b>		
Extraordinary items net of tax		
<b>Net profit/(loss)</b>		
Adjustments		
<b>Share of net profit/(loss) of associates and joint venture entities</b>		

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## 12. Commentary on results for the period

\$A'000's	1H 2013	2H 2013
Revenue from continuing operations	22,010	20,848
EBITDA from continuing operations	(198)	1,001
Net profit/(loss) after tax from continuing operations	(842)	300
Total profit/(loss) attributable to members	(842)	300

Revenues in the second half of the year reflected a continued reduction in sales of consumer products.

EBITDA was better in the second half with the decrease in revenue offset by a favourable product mix of higher margin products, lower overhead costs, a higher level of capitalised development costs as a result of more activity on eligible projects. EBITDA was also negatively impacted as a result of unrealised foreign exchange losses on the revaluation of net US\$ borrowings due to the fall in the value of the A\$.

The 2H 2013 profit after tax benefited from a higher level of tax incentives associated with research and development activities.

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This report is based on accounts to which one of the following applies.

(Tick one)

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/>            | The +accounts have been audited.                  | <input type="checkbox"/> | The +accounts have been subject to review.                  |
|                                     |   | <input type="checkbox"/> | The +accounts are in the process of being reviewed.         |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited. | <input type="checkbox"/> | The +accounts have <i>not</i> 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, details are described below

N/A
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If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

N/A
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Sign here:



Managing Director

Date: 26 August 2013

Print name:

David P J Stewart

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