NETCOMM WIRELESS LIMITED

ANNUAL REPORT
For the year ended 30 June 2013

ACN 002 490 486

NetComm Wireless Limited

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NetComm Wireless Limited

Directors' Report
For the Year Ended 30 June 2013

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2013.

1. General information

a Directors

The names of the directors in office at any time during, or since the end of, the year are:

Name	Position held
J Milne	Non-Executive Director & Chairman
J A Brennan	Non-Executive Director – Resigned 21 March 2013
K Boundy	Non-Executive Director – Appointed 24 August 2012
S Black AM	Non-Executive Director – Appointed 21 March 2013
J M Burton	Non-Executive Director – Retired 21 November 2012
D P J Stewart	CEO & Managing Director
K J P Sheridan	CFO & Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

b Company Secretary

Mr Ken J P Sheridan, the company's CFO & Executive Director, is also the company secretary.

c Principal Activities

NetComm Wireless Limited (ASX: NTC) is a leading developer of innovative broadband products sold globally to major telecommunications carriers, core network providers and system integrators. For 31 years NetComm has developed a portfolio of world first data communication products, and is a respected global provider of 3G and 4G wireless devices servicing the major telecommunications carriers, Machine to Machine (M2M) and Rural Broadband markets. NetComm's products are designed to meet the growing needs of today's data-intensive home, business and industrial broadband applications and customized to optimise performance in line with global network advancements.

2. Review of operations and financial results

a Operating Results

The consolidated loss of the Group after providing for income tax amounted to $541,624 (2012: $840,511 profit).

	Consolidated	
Results and Dividends	**2013**	**2012**
	$	**$**
Total Revenue & other income from Continuing Operations	**42,857,600**	**59,361,477**
EBITDA from Continuing Business	**803,021**	**4,854,600**
Operating Profit/(loss) from Continuing Business before Taxation	**(2,681,095)**	**1,772,049**
Income Tax Benefit/(Expense)	**2,139,471**	**(201,870)**
Net Profit/(Loss) for the year after tax from continuing operations	**(541,624)**	**1,570,179**
Loss for the year from discontinued operations	**-**	**(729,668)**
Profit/(Loss) for the year	**(541,624)**	**840,511**

The Group has experienced a decline in revenue and profitability as a result of a planned move away from supplying consumer focussed products in order to focus on the global machine to machine ("M2M") market. As part of this activity, restructuring costs of $0.3 million were incurred during the year.

The Group also experienced $0.5 million loss as a result of revaluing net monetary liabilities denominated in predominantly US$ as a result of the rapid depreciation of the A$ in the last 2 months of the year.

The higher level of income tax benefit reflected additional research and development claims permitted by the ATO and an over provision for tax in the prior year.

There were a number of key milestones achieved during the course of the year that were very favourable in relation to our M2M strategy. The following deserve particular mention:

- In October 2012, it was announced that following a world-wide tender process, NetComm Wireless had been selected by Vodafone Global Enterprise to be their supplier of M2M IP modems for global deployment. The product, Vodafone MachineLink 3G, was officially launched at Mobile World Congress in late February 2013. The first orders were shipped to Vodafone for initial customer trials in May 2013.

- In May 2013, the company announced that it had been selected by Ericsson, as the integration partner for SP AusNet, to supply the 3G communications card component for the rollout of smart meters in Victoria. This is a contract with revenue of $12.5 million which will be earned during FY14.

- In June 2013, the company undertook a capital raising process by way of a placement and a Share Purchase Plan. Total proceeds raised, net of costs, was $4.3 million. A conditional placement, which was subject to an EGM held in July 2013, raised an additional $0.9 million. These funds will assist the company in executing its M2M strategy.

2. Review of operations and financial results (continued)

b Significant Changes in State of Affairs

During the year the following changes occurred within the Group:

- Issue of share capital as outlined in section 2a of this report.
- Significant Board renewal was undertaken as outlined in section 1a of this report.

c Subsequent Events

The company held an EGM on 15 July 2013 to approve the conditional placement of shares announced in June 2013. There was overwhelming support for the conditional placement which resulted in the company obtaining additional capital in the amount of $0.9 million, net of costs.

d Environmental Regulations

The Group is not subject to significant environmental regulation.

e Likely Developments, Business Strategies and Prospects

The Group is continuing to concentrate its efforts on the M2M strategy. The M2M market is a high growth global market. Ericsson and Qualcomm have predicted that there will be 50 billion connected devices by 2020. The M2M market is still in its infancy and there are no dominant players, with many industry participants specialising in select verticals.

NetComm Wireless is planning to be one of the leading M2M device providers globally. Based on key customer wins, such as Vodafone Global Enterprise, we have gained a reputation as an innovative device supplier. This has provided us with introductions to other leading international telecommunications carriers. We plan to have relationships with between 6-8 of the top 20 global communications carriers.

We will continue to leverage our capability to design customised solutions to meet the specific needs of our customers. This approach allows us to develop tight customer relationships with a high degree of longevity and stickiness.

The cycle time to deliver a new customised product can take between 9 to 12 months and so considerable investment, mainly of people time, is required before revenues begin to flow. This investment can be seen in the level of capitalised development carried on the balance sheet.

All of our manufacturing occurs offshore, in China. By using contract manufacturers we have the ability to scale our business rapidly with low incremental capital expenditure.

As well as global telecommunications carriers, we are targeting the following key M2M industry verticals:

- Utility smart grids (electricity and water)
- E-health in respect of connected in-home devices which need central monitoring
- Business services, including point of sale, digital signage and vending machines/kiosks
- Manufacturing and construction
- Transportation ticketing
- Business continuity

A key component of our strategy is to leverage "coat tail" relationships. This is where we form relationships with key suppliers or ecosystem players and leverage their knowledge, contacts and reputation within key verticals.

e Likely Developments, Business Strategies and Prospects (continued)

Financial year 2014 (FY14) will represent an inflection point in product revenue mix. We anticipate a modest decline in our "base business" in FY14 but substantial growth in M2M revenues, particularly based on the recent Victorian smart meter contract win through our utilities partner, Ericsson. We anticipate M2M revenues to represent more than 55% of total revenues from FY14 and continue to grow in future years.

We have plans in place to expand our geographic footprint and source additional revenues from overseas jurisdictions, with particular emphasis on North America, Europe and the Middle East.

The Ericsson NBN fixed wireless contract is a key domestic M2M contract. We are confident that this contract will deliver substantial value to the company. However, there have been ongoing delays in the rollout of the NBN, principally associated with long haul fibre and wireless tower completions, which have delayed revenue generation to the company. We anticipate small volumes in FY14 with a substantial ramp up in FY15 and FY16.

3. Directors' Information

a Information on Directors

Mr Justin Milne — **Non-Executive Director & Chairman**

Mr Milne has substantial telecommunications industry experience and he is an experienced company director having served in diverse industry sectors with a multinational focus. He had an executive career in telecommunications, marketing and media. From 2002 to 2010 he was Group Managing Director of Telstra's broadband and media businesses, and headed up Telstra's New Media businesses in China. He is currently a Non-Executive Director of Tabcorp Holdings Limited and Members Equity Bank Pty Ltd. He is also a board member of Basketball Australia and Sydney Children's Hospital Foundation.

Mr John A Brennan — **FAICD, FAIM, Non-Executive Director (Resigned 21 March 2013)**

Mr Brennan's previous roles include National General Manager, Corporate and Government Sales for Telstra, General Manager Corporate Services for Advance Bank and Regional Manager (Computers and Telecommunications) with the PA Consulting Group.

Mr Ken Boundy — **Non-Executive Director (Appointed 24 August 2012)**

Mr Boundy has significant marketing, distribution and international business experience across a diverse range of industry sectors. He is currently Chairman and/or Non-Executive Director on four boards, member of two advisory boards and part owner of two businesses. He has held a number of prominent positions over the past thirty years including: Managing Director of the Australian Tourist Commission, Tourism Australia; Executive General Manager, International, of James Hardie Industries Limited; Group General Manager, Corporate Development, of Goodman Fielder Limited; CEO, of Goodman Fielder Asia, Singapore and Director, Industry Development, of the Victorian Department of Industry Commerce and Technology.

Mr Stuart Black AM — **Non-Executive Director (Appointed 21 March 2013)**

Mr Black is a prominent Chartered Accountant and experienced Company Director. He is the former Managing Partner in the chartered accounting firm Chapman Eastway and has extensive experience in professional services, agribusiness, financial services, manufacturing, import, distribution, IT and biotechnology. Mr Black is Non-Executive Director of Australian Agricultural Company Limited and Coffey International Limited, Chair of Chartered Accountants Benevolent Foundation Ltd and a Non-Executive Director of The Country Education Foundation of Australia Ltd. He was the former acting Chair and current Director of the Accounting Professional and Ethical Standards Board Ltd and Past President of the Institute of Chartered Accountants in Australia.

Mr John M Burton — **Non-Executive Director (Retired 21 November 2012)**

With more than 25 years experience in the telecommunications industry, both in Australia and overseas, Mr Burton has an in depth understanding of the factors that drive commercial success in the telecommunications arena. His professional background includes senior management roles with Telecom (now Telstra), KPMG Management Consulting, DSC Communications and Nextgen Networks. Mr Burton is also the Chairman of Spatial Vision Innovations Pty Ltd, a company that uses digital technology to address business and environmental problems. He is currently CEO of Manson Consulting, a company which provides consultancy services to a range of telecommunications organisations.

3. Directors' Information (continued)

a Information on Directors

Mr David P J Stewart — **CEO & Managing Director**

Mr Stewart founded Banksia Technology Pty Limited in 1988 and successfully managed the company as a fast growing and highly profitable business. In 1996, he instigated the successful takeovers of a number of his competitors including NetComm Wireless Limited, which was completed in November 1997. Mr Stewart assumed the role of Managing Director of the merged entity and remains the single largest shareholder of NetComm Wireless. He has a strong financial background, extensive experience in sales and marketing and has maintained an ongoing interest in new technologies. While being very active in the operational aspects of the business, Mr Stewart also focuses on the strategic direction of the company.

Mr Kenneth J P Sheridan — **CFO & Executive Director**

Mr Sheridan is a Chartered Accountant with over 30 years' experience in senior management in major corporations in Australia and Asia. He spent 11 years with KPMG before he moved into the commercial sector where he held several CFO roles with large multinational companies in Australia and Asia including three years as Finance Director of a top 10 Malaysian listed consumer goods company. Mr Sheridan was the Group CFO for Tenix, one of Australia's largest private companies. In the 6 years prior to joining NetComm Wireless, Mr Sheridan was Managing Director and major shareholder of Acelero Pty Ltd, a human resources software company.

At the date of this report, the interest of the Directors in the ordinary shares and options of the Company are:

	Ordinary Shares	**Options**
J Milne	180,588	-
J A Brennan	302,795	-
K Boundy	450,000	-
S Black AM	-	-
J M Burton	359,450	-
D P J Stewart	22,974,596	-
K J P Sheridan	204,588	-

b Meetings of Directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director during the year were as follows:

Director	Board Meetings		Audit and Risk Committee		Nominations and Remuneration Committee	
	A	B	A	B	A	B
J A Brennan	6	6	2	2	1	1
J M Burton	4	3	-	-	-	-
J Milne	11	11	3	3	2	2
K Boundy	10	10	3	3	2	2
S Black AM	4	4	1	1	1	1
D P J Stewart	11	11	-	-	-	-
K J P Sheridan	11	11	-	-	-	-

A is the number of meetings the Director was entitled to attend
B is the number of meetings the Director attended

As announced at the AGM in November 2011, the Board instituted two new committees: Audit and Risk Committee & Nominations and Remuneration Committee.

4. Share Options

At the date of this report, there are 200,000 options (2012: 3,082,500) issued to 1 employee (2012: 11 employees) to acquire ordinary shares. These options have all vested but have not been exercised. The details are as follows:

Date Options granted	Expiry date	Exercise price	Number of options
10/12/2008	10/12/2013	0.162	100,000
12/02/2009	12/02/2014	0.113	100,000
			200,000

The holders of these options do not have any rights under the options to participate in any share issue of the company or of any other entity.

4. Share Options (continued)

The following ordinary shares of NetComm Wireless Limited were issued during or since the end of the financial year as a result of exercise of options granted.

Date Options granted	Issue price of shares	Number of shares issued
19/07/2007	0.060	50,000
17/12/2007	0.070	195,000
27/02/2008	0.075	157,500
03/03/2008	0.071	100,000
31/07/2008	0.185	100,000
30/08/2008	0.162	180,000
30/10/2008	0.162	540,000
		1,322,500

No amounts are unpaid on these shares. During or since the end of the financial year, no options were granted by NetComm Wireless Limited to Directors and Executives of the Group as part of their remuneration.

5. Share Rights

Details of share rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance on 1 July 2012	Share Rights Granted during the year	Share Rights Exercised	Share Rights Relinquished	Balance at 30 June 2013	Total Vested at 30 June 2013	Type of Share Right
D P J Stewart	1,500,000	-	-	(1,500,000)	-	0%	Cash
K J P Sheridan	450,000	-	-	(450,000)	-	0%	Cash
D Morrison	250,000	-	-	-	250,000	0%	Shares
S Collins	250,000	-	-	-	250,000	0%	Shares
B Stevens	250,000	-	-	-	250,000	0%	Shares
M Cornelius	250,000	-	-	-	250,000	0%	Shares
Total	**2,950,000**	**-**	**-**	**(1,950,000)**	**1,000,000**		

On July 1, 2011 NetComm Wireless Limited Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance. Under this Plan, a Participant is made an offer of a number of Share Rights, as determined by the Board. A Share Right is an entitlement to a cash (for cash participants) or equity (for equity participants) amount equivalent to the value of one fully paid ordinary share in the Company for nil consideration, subject to the achievement of vesting conditions which include service and company performance over a 3-year period. The Share Rights will vest when the Company meets or exceeds a "performance hurdle" based on a specific EBITDA target as at the end of years 1, 2 and 3 respectively, if the Participant remains employed with the Company at that time. If the Company does not meet a performance hurdle at a given year (either year 1 or year 2), the hurdle can be "re-tested" in the subsequent year. The "re-test" would be based on a comparison of the cumulative actual EBITDA results for the current and past years compared to the cumulative EBITDA performance hurdle. The Board has resolved that any entitlements to shares in NetComm Wireless resulting from the EESP will be purchased on market.

As previously advised at the Company's Annual General Meeting in November 2012, Mr Stewart and Mr Sheridan agreed to relinquish their entitlements to share rights and will take no further part in the EESP formed on 1 July 2011.

6. Remuneration Report - Audited

This remuneration report, which forms part of the Directors' Report, sets out the information about the remuneration of NetComm Wireless Limited's directors and its senior management for the financial year ended 30 June 2013.

The following persons were key management personnel of NetComm Wireless Limited during the financial year:

Name	Position held
J Milne	Non-Executive Director & Chairman
J A Brennan	Non-Executive Director
K Boundy	Non-Executive Director
S Black AM	Non-Executive Director
J M Burton	Non-Executive Director
D P J Stewart	CEO & Managing Director
K J P Sheridan	CFO & Executive Director
B Stevens	Chief Technology Officer
M Cornelius	Research & Development Director
D Morrison	General Manager - Sales
S Collins	Head of Engineering & Product Development

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management personnel for the Group is as follows:

- As announced at the 2012 AGM, the Board has reinstated a Nominations & Remuneration Committee, comprising the non-executive directors of the company.

- The Nominations & Remuneration Committee assume responsibility for making recommendations to the Board in respect of remuneration policies and practices generally, and making recommendations to the Board on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

- The Board reviews the remuneration packages of all directors and other key management personnel on an annual basis. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries. The overall objective is to ensure maximum shareholder benefit from the retention of a quality Board and Executive Team. To assist in achieving this objective, the nature and amount of the Executives' and Executive Directors' and other key management personnel's emoluments is linked to the Group's financial and operational performance, as determined by the Board.

The Chairman of the company presently receives an annual fee of $97,500 with all other directors receiving $57,500 per annum. Given the size of the company and the Board, no additional payments are made in respect of Chairmanship or Membership of any of the Board Committees.

6. Remuneration Report – Audited (continued)

Relationship between the remuneration policy and company performance

The following tables set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2013:

Continuing Operations	**30 June 2013 $**	**30 June 2012 $**	**30 June 2011 $**	**30 June 2010 $**	**30 June 2009 $**
Revenue	42,857,600	59,361,477	67,602,485	55,264,440	78,473,388
Net Profit/(loss) before tax	(2,681,095)	1,772,049	2,145,565	2,294,204	5,296,429
Net Profit/(loss) after tax	(541,624)	1,570,179	1,057,464	1,624,988	5,891,378
Net (Loss)/profit from discontinued operations*	-	(729,668)	(2,259,611)	-	-
Profit/(loss) for the year	(541,624)	840,511	(1,202,147)	1,624,988	5,891,378

	30 June 2013 $	**30 June 2012 $**	**30 June 2011 $**	**30 June 2010 $**	**30 June 2009 $**
Share price at start of the year	0.12	0.13	0.20	0.17	0.18
Share price at end of the year	0.26	0.12	0.13	0.20	0.17
Interim dividend	-	-	0.5cps	1cps	-
Final dividend	-	-	-	-	-
Continuing Operations					
Basic earnings per share (cents)	(0.51)	1.51	1.02	1.58	6.01
Diluted earnings per share (cents)	(0.51)	1.50	1.02	1.56	5.95
Discontinued Operations					
Basic earnings per share (cents)	-	(0.70)	(2.18)	-	-
Diluted earnings per share (cents)	-	(0.70)	(2.18)	-	-

As stated above the overall objective of the Board's remuneration policy is to ensure maximum shareholder benefit from the retention of a quality Board and Executive team and to assist in achieving this objective by linking executive rewards to the group's financial and operational performance. The Board is of the opinion that the remuneration policy and company performance are closely aligned.

*Information for 2010 & prior is not disclosed as it is not material.

NetComm Wireless Limited

Directors' Report
For the Year Ended 30 June 2013

6. Remuneration Report – Audited (continued)

Details of remuneration for year ended 30 June 2013.
Details of each element of the remuneration of key management personnel and other executives of NetComm Wireless Limited are set out in the following tables:

Year ended 30 June 2013:

	Short Term Employee Benefits			Post Employment Benefits	Long Term benefits	Share Based Payments	Other Benefits	Total	% of Remuneration that is performance based	% of Remuneration that consists of options/share rights
	Salary & Fees	Short Term Incentive Plan	Non-Monetary Benefits	Super-annuation	Long Service Leave	Share Rights	Termination Benefits			
Independent Non-Executive Directors										
J Milne	78,958	-	-	-	-	-	-	**78,958**	-	-
J A Brennan*	64,736	-	-	-	-	-	-	**64,736**	-	-
K Boundy**	43,125	-	-	-	-	-	-	**43,125**	-	-
S Black AM ***	13,476	-	-	1,212	-	-	-	**14,688**	-	-
J M Burton****	23,958	-	-	-	-	-	-	**23,958**	-	-
Executive Directors										
D P J Stewart	416,538	-	-	33,462	11,758	-	-	**461,758**	-	-
K J P Sheridan	265,526	45,000	-	23,897	-	-	-	**334,423**	13%	-
Executive Officers										
D Morrison	167,500	26,880	15,000	15,075	2,721	-	-	**227,176**	12%	-
M Cornelius	150,000	25,000	15,000	13,500	2,439	-	-	**205,939**	12%	-
S Collins	151,376	25,000	15,000	13,624	-	-	-	**205,000**	12%	
B Stevens	142,202	-	5,000	12,798	2,312	-	-	**162,312**	-	-
Total key management personnel compensation	**1,517,395**	**121,880**	**50,000**	**113,568**	**19,230**	**-**	**-**	**1,822,073**		

* Mr J A Brennan resigned on 21 March 2013.
** Mr K Boundy was appointed as Non-Executive Director on 24 August 2012.
*** Mr S Black AM was appointed as Non-Executive Director on 21 March 2013.
**** Mr J M Burton retired as Non-Executive Director on 21 November 2012.

6. Remuneration Report – AUDITED (continued)

Details of remuneration for year ended 30 June 2012.
Details of each element of the remuneration of key management personnel and other executives of NetComm Wireless Limited are set out in the following tables:

Year ended 30 June 2012:

	Short Term Employee Benefits			Post Employment Benefits	Long Term benefits	Share Based Payments	Other Benefits	Total	% of Remuneration that is performance based	% of Remuneration that consists of options/share rights
	Salary & Fees	Short Term Incentive Plan	Non-Monetary Benefits	Super-annuation	Long Service Leave	Share Rights****	Termination Benefits			
Independent Non-Executive Directors										
T R Winters*	69,750	-	-	-	-	-	-	**69,750**	-	-
J A Brennan	63,333	-	-	-	-	-	-	**63,333**	-	-
J M Burton	57,500	-	-	-	-	-	-	**57,500**	-	-
J Milne**	19,167	-	-	-	-	-	-	**19,167**	-	-
Executive Directors										
D P J Stewart	433,444	270,000	-	39,010	7,249	65,000	-	**814,703**	41%	8%
K J P Sheridan	229,358	51,600	-	20,642	-	19,500	-	**321,100**	22%	6%
Executive Officers										
D Morrison	168,079	51,600	15,000	15,577	2,791	10,833	-	**263,880**	22%	4%
M Cornelius	150,000	75,000	15,000	13,500	2,500	10,833	-	**266,833**	32%	4%
S Collins	151,376	44,000	15,000	13,624	-	10,833	-	**234,833**	23%	5%
B Stevens	150,617	43,000	5,000	13,971	2,370	10,833	-	**225,791**	24%	5%
J Lahey***	174,730	31,500	14,856	13,023	-	-	-	**234,109**	13%	0%
Total key management personnel compensation	**1,667,354**	**566,700**	**64,856**	**129,347**	**14,910**	**127,832**	**-**	**2,570,999**		

* Mr T Winters retired as Chairman on 13 December 2011.
** Mr J Milne was appointed as Non-Executive Director on 7 March 2012.
*** Mr J Lahey joined in September 2011.
**** Share rights for all participants have not yet vested, have not been paid and are not payable until vesting criteria have been met.

6. Remuneration Report – AUDITED (continued)

Short term Incentive Plan - Cash bonuses

Key management personnel and other executives are entitled to a short-term cash incentive based on performance criteria which is defined and granted at the discretion of the Board. Where performance criteria are not met in the current year the bonus is forfeited and may not be carried forward to a future year.

Short term Incentive plans are based on the achievement of specified Revenue and EBITDA levels and personal objectives. For the year ended 30 June 2013, following table discloses the total entitlement and the amount achieved.

Participants	Role	Total Entitlement	Total Achieved	% Achieved
D P J Stewart	CEO & Managing Director	$450,000	-	-
K J P Sheridan	CFO & Executive Director	$100,000	$45,000	45%
D Morrison	General Manager - Sales	$60,000	$26,880	45%
S Collins	Head of Engineering & Product Development	$50,000	$25,000	50%
B Stevens	Chief Technology Officer	$50,000	-	-
M Cornelius	Research & Development Director	$75,000	$25,000	33%
Total		**$785,000**	**$121,880**	

Share Options

An employee share option plan is in place for all employees, including directors and key management personnel. The board of directors has discontinued the issuance of share options at the beginning of the 2011 financial year. Each option entitles the holder to subscribe for and be allotted one share in the capital of the company at a pre-determined exercise price per share. Shares issued on the exercise of options will rank pari passu with all existing shares in the capital of the company from the date of issue. The option holder must remain employed with the company in order to meet the performance conditions attached to the options. No options vested or were granted to key management personnel and executives during the year.

Mr David Stewart, CEO and Managing Director, relinquished 1,500,000 vested options during the year as announced at the Company's 2012 Annual General Meeting held in November 2012.

560,000 options were exercised by key management personnel and executives during the year:

	Number of options	Fair Value at grant date
D Morrison	100,000	$ 7,000
B Stevens	100,000	$18,500
J M Burton	360,000	$58,320
Total	**560,000**	**$83,820**

6. Remuneration Report – AUDITED (continued)

Share Rights held by key management personnel

On July 1, 2011 NetComm Wireless Limited Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance. Under this Plan, a Participant is made an offer of a number of Share Rights, as determined by the Board. A Share Right is an entitlement to a cash (for cash participants) or equity (for equity participants) amount equivalent to the value of one fully paid ordinary share in the Company for nil consideration, subject to the achievement of vesting conditions which include service and company performance over a 3-year period. The Share Rights will vest when the Company meets or exceeds a "performance hurdle" based on a specific EBITDA target as at the end of years 1, 2 and 3 respectively, if the Participant remains employed with the Company at that time. If the Company does not meet a performance hurdle at a given year (either year 1 or year 2), the hurdle can be "re-tested" in the subsequent year. The "re-test" would be based on a comparison of the cumulative actual EBITDA results for the current and past years compared to the cumulative EBITDA hurdle amounts. The Board has resolved that any entitlements to shares in NetComm Wireless resulting from the EESP will be purchased on market.

Details of share rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance on 1 July 2012	Share Rights Granted during the year	Rights Relinquished	Minimum fair value of Rights	Maximum fair value of Rights	Rights Exercised	Balance at 30 June 2013	Total Vested at 30 June 2013	Type of Share Right
D P J Stewart	1,500,000	-	(1,500,000)	-	-	-	-	-	Cash
K J P Sheridan	450,000	-	(450,000)	-	-	-	-	-	Cash
D Morrison	250,000	-	-	-	-	-	250,000	0%	Shares
S Collins	250,000	-	-	-	-	-	250,000	0%	Shares
B Stevens	250,000	-	-	-	-	-	250,000	0%	Shares
M Cornelius	250,000	-	-	-	-	-	250,000	0%	Shares
Total	**2,950,000**	**-**	**(1,950,000)**	**-**	-	-	**1,000,000**		

As at 1 July 2013, the EBITDA performance hurdles for years 1 and 2 were not met so Plan Participants had no vesting of their Share Rights. Based on estimates of EBITDA for the year ending 30 June 2014, the Board is of the view that the EBITDA performance hurdles will not be met and that no share rights will vest for any Participant. Accordingly, the fair value of these Rights has been assessed as nil.

6. Remuneration Report - Audited (continued)

Service contracts

The following table provides employment details of persons who were, during the financial year, the directors and executive officers of the consolidated group receiving the highest remuneration.

	Position held as at 30 June 2013	Contract details (duration & termination)
J Milne	Non-Executive Director & Chairman	No fixed term.
K Boundy	Non-Executive Director	No fixed term (appointed 24 August 2012).
J A Brennan	Non-Executive Director	Resigned 21 March 2013
J M Burton	Non-Executive Director	Retired 21 November 2012.
S Black AM	Non-Executive Director	No fixed term (appointed 21 March 2013).
D P J Stewart	CEO & Managing Director	12 month contract automatically renewed. 12 months notice required to terminate. Entitled to 12 months gross salary upon termination.
K J P Sheridan	CFO & Executive Director	Standard employment agreement. 2 months notice required to terminate. Entitled to 2 months gross salary upon termination.
S Collins	Head of Engineering & Product Development	Standard employment agreement. 2 months notice required to terminate. Entitled to 2 months gross salary upon termination.
D Morrison	General Manager - Sales	Standard employment agreement. 2 months notice required to terminate. Entitled to 2 months gross salary upon termination.
M Cornelius	Research & Development Director	Standard employment agreement. 2 months notice required to terminate. Entitled to 2 months gross salary upon termination.
B Stevens	Chief Technology Officer	Standard employment agreement. 2 months notice required to terminate. Entitled to 2 months gross salary upon termination.

END OF AUDITED REMUNERATION REPORT

7. Other information

a Indemnification and Insurance of Directors and Auditors

All Directors of the Group, its secretaries and executive officers are entitled to be indemnified under Clause 23 of the Company's Constitution to the maximum extent permitted by law unless the liability arises out of conduct involving a lack of good faith. Since the end of the previous financial year, the Group has paid insurance premiums in respect of a directors and officers liability insurance contract against certain liabilities (subject to exclusions), for all current and former officers of the Group, including all directors named in this report, the company secretaries and executive officers of the Group, and directors and officers who have retired or relinquished their positions.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred by such an officer or auditor.

b Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

c Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 18 of the financial report.

d Non Audit Services

The directors are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, because the nature and scope of each type of non audit service provided means that auditor independence was not compromised.

Fees for non audit services which were paid/payable to the external auditors (Grant Thornton Audit Pty Ltd) during the year ended 30 June 2013 are disclosed at Note 3.

e Corporate Governance

The Directors of NetComm Wireless Limited have always recognised the need for appropriate standards of corporate behaviour and accountability to ensure the quality of the company's financial reporting. Recent commentary and directions from Australian regulatory authorities have further emphasised this issue in the minds of investors. The Directors of NetComm Wireless Limited reaffirm their support for the principles of corporate governance and transparency and have reviewed their policies with regard to current best practice.

7. Other information (continued)

f Dividends

No dividends were paid during the financial year 2013 (2012: Nil).

The directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Director:

J Milne, Chairman
Sydney
27 September 2013

Director:

D P J Stewart, CEO & Managing Director
Sydney
27 September 2013

Grant Thornton

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Auditor's Independence Declaration
To the Directors of NetComm Wireless Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of NetComm Wireless Limited for the year ended 30 June 2013, 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 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Simon Coulton
Partner - Audit & Assurance

Sydney, 27 September 2013

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NetComm Wireless Limited

Consolidated statement of profit or loss & other comprehensive income
For the year ended 30 June 2013

	Note	2013 $	2012 $
Continuing Operations			
Revenue from the sale of goods	2	42,779,990	59,186,120
Other income	2	77,610	175,357
Change in inventories		(890,231)	3,535,241
Raw materials consumed		(28,066,042)	(44,756,740)
Employee benefits		(7,017,679)	(8,412,348)
Other expenses	3	(6,080,627)	(4,873,030)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**803,021**	**4,854,600**
Depreciation and amortisation expense	3	(2,902,008)	(2,622,465)
Finance costs	3	(582,108)	(460,086)
Profit/(Loss) before income tax		**(2,681,095)**	**1,772,049**
Income tax benefit/(expense)	4	2,139,471	(201,870)
Profit/(Loss) for the year from continuing operations		**(541,624)**	**1,570,179**
Loss for the year from discontinued operations	31 (a)	-	(729,668)
Profit/(Loss) for the year		**(541,624)**	**840,511**
Attributable to equity holders of the parent		**(541,624)**	**840,511**
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		177,758	22,125
Net change in the fair value of cash flow hedges recognised in equity		(984,410)	-
Income tax relating to components of other comprehensive income	4	295,323	-
Other comprehensive income for the period (net of tax)		**(511,329)**	**22,125**
Total comprehensive income/(loss) for the period		**(1,052,953)**	**862,636**
Attributable to equity holders of the parent		(1,052,953)	862,636
		(1,052,953)	**862,636**
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	26	**(0.51)**	**1.51**
Diluted earnings per share (cents per share)	26	**(0.51)**	**1.50**
Earnings per share from discontinued operations:			
Basic earnings per share (cents per share)	26	**-**	**(0.70)**
Diluted earnings per share (cents per share)	26	**-**	**(0.70)**

The above consolidated statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

NetComm Wireless Limited
Consolidated statement of financial position
For the year ended 30 June 2013

	Note	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	6	3,882,067	7,049,729
Trade and other receivables	7	4,700,381	9,333,294
Inventories	8	9,857,493	9,863,695
Other assets	9	1,252,681	1,087,316
Total current assets		**19,692,622**	**27,334,034**
Assets from discontinued operations	31 (b)	-	5,300
Non-current assets			
Property, plant and equipment	10	1,877,280	2,228,612
Deferred tax assets	4 (c)	4,441,435	2,027,119
Goodwill	11	895,999	895,999
Other intangible assets	12	6,216,712	4,389,931
Other assets	9	302,143	302,143
Total non-current assets		**13,733,569**	**9,843,804**
TOTAL ASSETS		**33,426,191**	**37,183,138**
LIABILITIES			
Current liabilities			
Trade and other payables	13	5,900,269	7,239,460
Borrowings	14	7,066,858	12,319,681
Provisions	15	634,460	908,542
Income tax liability		-	128,216
Other current liabilities	16	203,299	421,555
Total current liabilities		**13,804,886**	**21,017,454**
Non-current liabilities			
Borrowings	14	79,462	116,017
Provisions	15	313,076	222,752
Total non-current liabilities		**392,538**	**338,769**
TOTAL LIABILITIES		**14,197,424**	**21,356,223**
NET ASSETS		**19,228,767**	**15,826,915**
EQUITY			
Issued capital	17	14,331,878	9,877,073
Reserves	18	(199,244)	312,085
Retained earnings		5,096,133	5,637,757
TOTAL EQUITY		**19,228,767**	**15,826,915**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

NetComm Wireless Limited
Consolidated statement of changes in equity
For the year ended 30 June 2013

	Note	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Foreign Exchange Hedging Reserve $	Options and Share Rights Reserve $	Total $
Balance at 1 July 2011		**9,796,773**	**4,797,246**	**(105,848)**	**-**	**352,476**	**14,840,647**
Profit for the period		-	840,511	-	-	-	840,511
Exchange difference on translation of foreign operations		-	-	22,125	-	-	22,125
Total comprehensive income for the period		**-**	**840,511**	**22,125**	**-**	**-**	**862,636**
Recognition of share based payments	**18 (a)**	-	-	-	-	43,332	43,332
Exercise of options	**17 (a)**	80,300	-	-	-	-	80,300
Balance at 30 June 2012		**9,877,073**	**5,637,757**	**(83,723)**	**-**	**395,808**	**15,826,915**
Balance at 1 July 2012		**9,877,073**	**5,637,757**	**(83,723)**	**-**	**395,808**	**15,826,915**
Loss for the period		-	(541,624)	-	-	-	(541,624)
Exchange difference on translation of foreign operations	**18 (b)**	-	-	177,758	-	-	177,758
Foreign exchange hedging (Net of tax)	**18 (C)**	-	-	-	(689,087)	-	(689,087)
Total comprehensive income for the period		**-**	**(541,624)**	**177,758**	**(689,087)**	**-**	**(1,052,953)**
Issue of ordinary shares (Net of transaction costs and tax)	**17 (a)**	4,342,422	-	-	-	-	4,342,422
Exercise of options	**17 (a)**	112,383	-	-	-	-	112,383
Balance at 30 June 2013		**14,331,878**	**5,096,133**	**94,035**	**(689,087)**	**395,808**	**19,228,767**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NetComm Wireless Limited
Consolidated statement of cash flows
For the year ended 30 June 2013

	Note	2013 $	2012 $
Cash flows from operating activities:			
Receipts from customers		52,153,952	66,590,970
Payments to suppliers and employees		(49,579,804)	(66,208,860)
Finance costs		(582,108)	(460,086)
Income taxes paid		-	(193,522)
Net cash (used in) continuing operations		1,992,040	(271,498)
Net cash provided by discontinued operations	**31(c)**	**-**	78,406
Net cash (used in) / provided by operating activities	**21**	**1,992,040**	**(193,092)**
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		-	11,472
Interest received		77,575	95,388
Acquisition of property, plant and equipment		(556,734)	(421,041)
Acquisition of intangible assets		(3,845,970)	(3,631,462)
Net cash (used in) by investing activities		**(4,325,129)**	**(3,945,643)**
Cash flows from financing activities:			
Proceeds from issue of shares & options (net of transaction costs & tax)	**17 (a)**	4,454,805	80,300
Proceeds from borrowings		48,510,971	62,029,949
Repayment of borrowings		(53,800,349)	(55,569,716)
Net cash provided by / (used in) financing activities		**(834,573)**	**6,540,533**
Net increase in cash and cash equivalents held		**(3,167,662)**	**2,401,798**
Cash and cash equivalents at beginning of financial period		7,049,729	4,647,931
Cash and cash equivalents at end of financial period	**6**	**3,882,067**	**7,049,729**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Statement of Significant Accounting Policies

General information

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the consolidated Group of NetComm Wireless Limited ("the Group" or the "consolidated entity"). NetComm Wireless Limited is a listed public company, incorporated and domiciled in Australia, and is a for-profit entity for the purpose of preparing financial statements.

Compliance with Australian Accounting Standards results in the compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 27 September 2013.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. 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.

Critical accounting judgements and key sources of uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects current and future periods. Refer to note 1(w) for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

None of the new standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101: Presentation of Financial Statements effective 1 July 2012 now require the statement of profit or loss and other comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in the future period and those that may have to be reclassified if certain conditions are met.

1 Statement of Significant Accounting Policies (continued)

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NetComm Wireless Limited as at 30 June 2013 and the results of all subsidiaries for the year then ended.

A subsidiary is an entity over which NetComm Wireless Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

A list of subsidiaries is contained in Note 30(d) to the financial statements. All subsidiaries have a 30 June financial year end.

All intercompany balances and transactions between entities in the consolidated entity, 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.

Subsidiaries are fully consolidated from the date which control is transferred to the Group. They are deconsolidated from the date control ceases.

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1 Statement of Significant Accounting Policies (continued)

(c) Foreign Currency Transactions and Balances & policy on hedge accounting for FX exposures

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss in the period in which they arise.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- all resulting exchange differences shall be recognised in other comprehensive income and as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed. Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for as financial assets at fair value through profit or loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

1 Statement of Significant Accounting Policies (continued)

Derivative financial instruments and hedge accounting (continued)

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

(d) 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 taxation authority or it is recognised as part of the cost of acquisition of an asset or part of an item of expenses.

Receivables and payables in the statement of financial position are shown inclusive of GST and the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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 profit or loss 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 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.

1 **Statement of Significant Accounting Policies (continued)**

(e) Income Tax (continued)

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

NetComm Wireless Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 20 August 2006.

The stand-alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities, as if they continue to be a separate taxable entity in their own right, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity.

(f) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods, including communications and networking devices, are recognised at the time goods are dispatched to customers.

Revenue from a contract to provide services is recognised on a pro-rata basis over the term of the service agreement.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Share-based Payments

Equity settled compensation benefits are provided to employees via the Employee Option Plan and the NetComm Wireless Limited Executive Employee Share Plan. Information relating to these plans is set out in notes 22 & 24. The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial Approximation option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

The fair value of the options granted excludes the impact of any non market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance date, the entity revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

1 Statement of Significant Accounting Policies (continued)

(g) Share-based Payments (continued)

Equity-settled share based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

The carrying amount of property, plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Useful Life
Plant and equipment	2-6 years
Leasehold improvements	Over the term of the lease
Development assets	2-6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss.

1 Statement of Significant Accounting Policies (continued)

(i) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Impairment of goodwill is not reversed. Refer also to note 1(y) on goodwill.

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. The interest expense is recognised in the profit or loss so as to achieve a constant periodic rate of interest on the remaining balance of the liability outstanding.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are recognised in profit or loss on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease.

(k) Derivative Financial Instruments

The fair value of all derivative financial instruments outstanding at reporting date are recognised in the statement of financial position as either financial assets or financial liabilities. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity, with any ineffective portion being recognised in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments, or other non financial host contracts, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

1 Statement of Significant Accounting Policies (continued)

(l) Financial Assets

Financial assets are classified into the following specified category: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, deposits held at call with banks and financial institutions, investments in money market instruments with maturities of three months or less from the date of acquisition, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(n) Inventories

Finished goods and raw materials are valued at the lower of cost and net realisable value. Cost is the direct cost of purchase, plus freight and duty and any other costs directly attributable to acquisition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Inventory is recognised on a weighted average cost basis.

1 Statement of Significant Accounting Policies (continued)

(o) Intangibles

Research and development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will generate future benefits considering its commercial and technical feasibility and its cost can be measured reliably. The expenditure capitalised consists of all directly attributable costs. Capitalised development costs are amortised from the point at which the product is ready for use and for no longer than 3 years.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment costs.

Computer software

Computer software is measured on a cost basis less amortisation and impairment losses. Computer software is amortised on a straight line basis over 3.3 years, commencing from the time the software is ready for use.

Development assets

Cost incurred in acquiring assets for research and development is measured at costs less accumulated amortisation and any accumulated impairment losses. Development assets are amortised on a straight line basis over 2-6 years.

(p) Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date, including wages and salaries, annual leave and long service leave. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to employee superannuation funds which are of the defined contribution type. Contributions to these defined contribution superannuation schemes are recognised as an expense in the period they are payable.

(r) Financial instruments

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

1 Statement of Significant Accounting Policies (continued)

(r) Financial instruments (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

(s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(t) Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Dividends

A liability is recorded for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of financial year but not distributed at balance date.

(v) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of transaction costs and tax, from the proceeds.

1 Statement of Significant Accounting Policies (continued)

(w) Standards and Interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June, 2013 reporting periods. The Group's assessment of the impact of these new standards and Interpretations are set out below.

(i) AASB 9 Financial Instruments (effective from 1 January, 2015)

AASB 9 aims to replace AASB 139 *Financial Instruments: Recognition and Measurement* in its entirety. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss.

The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

(ii) AASB 10 Consolidated Financial Statements (effective from 1 January, 2014)
AASB 10 establishes a revised control model which broadens the situations when an entity is considered to be controlled by another entity. The effect of this change may lead to more entities being consolidated into the Group. The Company does not expect that this change with have any impact on the financial statements due to there currently not being any entities or investment within the group that are not currently consolidated.

(iii) AASB 13 Fair Value Measurement (effective from 1 January, 2014)
Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognized at fair value in the statement of financial position or disclosed in the notes in the financial statements. The Company has not yet conducted a detailed analysis of the differences between the current fair value calculation methodologies used and those required by AASB 13. The Group's management have yet to assess the impact of this new standard.

(iv) AASB 119 Employee Benefits (effective1 January, 2013).
The Company currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement.

When this standard is first adopted for the 30 June, 2014 year end, annual leave liabilities will be recalculated on 1 July 2012. Leave liabilities for any employees with significant balances of leave outstanding who are not expected to take their leave within 12 months will be discounted, which may result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.

1 Statement of Significant Accounting Policies (continued)

(w) Standards and Interpretations issued not yet effective (continued)

(vi) AASB 12 Disclosure of Interests in Other Entities (effective from 1 January, 2014)
AASB 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. Its aim is to provide more transparency on 'borderline' consolidation decisions and includes enhanced disclosures centred on significant judgements and assumptions made around determining control, joint control and significant influence.
The Company does not expect that this change will have any impact on the financial statements other than to add additional disclosure.

Then Group will adopt the new standards detailed above from their operative date. They will therefore be applied in the financial statement for the annual reporting ending 30 June 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(x) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Group.

The following are the critical judgements (apart from those involving estimations, which are dealt with below) that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Inventories

Note 8 sets out the categories of inventories carried. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value less costs to sell. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the estimated costs to sell and expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

1 Statement of Significant Accounting Policies (continued)

(x) Critical accounting estimates and judgements (continued)

Deferred Tax Asset

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 profit or loss 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 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 Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(y) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

1 Statement of Significant Accounting Policies (continued)

(y) Goodwill (continued)

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(z) Discontinued operations

In the consolidated statement of profit or loss and other comprehensive income, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of profit or loss and other comprehensive income.

2 Revenue and other income from continuing operations

	2013 $	2012 $
Revenue		
Sales revenue	42,779,990	59,186,120
	42,779,990	59,186,120
Other income		
Interest revenue	77,575	95,388
Other revenue	35	79,969
	77,610	175,357
Total revenue and other income	**42,857,600**	**59,361,477**

3 Expenses

Included in expenses are the following specific items

	2013 $	2012 $
Other expenses comprising:		
Advertising and marketing	615,176	(168,200)
Property expenses	934,189	832,115
Distribution and selling costs	813,722	952,478
Insurance expenses	332,212	267,437
Legal & professional fees	712,902	526,588
Travel expenses	833,763	739,287
Contractor costs	505,758	608,299
Other expenses	1,332,905	1,115,026
	6,080,627	**4,873,030**
Depreciation, amortisation and impairments:		
Depreciation of property, plant and equipment (note 10(b))	915,175	644,941
Amortisation of intangible assets (note 12(b))	1,986,833	1,977,524
	2,902,008	**2,622,465**

Auditors' remuneration

Grant Thornton is the auditor of the Group. Amounts received or due and receivable by Grant Thornton are detailed below:

	2013 $	2012 $
Auditing or reviewing the financial statements	101,500	51,510
Taxation services	30,399	12,750
Other services - consulting	9,086	-
	140,985	64,260

	2013 $	2012 $
Other auditors:		
BDO Audit (NSW-VIC) Pty Limited		
Auditing or reviewing the financial statements	-	56,999
Taxation services	-	14,275
Other services - consulting	-	35,681
	-	106,955
Deloitte		
Taxation services	664	1,641
	664	1,641
Crowe Horwath		
Other services - consulting	19,200	-
	19,200	-
Total auditors' remuneration	**160,849**	**172,856**

	2013 $	2012 $
Rental expenses on operating leases		
Minimum lease payments	819,752	645,208
Finance Costs		
Bank borrowings	552,719	407,682
Finance leases	29,389	52,404
	582,108	**460,086**
Cost of sales	28,956,158	41,221,500
(Reversal)/impairment of doubtful receivables	4,155	(98,357)
Defined contribution superannuation expenses	644,483	634,003
Loss on sale of property, plant and equipment	(231)	15,393
Research & development costs	909,520	569,276
Share-based payments - equity settled benefit	-	43,332

4 Income tax (benefit)/expense

(a) Income tax recognised in profit or loss

	2013 $	2012 $
Tax expense comprises:		
Current tax (benefit)/expense	(1,755,117)	(371,655)
Deferred tax (benefit) / expense relating to the origination and reversal of temporary differences	349,404	773,066
Under/(over) provision for tax in prior year	(733,758)	(199,541)
Income tax (benefit)/expense	(2,139,471)	201,870
Income tax recognised in other comprehensive income		
Income tax relating to components of other comprehensive income	(295,323)	-

The nature of the evidence supporting the recognition of tax losses incurred in prior periods includes forecast taxable income that is expected to arise in the next 2 years as a result of new supply and distribution agreements entered into by the Group in prior years.

(b) The prima facie income tax expense on pre-tax accounting profit from continuing operations and other comprehensive income reconciles to the income tax expense in the financial statements as follows:

	2013 $	2012 $
i) **Amounts recognised in profit or loss**		
Net profit/(loss) before tax	(2,681,095)	1,772,049
Tax at the Australian tax rate of 30%	(804,329)	531,615
- Share based payments	-	13,000
- Entertainment	6,980	4,500
-Tax rate Difference in NZ - 28%	(16,041)	(22,514)
- Other items	4,287	31,844
- Non-deductible amortisation of intangibles	-	158,500
Under/(over) provision for tax in prior years	(733,758)	(199,541)
Research & Development tax concession	(596,610)	(315,534)
Income tax (benefit)/expense	**(2,139,471)**	**201,870**
ii) **Amounts recognised in equity**		
Net change in the fair value of cash flow hedges	(984,410)	-
Tax at the Australian tax rate of 30%	(295,323)	-
Total amounts recognised in equity	**(295,323)**	**-**

(c) Deferred tax assets/(liabilities) arise from the following:

2013	Opening balance $	Charged to income $	Charged to other comprehensive income $	Closing balance $
Unused tax losses	2,548,879	2,468,397	-	5,017,276
Temporary differences				
Accrued expenses	8,019	41,613	-	49,632
Provisions	312,800	(26,157)	-	286,643
Inventory	182,762	83,838	-	266,600
Intangibles and Other	(1,025,341)	(448,698)	-	(1,474,039)
Cash flow hedges	-	-	295,323	295,323
	2,027,119	**2,118,993**	**295,323**	**4,441,435**

2012	Opening balance $	Charged to income $	Charged to other comprehensive income $	Closing balance $
Unused tax losses	1,707,372	841,507	-	2,548,879
Temporary differences				
Accrued expenses	44,200	(36,181)	-	8,019
Provisions	343,417	(30,617)	-	312,800
Inventory	243,364	(60,602)	-	182,762
Intangibles and Other	(379,675)	(645,666)	-	(1,025,341)
	1,958,678	**68,441**	**-**	**2,027,119**

5 Dividends

No dividends were paid during the year-ended 30 June 2013 (2012: Nil).

Balance of franking account

	2013 $	2012 $
Balance of franking account at period end adjusted for franking credits arising from dividends recognised as receivables, and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	591,961	591,961

6 Cash and cash equivalents

(a) Cash on hand

	2013 $	2012 $
Cash on hand	1,778	1,735
Cash at bank	3,880,289	7,047,994
	3,882,067	**7,049,729**

(b) Effective interest rate

These funds are bearing floating interest rates of between 0.05% and 2% (2012: 0.05% to 2.0%).

	2013 $	2012 $
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	3,882,067	7,049,729
	3,882,067	**7,049,729**

7 Trade and other receivables

	2013 $	2012 $
Trade receivables (i)	4,748,053	9,227,923
Income tax receivable	-	148,888
Allowance for doubtful debts	(47,672)	(43,517)
	4,700,381	**9,333,294**

(i) The average credit period on sales of goods and rendering of services is 30 days, although a few customers have 45 day terms. No interest is charged on overdue receivables. An allowance has been made for estimated unrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. The Group will also consider any change in the quality of the trade receivable from the date credit was initially granted up to the reporting date.

Before accepting any new customers, the Group obtain third party references to assess the potential customer's credit quality and define the credit limits by customer. Included in the Group's trade receivable balance are debtors with a carrying amount of $750,685 (2012: $2,422,346) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 59 days (2012: 53 days).

Aging of past due but not impaired	2013 $	2012 $
0-30 Days	531,815	1,804,177
30-60 Days	136,519	605,290
60+ Days	82,351	12,879
	750,685	**2,422,346**

7 Trade and other receivables (continued)

Movement in the allowance for doubtful debts	**2013 $**	**2012 $**
Balance at the beginning of the year	43,517	145,544
Increase/(decrease) in allowance for impairment	4,155	(98,357)
Amounts written off as uncollectible	-	(3,670)
Balance at the end of the year	**47,672**	**43,517**

Aging of impaired receivables	**2013 $**	**2012 $**
0-30 Days	-	-
30-60 Days	-	30,638
60+ Days	47,672	12,879
	47,672	**43,517**

8 Inventories

	2013 $	**2012 $**
Current		
Raw materials and stores	1,407,606	1,230,226
Communication Modules	1,567,453	2,125,517
Finished goods	5,405,945	4,818,696
Goods in transit	1,476,489	1,689,256
Total Inventories	**9,857,493**	**9,863,695**

9 Other assets

	2013 $	**2012 $**
Current		
Prepayments	588,798	424,125
Deposits and bonds	663,883	663,191
	1,252,681	**1,087,316**
Non - Current		
Deposits and bonds	302,143	302,143
	302,143	**302,143**

10 Property, Plant and Equipment

(a) Summary of property, plant and equipment

	2013 $	**2012 $**
Plant and equipment		
At cost	4,282,807	4,047,817
Less accumulated depreciation	(3,268,143)	(2,733,378)
Total plant and equipment	1,014,664	1,314,439
Leased plant and equipment		
At cost	913,854	912,800
Less accumulated amortisation	(627,586)	(437,867)
Total leased plant and equipment	286,268	474,933
Leasehold improvements		
At cost	227,752	226,886
Less accumulated amortisation	(199,809)	(174,629)
Total leasehold improvements	27,943	52,257
Development Assets		
At cost	885,241	537,395
Less accumulated amortisation	(336,836)	(150,412)
Total development assets	548,405	386,983
Total property,plant and equipment	**1,877,280**	**2,228,612**

10 Property, Plant and Equipment (continued)

(b) Movements in carrying amounts

	Plant and equipment	Leased plant and equipment	Leasehold improvements	Development assets	Total
	$	$	$	$	$
2013					
Balance at the beginning of the year	1,314,439	474,933	52,257	386,983	2,228,612
Additions	214,805	1,053	-	347,846	563,704
Disposals	(370)	-	-	-	(370)
Net foreign currency translation differences	342	1	166	-	509
Depreciation expenses	(514,552)	(189,719)	(24,480)	(186,424)	(915,175)
Carrying amount at the end of the year	**1,014,664**	**286,268**	**27,943**	**548,405**	**1,877,280**
2012					
Balance at the beginning of the year	1,235,681	697,456	71,414	2,435	2,006,986
Additions	425,436	-	-	452,649	878,085
Disposals	(750)	(13,798)	-	-	(14,548)
Net foreign currency translation differences	252	53	109	-	414
Depreciation expenses	(346,180)	(208,778)	(19,266)	(68,101)	(642,325)
Carrying amount at the end of the year	**1,314,439**	**474,933**	**52,257**	**386,983**	**2,228,612**

11 Goodwill

	2013	2012
	$	$
Gross carrying amount		
Balance at beginning of financial year	895,999	895,999
Balance at end of financial year	895,999	895,999
Net book value		
At the beginning of the financial year	895,999	895,999
At the end of the financial year	895,999	895,999

(a) Impairment testing

All Goodwill has arisen from acquisitions made during prior financial years.

The Group assessed the recoverable amount of goodwill by apply a value in use ("VIU") model for each identified cash-generating unit. The recoverable amounts of the cash -generating units were determined based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends.

For the purpose of annual impairment testing, goodwill has been allocated for impairment testing purposes to the following cash-generating units representing the goodwill that arose in the acquisition of each business:

	2013	2012
	$	$
Call Direct Cellular Solutions 2003 Pty Limited	766,023	766,023
C10 Communications Pty Limited	129,976	129,976
	895,999	**895,999**

It was determined that goodwill associated with the Group's activities was not impaired and there was no other circumstances in the performance of acquired entities indicating impairment. Both businesses have continued to operate and perform in accordance with the expectations of the Group.

(b) Key Assumptions Used

The following describes the key assumptions on which the Group has based its cash flow projections when determining value in use ("VIU") relating to the cash-generating units.

i) Call Direct Cellular Solutions 2003 Pty Limited

Cash flows:

The VIU calculations use after tax cash flow projections based on actual operating results and financial forecasts for the next four years which have been approved by management. These forecasts are based on managements best estimates to determine income, expenditure and cash flow for Call Direct Cellular Solutions 2003 Pty Limited. The present value of the expected cash flows of each CGU is determined by applying a discount rate.

Growth rates:

The primary assumptions underlying the cash flow projections for impairment testing include revenue growth of 32% in FY14 (off a low base in FY13) (FY13 actual growth: 1%). The increase against the prior year is due to increased focus on M2M wireless opportunities followed by, for the purposes of this impairment testing, a continuous revenue growth of 10% per annum till 2017 with no terminal value. As the forecasts reported to the Chief Operating Decision Maker extend out to FY17 only, no terminal growth rate has been included in the calculation.

Discount rates:

Discount rates used are the pre-tax weighted average cost of capital ("WACC") with appropriate adjustments for the risk profile relating to each CGU. Having assessed the risk specific to each CGU, the management has applied a WACC of 12% (2012: 12%) to each CGU on the basis that the risk fall within a similar range across all CGUs.

ii) C10 Communications Pty Limited

Cash flows:

The VIU calculations use after tax cash flow projections based on actual operating results and financial forecasts for the next four years which have been approved by management. These forecasts are based on management best estimates to determine income, expenditure and cash flow for C10 Communications Pty Limited.

Growth rates:

The primary assumptions underlying the cash flow projections for impairment testing include an 2% increase in revenue in FY14 (FY13 actual growth : -7%) and flat growth during FY15-FY17 due to the maturity level of ADSL internet gateways in the market.

Discount rates:

Discount rates used are the pre-tax weighted average cost of capital ("WACC") with appropriate adjustments for the risk profile relating to each CGU. Having assessed the risk specific to each CGU, the management has applied a WACC of 12% (2012: 12%) to each CGU on the basis that the risk fall within a similar range across all CGUs.

11 Goodwill (continued)

(c) Impairment of goodwill

Management believes that any reasonably possible change in the above key assumptions on which recoverable amounts are based would not cause the aggregate amount to exceed the recoverable amount of the CGUs.

There was no impairment of goodwill during the year (2012: Nil).

12 Other intangible assets

(a) Summary of intangible assets

	2013 $	2012 $
Product Development costs		
Cost	11,405,501	7,599,624
Accumulated amortisation	(5,227,104)	(3,275,383)
Net carrying value	6,178,397	4,324,241
Computer software		
Cost	804,080	792,008
Accumulated amortisation	(787,013)	(753,194)
Net carrying amount	17,067	38,814
Other intangibles		
Cost	2,470,140	2,470,140
Accumulated amortisation	(2,448,892)	(2,443,264)
Net carrying amount	21,248	26,876
Total	**6,216,712**	**4,389,931**

(b) Movements in carrying amounts

	Product development costs $	Computer software $	Other intangibles $	Total $
2013				
Balance at the beginning of the year	4,324,241	38,814	26,876	4,389,931
Additions	3,805,877	7,690	-	3,813,567
Net foreign currency translation differences	-	47	-	47
Amortisation	(1,951,721)	(29,484)	(5,628)	(1,986,833)
Carrying amount at year end	6,178,397	17,067	21,248	6,216,712
2012				
Balance at the beginning of the year	2,520,631	124,762	543,247	3,188,640
Additions	3,155,340	10,180	28,140	3,193,660
Disposals	-	-	(12,317)	(12,317)
Net foreign currency translation differences	-	88	-	88
Amortisation	(1,351,730)	(96,216)	(532,194)	(1,980,140)
Carrying amount at year end	4,324,241	38,814	26,876	4,389,931

13 Trade and other payables

	2013 $	2012 $
Current unsecured liabilities		
Trade payables *(i)*	4,191,006	5,201,100
Sundry payables and accrued expenses	1,600,534	1,833,916
Letter of credit *(ii)*	108,729	204,444
Total current trade and other payables	**5,900,269**	**7,239,460**

(i) The average credit period on purchases of certain goods from various Asian countries is 30 days, although some request payment in advance of shipment. No interest is charged on overdue payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) The letter of credit facility is secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited.

14 Borrowings

	2013 $	2012 $
Current - Secured		
Finance lease	171,104	322,738
Trade refinance *(i)*	6,895,754	11,996,943
	7,066,858	12,319,681
Non-Current - Secured		
Finance lease	79,462	116,017
Total borrowings	**7,146,320**	**12,435,698**

(i) The trade refinance facility is secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited. The finance lease is secured against the underlying finance lease asset. Refer to Note 20 for further details of this borrowing.

(ii) Banking Covenants: At 30 June 2013 the company was in breach of one of its banking covenants given the low EBITDA experienced for the year ended 30 June 2013. The Company obtained written confirmation indicating that, while reserving its rights, the bank would take no further action at this time.

15 Provisions

	2013 $	2012 $
Current		
Employee entitlements	634,460	908,542
Non - current		
Employee entitlements	313,076	222,752
Total provisions	**947,536**	**1,131,294**

16 Other liabilities

	2013 $	2012 $
Current		
Deferred income - current	203,299	421,555
	203,299	**421,555**

17 Issued Capital

	2013 $	2012 $
124,399,890 (2012: 104,833,864) Ordinary shares - paid up no par value	14,331,878	9,877,073

(a) Movements in issued and paid up ordinary share capital of the company

	2013 No.	2012 No.	2013 $	2012 $
At the beginning of the reporting period	104,833,864	103,757,614	9,877,073	9,796,773
Shares issued during the year	-	-	-	-
- 07/06/2013	15,800,000	-	3,642,823	-
- 26/06/2013	2,743,526	-	699,599	-
Exercise of options	962,500	1,076,250	112,383	80,300
At reporting date	**124,339,890**	**104,833,864**	**14,331,878**	**9,877,073**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value. Ordinary shares confer on their holders the right to participate in dividends and/or capital returns declared by the board and an entitlement to vote at any general meeting of the company.

On 7 June 2013, the Group issued a total of 15,800,000 ordinary shares at an exercise price of $0.255 per share.

On 26 June 2013, the Group issued a total of 2,743,526 shares under share purchase plan at the issue price of $0.255 per share.

Issue costs $386,177 associated with the issue of shares have been directly paid from the proceeds of the issues. These costs have been deducted from the issued capital in the statement of financial position, rather than charged as an expense of the Company, as they are considered to form part of the net equity raised. (2012: Nil)

Additionally, 962,500 ordinary shares were issued as a result of the exercise of vested options arising from the employee shares options plan granted to employees. Options were exercised at an average price of $0.117 per option. (see Note 24) (2012: 1,076,250)

18 Reserves

(a) Movements in share options & share rights reserve

	2013 $	2012 $
Balance at the beginning of the year	395,808	352,476
Recognition of share based payments	-	43,332
Balance at the end of the year	**395,808**	**395,808**

The option reserve is used to recognise the fair value of options and equity based share rights issued but not exercised.

(b) Movements in foreign exchange reserve

	2013 $	2012 $
Balance at the beginning of the year	(83,723)	(105,848)
Exchange difference on translation of foreign operations	177,758	22,125
Balance at the end of the year	**94,035**	**(83,723)**

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

(c) Movements in foreign exchange hedging reserve

	2013 $	2012 $
Balance at the beginning of the year	-	-
Net change in the fair value of cash flow hedges	(984,410)	-
Tax benefit	295,323	-
Balance at the end of the year	**(689,087)**	**-**

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of tax, related to hedged transactions that have not yet occurred. The Group uses USD denominated borrowings as a hedge against USD sales that are expected to occur close to the maturity date of the borrowings. The cumulative deferred gain or loss on the hedge is recognised in other comprehensive income and included within the cash flow hedge reserve in equity.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit and loss.

19 Contingent liabilities

There were no contingent liabilities as at 30 June 2013 (2012 : Nil)

20 Expenditure commitments

Non-cancellable operating lease commitments

	2013 $	2012 $
Not longer than 1 year	566,824	675,702
Longer than 1 year and not longer than 5 years	877,456	1,634,178
	1,444,280	**2,309,880**

The group leases its offices in Australia and New Zealand under operating leases. Leases generally provide the right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount and in some cases an incremental contingent rental. Contingent rents are normally based on movements in the CPI or market reviews. In the current year, the Parent signed a new 5 year lease for its Head Office premises in Lane Cove and also renewed the lease on its Melbourne premises.

Finance lease liabilities

	2013 $	2012 $
Not longer than 1 year	156,555	357,182
Longer than 1 year and not longer than 5 years	104,316	119,722
Minimum future lease payments	260,871	476,904
Less future finance charges	(10,305)	(38,149)
Present value of minimum lease payments	**250,566**	**438,755**
Included in the financial statements:		
Current borrowings (note 14)	171,104	322,738
Non - current borrowings (note 14)	79,462	116,017
	250,566	**438,755**

Finance leases relate to plant and equipment. The Group has the option to purchase the plant and equipment at the conclusion of the lease arrangements. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

21 Cash flow information

Reconciliation of cash flow from operations with profit after income tax

	2013 $	2012 $
(Loss)/Profit for the year	(541,624)	840,511
Non-cash flows in profit		
Depreciation and amortisation	2,902,008	2,622,465
Share based payments	-	43,332
Interest received	(77,575)	(95,388)
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivable	4,638,213	1,127,671
Decrease/(increase) in inventories	6,202	(2,629,716)
Decrease/(increase in other assets	(165,365)	(508,159)
Decrease/(increase) in deferred tax assets	(2,414,316)	(68,441)
(Decrease)/increase in trade and other payables	(1,339,188)	(1,960,918)
(Decrease)/increase in other liabilities	(832,557)	338,509
(Decrease)/increase in provisions	(183,758)	97,043
Net cash from operating activities	**1,992,040**	**(193,092)**

Non-cash financing and investing activities

Deferred payments arising from acquisitions recorded in other liabilities are investing related activities and thus have been excluded from this reconciliation.

22 Key management personnel compensation

(a) Directors and other key management personnel

The directors and other members of key management personnel of the Group during the year were:

J Milne	Non Executive Director & Chairman
J A Brennan	Non Executive Director (Resigned 21 March 2013)
K Boundy	Non Executive Director (Appointed 24 August 2012)
S Black AM	Non Executive Director (Appointed 21 March 2013)
J M Burton	Non Executive Director (Retired 21 November 2012)
D P J Stewart	CEO & Managing Director
K J P Sheridan	CFO & Executive Director and Company Secretary
D Morrison	General Manager - Sales
S Collins	Head of Engineering & Product Development
M Cornelius	Research & Development Director
B Stevens	Chief Technology Officer

(b) Remuneration of key management personnel

The aggregate compensation made to key management personnel of the Group is set out below:

	2013 $	2012 $
Short term benefits	1,689,275	2,298,910
Post employment benefits	113,568	129,347
Other long term benefits	19,230	14,910
Termination benefits	-	127,832
Share based payments	-	-
Total	**1,822,073**	**2,570,999**

Further information on remuneration of key management personnel can be found in the remuneration report within the Directors' Report.

(c) Shares held by key management personnel

	Balance 1 July	Movement during the Year - on market transactions	Balance 30 June
2013	**No.**	**No.**	**No.**
J Milne	-	180,588	180,588
J A Brennan	122,795	-	122,795
K Boundy	450,000	-	450,000
S Black	-	-	-
J M Burton	377,795	(18,345)	359,450
D P J Stewart*	22,944,008	30,588	22,974,596
K J P Sheridan	174,000	30,588	204,588
D Morrison	250,000	100,000	350,000
S Collins	-	-	-
B Stevens	350,000	150,000	500,000
M Cornelius	2,486,170	-	2,486,170
	27,154,768	**473,419**	**27,628,187**

* The 22,974,596 shares held by D P J Stewart's related entities.

2012			
T R Winters	-	-	-
J Milne	-	-	-
J A Brennan	122,795	-	122,795
J M Burton	377,795	-	377,795
D P J Stewart*	22,944,008	-	22,944,008
K J P Sheridan	174,000	-	174,000
D Morrison	-	250,000	250,000
J Lahey	-	-	-
S Collins	-	-	-
B Stevens	-	350,000	350,000
M Cornelius	2,486,170	-	2,486,170
	26,104,768	**600,000**	**26,704,768**

* The 22,944,008 shares held by D P J Stewart's related entities.

22 Key management personnel compensation (continued)

(d) Options held by key management personnel

The following is a list of options issued, vested and exercisable as at the end of the reporting period for key management personnel

	Balance 1 July	Granted during the year	Exercised during the year	Relinquished during the year	Balance 30 June
2013					
D P J Stewart	1,500,000	-	-	(1,500,000)	-
J A Brennan	360,000	-	-	-	360,000
J M Burton	360,000	-	(360,000)	-	-
M Cornelius	-	-	-	-	-
J Milne	-	-	-	-	-
J Lahey	-	-	-	-	-
S Collins	-	-	-	-	-
B Stevens	100,000	-	(100,000)	-	-
D Morrison	200,000	-	(100,000)	-	100,000
K J P Sheridan	-	-	-	-	-
	2,520,000	**-**	**(560,000)**	**(1,500,000)**	**460,000**
Weighted Average Exercise Price	***0.156***		***0.170***	***0.162***	***0.167***
2012					
T R Winters	780,000	-	-	(780,000)	-
D P J Stewart	4,000,000	-	-	(2,500,000)	1,500,000
J A Brennan	360,000	-	-	-	360,000
J M Burton	360,000	-	-	-	360,000
M Cornelius	-	-	-	-	-
J Milne	-	-	-	-	-
J Lahey	-	-	-	-	-
S Collins	-	-	-	-	-
B Stevens	450,000	-	(350,000)	-	100,000
D Morrison	450,000	-	(250,000)	-	200,000
K J P Sheridan	-	-	-	-	-
	6,400,000	**-**	**(600,000)**	**(3,280,000)**	**2,520,000**
Weighted Average Exercise Price	***0.154***	***-***	***0.081***	***0.162***	***0.156***

	Balance 30 June	Total vested	Total exercisable	Total unexercisable
2013				
D P J Stewart	-	-	-	-
J A Brennan	360,000	360,000	360,000	-
J M Burton	-	-	-	-
M Cornelius	-	-	-	-
J Milne	-	-	-	-
J Lahey	-	-	-	-
S Collins	-	-	-	-
B Stevens	-	-	-	-
D Morrison	100,000	100,000	100,000	-
K J P Sheridan	-	-	-	-
	460,000	**460,000**	**460,000**	**-**
2012				
T R Winters				
D P J Stewart	1,500,000	1,500,000	1,500,000	-
J A Brennan	360,000	360,000	360,000	-
J M Burton	360,000	360,000	360,000	-
M Cornelius	-	-	-	-
J Milne	-	-	-	-
J Lahey	-	-	-	-
S Collins	-	-	-	-
B Stevens	100,000	80,000	80,000	20,000
D Morrison	200,000	180,000	180,000	20,000
K J P Sheridan	-	-	-	-
	2,520,000	**2,480,000**	**2,480,000**	**40,000**

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan. During the financial year 560,000 options (2012: 600,000) were exercised by key management personnel. Further details on the employee share option plan and share options granted during the 2013 and 2012 financial years are contained at note 24.

22 Key management personnel compensation (continued)

(e) Share Rights held by key management personnel

Details of share rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

PARTICIPANTS	Balance on 1 July 2012	Fair Value at grant date	Rights Exercised	Rights Relinquished	Balance at 30 June 2013	Total Vested at 30 June 2013	Type of Share Right
David Stewart	1,500,000	$ 195,000	-	(1,500,000)	-	-	Cash
Ken Sheridan	450,000	$ 58,500	-	(450,000)	-	-	Cash
Danny Morrison	250,000	$ 32,500	-	-	250,000	-	Shares
Steve Collins	250,000	$ 32,500	-	-	250,000	-	Shares
Brett Stevens	250,000	$ 32,500	-	-	250,000	-	Shares
Michael Cornelius	250,000	$ 32,500	-	-	250,000	-	Shares
Total	**2,950,000**	**$ 383,500**	**-**	**(1,950,000)**	**1,000,000**	**-**	

Implicit Share Price used in determining value of initial share rights	$ 0.20
Actual share price on 1 July 2011 (the date of grant)	$ 0.13
Actual share price on 1 July 2012 (the first Vesting Date)	$ 0.13
Number of share rights	1,000,000

On July 1, 2011 NetComm Wireless Limited Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance. Under this Plan, a Participant is made an offer of a number of Share Rights, as determined by the Board. A Share Right is an entitlement to a cash (for cash participants) or equity (for equity participants) amount equivalent to the value of one fully paid ordinary share in the Company for nil consideration, subject to the achievement of vesting conditions which include service and company performance over a 3-year period. The Share Rights will vest when the Company meets or exceeds a “performance hurdle” based on a specific EBITDA target as at the end of years 1, 2 and 3 respectively, if the Participant remains employed with the Company at that time. If the Company does not meet a performance hurdle at a given year (either year 1 or year 2), the hurdle can be “re-tested” in the subsequent year. The “re-test” would be based on a comparison of the cumulative actual EBITDA results for the current and past years compared to the targeted EBITDA results. The Board has resolved that any entitlements to shares in NetComm Wireless resulting from the EESP will be purchased on market.

As at 1 July 2013, the EBITDA performance hurdles for years 1 and 2 were not met so Plan Participants had no vesting of their Share Rights. Based on estimates of EBITDA for the year ending 30 June 2014, the Board is of the view that the EBITDA performance hurdles will not be met and that no share rights will vest for any Participant. Accordingly, the fair value of these Rights has been assessed as nil.

23 Related party transactions

There are no related party transactions except as per Note 22.

24 Share-based Payments

Employee Option Plan

An employee share scheme was established in 1993 and current details are noted below.

The board of directors may at its discretion offer options to employees in such numbers and at such times as it thinks fit, having regard to:

a) each employee’s length of service;
b) the contribution to the group which has been made by the employee;
c) the potential contribution of the employee to the group; and
d) any other matters which the board considers relevant.

The Board has decided to discontinue using the Options Plan in favour of the new Share Rights Plan.

Entitlement

Each option entitles the holder to subscribe for and be allotted one share in the capital of the company at the exercise price per share.

Shares issued on the exercise of options will rank pari passu with all existing shares in the capital of the company from the date of issue.

Vesting

All outstanding options have now vested.

24 Share-based Payments (continued)

Exercise of Options

An option may be exercised:

i. After an option has vested in accordance with the rules outlined above, but before expiry of the option, provided the participant is at the time of exercise an employee or director of the Group.

ii. Within 180 days:
- Of the death, disablement or retirement of the participant; or
- After an option has vested in accordance with the rules outlined above and the participant resigns or is retrenched.

iii. If the Board otherwise permits it.

iv. If any person or that person's associate has acquired or become entitled to 40% or more of the company's voting shares.

At 30 June 2013, there are 660,000 options (2012: 3,132,500) issued to 3 employees/directors (2012: 12 employees/directors) to acquire ordinary shares. These options have all vested. Details as follows:

2013

Number of Options	Exercise Price $	Expiry Date	Number of Options Exercisable 30 June 2013
100,000	0.185	31-Jul-13	100,000
240,000	0.162	30-Oct-13	240,000
120,000	0.162	30-Oct-13	120,000
100,000	0.162	10-Dec-13	100,000
100,000	0.113	12-Feb-14	100,000
660,000			660,000

2012

Number of Options	Exercise Price $	Expiry Date	Number of Options Exercisable 30 June 2012
50,000	0.600	19-Jul-12	50,000
105,000	0.700	17-Dec-12	105,000
100,000	0.710	03-Mar-13	100,000
100,000	0.185	31-Jul-13	80,000
1,480,000	0.162	30-Oct-13	1,480,000
740,000	0.162	30-Oct-13	740,000
100,000	0.070	17-Dec-12	100,000
100,000	0.185	31-Jul-13	80,000
157,500	0.075	27-Feb-13	157,500
100,000	0.162	10-Dec-13	80,000
100,000	0.113	12-Feb-14	80,000
3,132,500			3,052,500

No options issued to employees expired during the financial year in accordance with the rules of the Share Option Plan (2012: 4,150,630).

Mr David Stewart, CEO and Managing Director, relinquished 1,500,000 vested options during the year as announced at the Company's 2012 Annual General Meeting held in November 2012.

No new options were issued during the year.

There were options of 962,500 (2012: 1,076,250) exercised during the year ended 30 June 2013.

The 660,000 (2012: 3,132,500) options outstanding at 30 June 2013 have a weighted average exercise price of $0.158 (2012: $0.147) and a weighted average remaining contractual life of 0.36 years (2012: 1.2 years). Exercise prices range from $0.113 to $0.185 in respect of options outstanding at 30 June 2013.

Subsequent to year end 360,000 (2012: 50,000) options were exercised by employees/directors.

Valuations of Options

The fair value at grant date of all options is independently determined using the Binomial Approximation pricing model.

(a) Options are granted in accordance with the terms of the Employee Option Plan (refer above for detail),

(b) The expected price volatility is based on a daily closing share price for NetComm Limited over the 12 months immediately prior to date of grant: N/A (2012: N/A),

(c) The risk free interest rate is based on the 5 year Commonwealth Bond rate on date of issue: N/A

(d) The expected dividend yield is based on the dividends received by shareholders of NetComm Limited during the 12 months prior to date of grant: 0% (2012: 0%).

On July 1, 2011 NetComm Wireless Limited Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance. More details of this plan are disclosed under Note 22 (e).

No share based payments expense has been recognised for the year ended 30 June 2013 (2012: $127,832).

25 Retirement Benefit Obligations

Superannuation Commitments

The Group provides employees with access to external superannuation plans that provide benefits on retirement, resignation, disability or death. This is a defined contribution plan.

26 Earnings per Share

	Continuing Operations	
	2013	2012
	$	$
Earnings reconciliation		
Net profit for the year	(541,624)	1,570,179
Basic and diluted earnings	(541,624)	1,570,179

	2013	2012
Weighted average number of ordinary shares used as the denominator	**No.**	**No.**
Number for basic earnings per share	106,223,194	104,223,847
Effect of share options issued under the employee option plan not yet vested	70,015	229,212
Number for diluted earnings per share	106,293,209	104,453,059

	Continuing Operations	
	2013	2012
Earnings per share	**Cents**	**Cents**
Basic earnings per share	**(0.51)**	1.51
Diluted earnings per share	**(0.51)**	1.50

	Discontinued Operations	
	2013	2012
	$	$
Earnings reconciliation		
Net (loss)/profit for the year	-	(729,668)
Basic and diluted earnings	-	(729,668)

	2013	2012
Weighted average number of ordinary shares used as the denominator	**No.**	**No.**
Number for basic earnings per share	106,223,194	104,223,847
Effect of share options issued under the employee option plan not yet vested	70,015	229,212
Number for diluted earnings per share	106,293,209	104,453,059

	Discontinued Operations	
	2013	2012
Earnings per share	**Cents**	**Cents**
Basic earnings per share	-	**(0.70)**
Diluted earnings per share	-	**(0.70)**

EPS and DEPS for discontinued operations are the same as the Loss cannot be diluted

27 Financial Instruments

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is to focus on the global M2M sector. The group raised $4.3M in equity during the financial year to fund the company's growth plan in the M2M sector and provide additional working capital.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand the Group's assets as well as to pay for operating expenses, including tax liabilities.

(b) Financial Risk Management Objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial and exchange rate markets and seeks to minimise potential adverse effects on the Group's performance. Risk management is carried out by the Board of Directors through the Audit and Risk Management Committee.

(c) Market Risk

Market risk is the risk that the fair value or future cash flow of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises foreign currency risk and interest rate risk. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(d) Foreign Currency Risk Management

Foreign currency sensitivity
Most of the Group's transactions are carried out in AUD. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD).

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored and hedging relationships are formed between a portion of the bank borrowings and a portion of the sales that equate to 'firm' commitments in accordance with the Group's risk management policies.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 12 months) from longer-term cash flows (due after 12 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate 0.9138. (2012: 1.02336)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities holding the monetary assets and liabilities are as follows:

	Liabilities		Assets	
	2013	**2012**	**2013**	**2012**
US Dollars	8,776,990	16,428,388	4,518,693	8,502,482
Canadian Dollars	-	-	-	1,036,752
Euros	-	-	264,814	-
Total	8,776,990	16,428,388	4,783,507	9,539,234

27 Financial Instruments (continued)

(d) Foreign Currency Risk Management (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars (USD), and Euros (EUR). (2012: US dollars and Canadian dollars)

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies (arising from monetary assets and liabilities held at balance date in a currency different to the functional currency of the respective entities holding the assets or liabilities), which represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (including liabilities for goods in transit) and adjusts their translation at a period end for a 10% change in foreign currency rates.

	Profit or loss	
	2013	**2012**
US Dollars	340,880	695,746
Canadian Dollars	-	114,894
Euros	29,424	-

The foreign exchange impact in the table is attributable to the exposure outstanding on USD receivables and borrowings and EUR receivables at year end in the Group. In management's opinion, the above sensitivity analysis is representative of the inherent foreign exchange risk during the course of the year.

The Group includes a New Zealand subsidiary whose functional currency is different to the Group's presentation currency. As stated in the Group's Accounting Policies per Note 1(c), on consolidation the assets and liabilities of this entity are translated into Australian dollars at exchange rates prevailing on the reporting date. The income and expenses of this entity are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The Group's future reported other comprehensive income could therefore be impacted by changes in rates of exchange between the Australian Dollar and the New Zealand Dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies arising from translation of foreign operations. A positive number indicates an increase in other comprehensive income where the Australian dollar weakens against the respective currency. For a strengthening of the Australian dollar against the respective currency there would be an equal and opposite impact on the other comprehensive income and other equity, and the balances below would be negative.

	Other comprehensive income	
	2013	**2012**
New Zealand Dollars	9,601	(8,364)

(e) Interest rate risk management

The Group is exposed to interest rate risk as the parent entity borrows funds at floating interest rates. The Group does not hedge this risk through derivatives such as interest rate swaps.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

27 Financial Instruments (continued)

(f) Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on a 50 basis point change in interest rates taking place at the beginning of the financial year and held constant throughout the reporting period, which represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/(decrease) by ($23,763) (2012: increase/(decrease) by $16,455). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and controlled by counterparty limits that are reviewed and approved by the CEO & CFO. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group is exposed to the credit risk. The Group has a major customer (note 29(a)) who generated around 17% (FY12: 16%) revenues to the Group. However, there is minimal credit risk arising from this customer based on the historial information and previous trading experience.

Other than item noted above, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk. Refer further detail in note 7.

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group also uses a trade payables finance facility to manage its liquidity risk.

The table below details the company's and the Group's drawn and undrawn facilities.

	Consolidated	
	2013	2012
	$	$
Letter of Credit & Trade Refinance	15,000,000	15,000,000
Used at balance date (note 13)	108,729	204,444
Used at balance date (note 14)	6,895,754	11,996,943
Unused at balance date	7,995,517	2,798,613
Trade Receivables Finance		2,000,000
Used at balance date (note 14)	-	-
Unused at balance date	-	2,000,000
Floating Bill Facility	-	2,000,000
Used at balance date (note 14)	-	-
Unused at balance date	-	2,000,000

27 Financial Instruments (continued)

(h) Liquidity risk management (continued)

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted avg effective interest rate %	Less than 1 month $	1-3 months $	3 months-1 year $	1-5 years $	5+ years $
2013						
Non-interest bearing	0.00%	3,198,731	785,069	-	-	-
Finance lease liability	8.58%	25,875	51,751	78,929	104,316	-
Variable interest rate instruments	4.07%	-	-	7,090,878	-	-
		3,224,606	**836,820**	**7,169,807**	**104,316**	**-**
2012						
Non-interest bearing	0.00%	2,965,675	2,205,520	-	-	-
Finance lease liability	8.77%	27,102	54,203	275,877	119,723	-
Variable interest rate instruments	4.30%	81,778	6,956,836	5,335,553	-	-
		3,074,555	**9,216,559**	**5,611,430**	**119,723**	**-**

The following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period based on the earliest date on which the Group can expect to receive. The table includes both interest and principal cash flows.

	Weighted avg effective interest rate %	Less than 1 month $	1-3 months $	3 months-1 year $	1-5 years $	5+ years $
2013						
Non-interest bearing	0.00%	531,815	4,216,238	-	-	-
Variable interest rate instruments	1.31%	3,882,067	-	650,496	302,143	-
		4,413,882	**4,216,238**	**650,496**	**302,143**	**-**
2012						
Non-interest bearing	0.00%	1,804,175	6,506,963	-	-	-
Variable interest rate instruments	1.66%	7,049,729	-	582,830	369,809	-
		8,853,904	**6,506,963**	**582,830**	**369,809**	**-**

27 Financial Instruments (continued)

(i) Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity plus its borrowings, less cash and cash equivalents as presented on the face of the statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	2013 $	2012 $
Borrowings	7,146,320	12,435,698
Cash and cash equivalents	(3,882,067)	(7,049,729)
Net Borrowings	**3,264,253**	**5,385,969**
Total equity	**19,228,767**	**15,826,915**
Net Borrowings to Equity ratio	**0.17**	**0.34**

(j) Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market prices;

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

28 Events after the reporting date

The company held an EGM on 15 July 2013 to approve the conditional placement of shares announced in June 2013. There was overwhelming support for the conditional placement which resulted in the company obtaining additional capital in the amount of $950,481, net of costs.

Other than for the item noted above, there has not arisen during the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature that has, in the opinion of the Directors of the Company, significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

29 Segment reporting

Information reported to the chief decision maker for the purposes of resource allocation and assessment of segment performance focuses on:

• Base Business
• M2M Business

The Base business segment supplies communication devices, including but not limited to fixed wireless + ADSL internet gateways, designed and manufactured for use primarily by consumer and small medium enterprises (SME). The M2M business segment division specialises in the development of advanced industrial-grade and commercial 3G /4G wireless broadband products and solutions for business continuity (disaster recovery), primary mobile broadband and remote M2M connectivity. NetComm Wireless' M2M products, solutions and services are designed to support applications in areas such as transport, metering, security, surveillance, banking, health and mining.

Restatement of prior year comparative information
The Group undertook an internal reorganisation of its business with effective from 1 July 2012. The comparative information has been reclassified to achieve consistency in disclosure in current year amounts and other disclosures.

29 Segment reporting (continued)

(a) Continuing and Discontinued Operations

The following is an analysis of the Group's revenue and results by reportable operating segment.

	Revenue		Segment Profit	
	30 June 2013 $	30 June 2012 $	30 June 2013 $	30 June 2012 $
Continuing Operations				
Revenue generated from external customers				
Base Business	36,515,595	52,856,825	630,949	4,906,377
M2M Business	6,264,395	6,329,295	94,462	(227,134)
Discontinued operations				
Services - Australia	-	134,524	-	(827,118)
Intersegment Revenue				
Base Business	1,233,395	3,572,820	-	-
Intersegment Eliminations	(1,233,395)	(3,572,820)	-	-
Segment result	**42,779,990**	**59,320,644**	**725,411**	**3,852,125**
Other income			77,610	175,357
Depreciation and amortisation expense			(2,902,008)	(2,622,465)
Finance costs			(582,108)	(460,086)
Group Profit before tax			**(2,681,095)**	**944,931**
Income tax (expense)/benefit			2,139,471	(104,420)
Consolidated revenue and profit for the period	**42,779,990**	**59,320,644**	**(541,624)**	**840,511**

No segment assets and liabilities are disclosed because there is no measure of segment assets or liabilities regularly reported to the chief decision maker.

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 Base Business segment.

	2013 $	2012 $
Customer A	7,210,005	9,724,480
Total Revenue	42,779,990	59,320,643
Customer Share of Total (%)	17%	16%

During 2013, $5,151,694 or 12% (2012: $7,250,702 or 12%) of the Group's revenues were generated from New Zealand.

Segment profit represents the profit earned by each segment without allocation of other income, finance costs and depreciation and amortisation.

(b) Reconciliation of Group's operating segments to financial statements

The totals presented for the group's operating segments reconcile to the key figures as presented in its financial statements as follows:

	Revenue	
	30 June 2013 $	30 June 2012 $
Revenue and other income		
Total reportable segment revenues	42,779,990	59,320,644
Other Segment income	77,610	175,357
Discontinued operations	-	(134,524)
Revenue & other income	**42,857,600**	**59,361,477**
Profit or Loss		
Total reportable segment operating profit	725,411	3,852,125
Other segment profit	77,610	175,357
Operating loss of discontinued operations	-	827,118
Operating profit from continuing operations	**803,021**	**4,854,600**
Depreciation and amortisation expense	(2,902,008)	(2,622,465)
Finance costs	(582,108)	(460,086)
Profit before tax	**(2,681,095)**	**1,772,049**

30 Parent entity disclosures

(a) Financial position

	2013	2012
Assets	**$**	**$**
Current assets	13,260,883	19,996,043
Non-current assets	18,020,644	14,094,970
Total assets	**31,281,527**	**34,091,013**
Liabilities		
Current liabilities	21,299,701	24,824,037
Non-current liabilities	392,538	338,770
Total liabilities	**21,692,239**	**25,162,807**
Equity		
Issued capital	14,331,926	9,877,120
Retained earnings	(4,449,358)	(1,344,722)
Reserves		
General reserves	395,808	395,808
Foreign exchange hedging reserve	(689,090)	-
Total equity	**9,589,286**	**8,928,206**

(b) Financial performance

	2013	2012
	$	**$**
(Loss)/profit for the year	(3,104,636)	(2,200,238)
Other comprehensive income	(689,098)	-
Total comprehensive income	**(3,793,734)**	**(2,200,238)**

(c) Commitments for the acquisition of property, plant and equipment by the parent entity

	2013	2012
Finance lease liabilities	**$**	**$**
Not longer than 1 year	156,555	357,182
Longer than 1 year and not longer than 5 years	104,315	119,722
	260,870	**476,904**

Finance leases relate to plant and equipment. The Company has the option to purchase the plant and equipment at the conlusion of the lease arrangements. The Company's obligations under finance leases are secured by the lessor's title to the leased assets.

(d) Subsidiaries

Name of subsidiary	Country of incorporation	Percentage owned 2013 %	Percentage owned 2012 %
NetComm Wireless (NZ) Limited, (formerly Dynalink Modems Ltd)	New Zealand	100	100
Call Direct Cellular Solutions 2003 Pty Ltd	Australia	100	100
C10 Communications Pty Ltd	Australia	100	100
NetComm Wireless (Canada) Limited, (formerly Canada NetComm Limited)	Canada	100	100

31 Discontinued Operations

(a) Income Statement

	2013 $	2012 $
Revenue from the sale of goods	-	134,524
Other income	-	-
Change in inventories	-	(905,525)
Raw materials consumed	-	-
Employee benefits	-	(26,015)
Administrative expenses	-	(30,102)
Other expenses	-	-
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**-**	**(827,118)**
Depreciation and amortisation expense	-	-
Finance costs	-	-
Loss before income tax	-	(827,118)
Income tax (expense)/benefit	-	97,450
Loss after income tax	**-**	**(729,668)**
Attributable to equity holders of the parent	-	(729,668)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period (net of tax)	**-**	**-**
Total comprehensive income for the period	**-**	**(729,668)**
Attributable to equity holders of the parent		(729,668)
	-	**(729,668)**

(b) Financial position

	2013 $	2012 $
Current assets		
Trade and other receivables	-	5,300
Total current assets	**-**	**5,300**

(c) Cash Flows

	2013 $	2012 $
Operating Activities	-	**78,406**
Net Cash Flows from discontinued operations	**-**	**78,406**

32 Company details

The registered office and principal place of business of the company is:

NetComm Wireless Limited
Level 2
18-20 Orion Road
Lane Cove NSW 2066

NetComm Wireless Limited

Directors' Declaration

In the opinion of the directors of NetComm Wireless Limited

(a) the consolidated financial statements and notes of NetComm Wireless Limited are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of its financial position as at 30 June 2013
(ii) and of its performance for the financial year ended on that date; and
(iii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that NetComm Wireless Ltd will be able to pay its debts as and when they become due and payable.

(c) The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2013.

(d) Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors

On behalf of the Directors

J Milne
Director
27 September 2013

D P J Stewart
Director
27 September 2013

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Independent Auditor's Report
To the Members of NetComm Wireless Limited

Report on the financial report

We have audited the accompanying financial report of NetComm Wireless Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditor's opinion
In our opinion:

a the financial report of NetComm Wireless Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 15 of the directors' report for the year ended 30 June 2013. 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.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of NetComm Wireless Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Simon Coulton
Partner - Audit & Assurance

Sydney, 27 September 2013

ASX Additional Information

The shareholder information set out below was applicable as at 25 September 2013.

1 Distribution of Shareholders
Analysis of number of shareholders by size of holding

Category of Holding	Number	Number of Shares
1 - 1,000	127	55,467
1,001 - 5,000	439	1,299,925
5,001 - 10,000	224	1,743,999
10,001 - 100,000	630	22,672,863
100,001 - share and over	171	102,927,636
Total	**1,591**	**128,699,890**

2 Twenty Largest Shareholders
The names of the twenty largest holders of quoted shares are:

Shareholder	Number of Shares	Percentage of total shares
Brad Industries Pty Ltd	22,974,596	17.85%
UBS Nominees Pty Ltd	11,335,352	8.81%
NBT Pty Ltd	11,144,923	8.66%
Dr Colin Rose	3,490,223	2.71%
UBS Wealth Management Australia Nominees P/L	2,486,764	1.93%
Michael John Cornelius	2,486,170	1.93%
Askey Computer Corp	2,053,528	1.60%
Yarradale Investments Pty Ltd	1,782,158	1.38%
Mr Gary John Jackson & Ms Christine Gregg	1,593,534	1.24%
BNP Paribas Noms Pty Ltd	1,570,000	1.22%
Catch 88 Pty Ltd	1,368,759	1.06%
Gordon Denby Coad & Miss Shirley Pratt	1,211,176	0.94%
Mrs Cher Suey Cheah, Mr Seuk-Liong Chea & Miss Sheryn Wei Lynn Cheah	1,200,000	0.93%
HSBC Custody Nominees (Australia) Limited	1,163,381	0.90%
Ms DG Leong / Mr RA Press	1,014,093	0.79%
Mr Darren Jacobus Jansen & Mrs Carolyn Jane Jansen	982,300	0.76%
Coolah Holdings Pty Limited	884,831	0.69%
Carrier International Pty Limited	809,476	0.63%
Robert & Mary Waldie	767,311	0.60%
Mr Suthara Youhorn & Mrs Youhorn Chea	696,893	0.54%
Total	**71,015,468**	**55.18%**

3 Voting Rights
All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

4 Substantial Shareholders
As at 25 September 2013 the substantial shareholders were as follows:

Shareholder	Number of Shares	Percentage of total shares
Brad Industries Pty Ltd	22,974,596	17.85%
UBS Nominees Pty Ltd	11,335,352	8.81%
NBT Pty Ltd	11,144,923	8.66%

Corporate Directory

30 June 2013

Directors
J Milne (Non-Executive Director & Chairman)
K Boundy (Non-Executive Director)
S Black AM (Non-Executive Director)
D P J Stewart (CEO & Managing Director)
K J P Sheridan (CFO & Executive Director)

Company Secretary
K J P Sheridan

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123 Pitt St, Sydney NSW 2000

Bankers
National Australia Bank

Share Register
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