

Appendix 4E

Preliminary final report

1. Company details

NETCOMM LIMITED		
ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
85 002 490 486	30 June 2010	30 June 2009

2. Results for announcement to the market

\$A'000's

2.1 Revenue	Down	29.6%	to	55,264												
2.2 Profit (loss) after tax	Down	72.4%	to	1,625												
2.3 Net profit (loss) for the period attributable to members	Down	72.4%	to	1,625												
2.4 Dividends		Amount per security		Franked amount per security												
Final dividend proposed		Nil ¢		Nil ¢												
Interim dividend paid on 30 October 2009		1.0 ¢		Nil ¢												
2.5 Record date for determining entitlements to the final dividend		N/A														
<p>2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.</p> <p>Revenue and earnings for FY2010 were lower than 2009 when the company experienced unprecedented demand from carriers for its 3G products during the first half of that financial year.</p> <p>NetComm's international expansion strategy and focus on Mobile Broadband Gateways resulted in a significant improvement in unit sales and profitability in the second half of the 2010 financial year ("2H 2010"). The improved earnings translated into a stronger cash position with net cash increasing from \$2.191m in 1H 2010 to \$4.251m at 30 June 2010.</p> <table border="1" data-bbox="397 1522 1091 1654"> <thead> <tr> <th>\$A'000's</th> <th>1H 2010</th> <th>2H 2010</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>22,928</td> <td>32,336</td> </tr> <tr> <td>EBITDA</td> <td>886</td> <td>3,558</td> </tr> <tr> <td>NPAT</td> <td>-60</td> <td>1,685</td> </tr> </tbody> </table> <p>Interim dividend of 1c per share was paid during the period. Details of the company's dividend payment for this financial year will be released to shareholders by the directors ahead of the company's Annual General Meeting.</p>					\$A'000's	1H 2010	2H 2010	Revenue	22,928	32,336	EBITDA	886	3,558	NPAT	-60	1,685
\$A'000's	1H 2010	2H 2010														
Revenue	22,928	32,336														
EBITDA	886	3,558														
NPAT	-60	1,685														

3. Consolidated Statement of Comprehensive Income

	Note	30 June 2010 \$A'000	30 June 2009 \$A'000
Revenues from operations	3.1	55,264	78,473
Expenses from operations	3.2	(50,820)	(72,274)
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)		4,444	6,199
Depreciation & amortisation	3.3	(1,846)	(772)
Finance costs	3.3	(304)	(131)
Profit before income tax		2,294	5,296
Income tax (expense)/benefit		(669)	595
Profit after income tax		1,625	5,891
Net (profit) loss attributable to minority interest		-	-
Net profit for the financial year attributable to members of NetComm Limited		1,625	5,891
Other comprehensive income			
Exchange differences arising on translation of foreign operations		18	(31)
Income tax relating to components of other comprehensive income		-	-
Total comprehensive income attributable to members of NetComm Limited		1,643	5,860

Earnings/(loss) per share		
Basic EPS – cents	1.58	6.01
Diluted EPS - Cents	1.56	5.95

Notes to the Consolidated Income Statement

3.1 Revenue from operations

	30 June 2010 \$A'000	30 June 2009 \$A'000
Revenue		
Sales Revenue	55,201	78,415
Interest Received	14	37
Other Revenue	49	21
	55,264	78,473

3.2 Expenses from operations

	30 June 2010 \$A'000	30 June 2009 \$A'000
Cost of sales	37,338	59,377
Distribution and selling costs	899	967
Employee benefits expense	7,484	6,762
Contractor costs	628	455
Advertising & marketing	859	1,524
Property expenses	614	494
Legal & professional fees	581	698
Travel expenses	728	430
Insurance	222	155
Bad debt provision	(70)	155
Other	1,537	1,257
Total	50,820	72,274

3.3 Profit before income tax includes the following specific expenses

	30 June 2010 \$A'000	30 June 2009 \$A'000
Finance Costs paid or payable on :		
Finance leases	11	9
Bank borrowings	227	122
Discount on acquisition of subsidiary	66	-
Total	304	131
Depreciation and amortisation of Property, Plant and equipment (including Leasehold Improvements)	360	197
Amortisation of Intangible assets	1,486	575
Total	1,846	772

4. Consolidated Statement of Financial Position

	30 June 2010 \$A'000	30 June 2009 \$A'000
Current assets		
Cash and cash equivalents	4,251	4,762
Receivables	8,259	4,181
Inventories	10,233	7,696
Other (prepayments)	330	123
Total current assets	23,073	16,762
Non-current assets		
Property, plant and equipment	1,374	951
Deferred tax assets	2,180	2,493
Intangible assets	4,742	4,284
Other non-current inventories	2,924	3,212
Total non-current assets	11,220	10,940
Total assets	34,293	27,702
Current liabilities		
Trade and other payables	9,917	6,925
Borrowings	5,667	1,515
Provisions	1,713	1,509
Other liabilities	316	1,404
Total current liabilities	17,613	11,353
Non-current liabilities		
Borrowings	184	262
Provision	100	76
Other non-current liabilities	-	135
Total non-current liabilities	284	473
Total liabilities	17,897	11,826
Net assets	16,396	15,876
Equity		
Contributed equity	9,649	9,656
Reserves	233	290
Retained earnings	6,514	5,930
Total equity	16,396	15,876

5. Consolidated Statement of Changes in Equity

For the year ended 30 June 2010

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Total
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
Balance at 1 July 2009	9,656	5,930	(72)	362	15,876
Profit for the period		1,625			1,625
Exchange difference on translation of foreign operations	-	-	18	-	18
Total comprehensive income for the period	-	1,625	18	-	1,643
Contributions of equity net of transaction costs	277	-	-	-	277
Share buy-backs	(655)	-	-	-	(655)
Recognition of share based payments	-	-	-	312	312
Transfer from options reserve	371	-	-	(371)	-
Expiry of options	-	-	-	(16)	(16)
Payment of dividends	-	(1,041)	-	-	(1,041)
Balance at 30 June 2010	9,649	6,514	(54)	287	16,396

For the year ended 30 June 2009

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Share Rights Reserve	Total
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
Balance at 1 July 2008	7,771	39	(41)	78	-	9,084
Profit for the period	-	5,891	-	-	-	5,891
Exchange difference on translation of foreign operations	-	-	(31)	-	-	(31)
Total comprehensive income for the period	-	5,891	(31)	-	-	5,860
Contributions of equity net of transaction costs	1,885	-	-	-	-	1,885
Recognition of share based payments	-	-	-	284	-	284
Settlement of share rights	-	-	-	-	(1,237)	(1,237)
Balance at 30 June 2009	9,656	5,930	(72)	362	(1,237)	15,876

6. Consolidated Statement of Cash Flows

	30 June 2010 \$A'000	30 June 2009 \$A'000
Cash flows related to operating activities		
Receipts from customers	56,368	85,982
Payments to suppliers and employees	(55,066)	(76,811)
Interest paid	(304)	(130)
Income taxes paid	(412)	(106)
Net operating cash flows	586	8,934
Cash flows related to investing activities		
Interest received	14	37
Payment for purchases of property, plant and equipment	(768)	(489)
Proceeds from sale of property, plant and equipment	87	-
Payment for purchases of intangible assets	(2,048)	(970)
Acquisition of subsidiaries, controlled	(1,056)	(2,589)
Net investing cash flows	(3,771)	(4,011)
Cash flows related to financing activities		
Proceeds from issues of shares	277	-
Payment for share buy-back	(655)	-
Proceeds from borrowings	31,407	415
Repayment of borrowings	(27,332)	(859)
Payment of dividends	(1,041)	-
Net financing cash flows	2,656	(444)
Net (decrease)/increase in cash and cash equivalents	(529)	4,479
Effect of exchange rates on cash holdings in foreign currencies	18	-
Cash and cash equivalents at beginning of financial year	4,762	283
Cash and cash equivalents at end of financial year.	4,251	4,762

6.1 Non-cash financing and investing activities

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

N/A

6.2 Reconciliation of cash

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

	30 June 2010 \$A'000	30 June 2009 \$A'000
Cash on hand and at bank	4,251	4,762
Total cash at end of financial year	4,251	4,762

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

	30 June 2010 \$A'000	30 June 2009 \$A'000
Profit after income tax	1,625	5,891
Depreciation & amortisation	1,846	772
Gain on sale of property, plant & equipment	2	2
Share options expense	296	284
Interest received	(14)	(37)
Changes in operating assets & liabilities		
Receivables	(4,078)	(157)
Inventories	(2,250)	2,981
Other assets	(206)	67
Deferred taxes	313	(700)
Trade and other payables	2,992	(1,198)
Deferred income and other liabilities	(270)	315
Provisions	330	714
Net cash inflow from operating activities	586	8,934

7. Dividends

7.1 Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	Nil	Nil	nil	nil
	Previous year	Nil	Nil	nil	Nil
Interim dividend:	Current year	30 October 2009	1c	Nil	Nil
	Previous year	Nil	Nil	Nil	Nil

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

	30 June 2010 \$A'000	30 June 2009 \$A'000
Ordinary securities	1c	Nil

7.3 Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation.

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

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

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

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

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

--

Any other disclosures in relation to dividends (distributions).

8. Consolidated retained profits

	30 June 2010 \$A'000	30 June 2009 \$A'000
Retained profits at the beginning of the financial period	5,930	39
Net profit attributable to members	1,625	5,891
Dividends paid or payable	(1,041)	-
Retained earnings at end of financial period	6,514	5,930

9. NTA backing

	30 June 2010	30 June 2009
Net tangible asset backing per ordinary security	11.3 cents	11.2 cents

10. Control gained over entities

Name of entity (or group of entities)	N/A
Date Control gained	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	
Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	

Name of entity (or group of entities)	N/A
Date Control gained	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	
Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	

10.1 Loss of control over entities

Name of entity (or group of entities)	N/A		
Date control lost			
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	\$		
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	\$		

11. Details of associates and joint venture entities

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

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):	30 June 2010 \$A'000	30 June 2009 \$A'000
Profit/(loss) from ordinary activities before tax		
Income tax on ordinary activities		
Profit/(loss) from ordinary activities after tax		
Extraordinary items net of tax		
Net profit/(loss)		
Adjustments		
Share of net profit/(loss) of associates and joint venture entities		

12. Commentary on results for the period

Revenue and earnings for FY2010 were lower than 2009 when the company experienced unprecedented demand from carriers for its 3G products during the first half of that financial year.

NetComm's international expansion strategy and focus on Mobile Broadband Gateways resulted in a significant improvement in unit sales and profitability in the second half of the 2010 financial year ("2H 2010"). The improved earnings translated into a stronger cash position with net cash increasing from \$2.191m in 1H 2010 to \$4.251m at 30 June 2010.

\$A'000's	1H 2010	2H 2010
Revenue	22,928	32,336
EBITDA	886	3,558
NPAT	-60	1,685

Interim dividend of 1c per share was paid during the period. Details of the company's dividend payment for this financial year will be released to shareholders by the directors ahead of the company's Annual General Meeting.

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

(Tick one)

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

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

N/A

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

N/A

Sign here:



Managing Director

Date: 25 August 2010

Print name:

David P J Stewart