

Appendix 4D

Half year report

1. Company details

Name of entity

NetComm Wireless Limited

ABN or equivalent company reference

85 002 490 486

Half year ended ('current period')

31 December 2012

Half year ended ('previous period')

31 December 2011

2. Results for announcement to the market

\$A'000's

2.1	Revenues from ordinary activities	up/down	12.7 %	to	22,010
2.2	EBITDA	From	(438)	to	(198)
2.3	(Loss) from ordinary activities after tax attributable to members	up/down	36.4 %	to	(842)
2.4	Net (Loss) for the period attributable to members	up/down	36.4 %	to	(842)
2.5	Dividends	Amount per security		Franked amount per security	
		N/a		N/a	
2.6	+Record date for determining entitlements to the dividend.	N/a			

2.7 Brief explanation

Revenue of \$22.0 million was down by 12.7% compared to the same period last year. The decrease in revenue experienced in the first half reflected:

- a slowdown in orders from the company's Canadian customers for consumer grade 3G routers . With the greater focus being put on growing in the global M2M market, NetComm's exposure to the consumer sector will inevitably reduce.
- delays in the overall rollout of the NBN project, which affected sales volumes in the company's Wireless Network Termination devices to Ericsson as part of NetComm's NBN contract. This is a timing issue that will push delivery volumes in to 1H14 and beyond.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was a loss of \$198,000. This result included approximately \$300,000 in restructuring costs taken during the half. Accordingly, underlying EBITDA was a profit of \$102,000.

Net loss after tax of \$842,000 was a 36.4% improvement compared to the same period last year. This improvement was mainly due to the tax benefits arising from our continued investment into research & development.

The company's financial performance over the past six months reflects the continued transition of our business away from consumer products and towards the high growth global M2M market.

Please also read this financial information in conjunction with the 30 June 2012 financial report.

3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ⁺ ordinary security	5.2 cents	8.8 cents

4.1 Control gained over entities

Name of entity (or group of entities)

N/a

Date control gained

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

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

4.2 Loss of control over entities

Name of entity (or group of entities)

N/a

Date control lost

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

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

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5 Dividends

Individual dividends per security

The Directors have not proposed or paid any dividend in the period.

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Interim Dividend:	N/a	N/a	N/a	N/a

6 Dividend Reinvestment Plans

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

N/a

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

N/a

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7 Details of associates and joint venture entities

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

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):

	Current period \$A'000	Previous corresponding period \$A'000
Profit/(loss) from ordinary activities before tax		
Income tax on ordinary activities		
Profit/(loss) from ordinary activities after tax		
Extraordinary items net of tax		
Net profit/(loss)		
Adjustments		
Share of net profit/(loss) of associates and joint venture entities		

8 Foreign entities

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

Sign here:


 (Managing Director)

Date: 22 February 2013

Print name:

David P.J. Stewart

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NETCOMM WIRELESS LIMITED

ACN 002 490 486

HALF YEAR FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2012**

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CORPORATE INFORMATION

Directors

Justin Milne (Non-Executive Chairman)
John Brennan (Non-Executive Director)
Ken Boundy (Non-Executive Director)
David Stewart (Managing Director)
Ken Sheridan (CFO & Executive Director)

Company Secretary

Ken Sheridan

Registered Office

Level 2, 18-20 Orion Rd, Lane Cove NSW 2066

Bankers

National Australia Bank

Share Registry

Link Market Services Limited
Level 12, 680 George St
Sydney NSW 2000

Auditor

Grant Thornton
Level 17, 383 Kent Street
Sydney NSW 2000

Solicitors

Maddocks
Angel Place
123 Pitt St, Sydney NSW 2000

DLA Phillips Fox

201 Elizabeth St, Sydney NSW 200

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DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the half-year ended 31 December 2012.

1. DIRECTORS

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

Justin Milne	(Non-Executive Chairman)
John Brennan	(Non Executive Director)
Ken Boundy	(Non Executive Director – Appointed 24 th August 2012)
John Burton	(Non-Executive Director - Resigned 21 st November 2012)
David Stewart	(Managing Director)
Ken Sheridan	(CFO & Executive Director)

2. PRINCIPAL ACTIVITIES

The Group's principal activities include the development of innovative broadband products for telecommunications carriers and ISPs worldwide. NetComm Wireless has developed a solid portfolio of data communication products, including world's first broadband HSPA+ and LTE routers and is today a respected global provider of HSPA+, LTE, machine to machine (M2M) wireless and fibre access devices.

3. REVIEW AND RESULTS OF OPERATIONS

Revenue of \$22.0 million was down by 12.7% compared to the same period last year. The decrease in revenue experienced in the first half reflected:

- a slowdown in orders from the company's Canadian customers for consumer grade 3G routers. With the greater focus being put on growing in the global M2M market, NetComm's exposure to the consumer sector will inevitably reduce.
- delays in the overall rollout of the NBN project, which affected sales volumes in the company's Wireless Network Termination devices to Ericsson as part of NetComm's NBN contract. This is a timing issue that will push delivery volumes in to 1H14 and beyond.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was a loss of \$198,000. This result included approximately \$300,000 in restructuring costs taken during the half. Accordingly, underlying EBITDA was a profit of \$102,000.

Net loss after tax of \$842,000 was a 36.4% improvement compared to the same period last year. This improvement was mainly due to the tax benefits arising from our continued investment into research & development.

The company's financial performance over the past six months reflects the continued transition of our business away from consumer products and towards the high growth global M2M market.

4. AUDITOR'S INDEPENDENCE DECLARATION

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

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



Managing Director
Sydney, 22 February 2013

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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 review of NetComm Wireless Limited for the half-year ended 31 December 2012, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 22 February 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2012

	Consolidated	31 December 2012	31 December 2011
Note	\$	\$	
Continuing Operations			
		22,010,307	25,219,313
		27,083	-
		1,207,920	2,484,568
		(16,418,826)	(20,774,354)
		(3,799,523)	(4,469,194)
		(1,520,802)	(1,626,735)
	3	(1,703,746)	(1,272,036)
		(197,587)	(438,438)
		(1,304,006)	(1,273,933)
		(299,494)	(169,481)
		(1,801,087)	(1,881,852)
		958,680	556,757
		(842,407)	(1,325,095)
		(842,407)	(1,325,095)
Other comprehensive income			
		25,877	(18,278)
		-	-
		25,877	(18,278)
		(816,530)	(1,343,373)
		(816,530)	(1,343,373)
		(816,530)	(1,343,373)
Earnings/ (loss) per share:			
		(0.80)	(1.28)
		(0.80)	(1.28)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	Consolidated	
		31 December 2012	30 June 2012
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		6,808,879	7,049,729
Trade and other receivables		5,205,911	9,333,294
Inventories		11,769,696	10,537,263
Other current assets		1,267,972	1,087,316
Total current assets		25,052,458	28,007,602
Assets from discontinued operations		-	5,300
Non-current assets			
Property, plant and equipment		1,670,609	1,841,629
Deferred tax assets		3,027,772	2,027,119
Goodwill		895,999	895,999
Other intangible assets		5,656,734	4,776,914
Other assets non current		302,143	302,143
Total non-current assets		11,553,257	9,843,804
TOTAL ASSETS		36,605,715	37,856,706
LIABILITIES			
Current liabilities			
Trade and other payables		6,561,553	7,239,460
Borrowings		12,411,747	12,319,681
Short term provisions		1,537,443	1,582,110
Income tax liability		8,653	128,216
Other current liabilities		820,167	421,555
Total current liabilities		21,339,563	21,691,022
Non-current liabilities			
Long term borrowings		4,580	116,017
Long term provisions		241,573	222,752
Total non-current liabilities		246,153	338,769
TOTAL LIABILITIES		21,585,716	22,029,791
NET ASSETS		15,019,999	15,826,915
EQUITY			
Issued capital	5	9,886,687	9,877,073
Reserves		337,962	312,085
Retained earnings		4,795,350	5,637,757
TOTAL EQUITY		15,019,999	15,826,915

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2012

Consolidated		Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2012		9,877,073	5,637,757	(83,723)	395,808	15,826,915
Loss for the period			(842,407)			(842,407)
Exchange difference on translation of foreign operations		-	-	25,877	-	25,877
Total comprehensive income for the period		-	(842,407)	25,877	-	(816,530)
Contributions of equity net of transaction costs		-	-	-	-	-
Recognition of share based payments		-	-	-	-	-
Exercise of options		9,614	-	-	-	9,614
Payment of dividends	4	-	-	-	-	-
Balance at 31 December 2012		9,886,687	4,795,350	(57,846)	395,808	15,019,999

For the half year ended 31 December 2011

Consolidated		Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2011		9,796,773	4,797,246	(105,848)	352,476	14,840,647
Loss for the period			(1,325,095)			(1,325,095)
Exchange difference on translation of foreign operations		-	-	(18,279)	-	(18,279)
Total comprehensive income for the period		-	(1,325,095)	(18,279)	-	(1,343,374)
Contributions of equity net of transaction costs		-	-	-	-	-
Recognition of share based payments		-	-	-	-	-
Exercise of options		43,500	-	-	-	43,500
Payment of dividends	4	-	-	-	-	-
Balance at 31 December 2011		9,840,273	3,472,151	(124,127)	352,476	13,540,773

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2012

	Consolidated	
	31 December 2012	31 December 2011
Note	\$	\$
Cash flows from operating activities:		
Receipts from customers	28,760,304	32,256,985
Payments to suppliers and employees	(26,274,935)	(32,865,089)
Finance costs	(299,494)	(169,481)
Income taxes paid	(427,727)	(223,036)
Net cash provided by/ (used in) operating activities	1,758,148	(1,000,621)
Cash flows from investing activities:		
Proceeds from sale of plant and equipment	-	760
Interest received	27,083	-
Acquisition of property, plant and equipment	(165,408)	(277,651)
Acquisition of intangible assets	(1,850,917)	(1,292,017)
Net cash (used in) investing activities	(1,989,240)	(1,568,908)
Cash flows from financing activities:		
Proceeds from issue of shares	9,614	43,500
Proceeds from borrowings	25,428,635	25,972,269
Repayment of borrowings	(25,448,007)	(23,297,751)
Dividends paid	-	-
Net cash (used in)/ provided by financing activities	(9,758)	2,718,018
Net (decrease)/ increase in cash and cash equivalents held	(240,850)	148,489
Cash and cash equivalents at beginning of financial period	7,049,729	4,647,931
Cash and cash equivalents at end of financial period	6,808,879	4,796,420

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

Note 1 – Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The half year financial report has been approved and authorised for issue by the board of directors on 22 February 2013.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. The accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

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

Note 2 – Segment Information

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

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

- Australia – ISP
- Australia - Other
- International

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

Note 2 – Segment Information (continued)

The product reportable segment supplies communication devices, including but not limited to Wireless Internet Gateways, designed and manufactured for use primarily by consumer and small medium enterprises (SME) and businesses in the M2M sector.

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

	Revenue		Segment Profit	
	31-Dec 2012 \$	31-Dec 2011 \$	31-Dec 2012 \$	31-Dec 2011 \$
Continuing Operations				
Revenue generated from external customers				
Australia - ISP	6,479,635	8,610,261	107,336	106,625
Australia - Other	11,656,292	10,025,270	228,963	108,280
International	3,874,381	6,583,782	(560,970)	(653,343)
Intersegment Revenue				
Australia – ISP	207,028	685,249	-	-
Australia - Other	371,148	1,228,473	-	-
International	26,748	125,862	-	-
Intersegment Eliminations	(604,925)	(2,039,584)	-	-
	22,010,307	25,219,313	(224,671)	(438,438)
Other income			27,083	-
Depreciation and amortisation expense			(1,304,006)	(1,273,933)
Finance costs			(299,493)	(169,481)
(Loss) before tax			(1,801,087)	(1,881,852)
Income tax (expense)/benefit			958,680	556,757
Consolidated segment revenue and loss for the period	22,010,307	25,219,313	(842,407)	(1,325,095)

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

Note 3 – Expenses

	Consolidated	
	31-Dec 2012	31-Dec 2011
	\$	\$
Other Expenses		
Distribution and Selling Costs	399,798	457,475
Occupancy Expense	445,659	409,837
Other Expense	858,289	404,724
Total Other Expenses	1,703,746	1,272,036

Note 4 – Dividends

	Half Year Ended 31-Dec 2012		Half Year Ended 31-Dec 2011	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
Fully Paid Ordinary Shares				
Interim Dividend	-	-	-	-

Note 5 – Issuances, repurchase and repayments of equity securities

Issued capital at 31 December 2012 amounted to \$9,886,687 (105,078,864 ordinary shares). During the half-year reporting period the company issued 245,000 ordinary shares for \$9,614 on exercise of 245,000 share options under its share option plan.

Note 6 – Discontinued operations

There were no discontinued operations to report.

Note 7 – Events occurring after reporting date

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

Note 8 – Contingent Liabilities

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

Note 9 – Acquisition of subsidiary

There were no acquisitions of subsidiaries to report.

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DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



David Stewart
Managing Director

Sydney, 22 February 2013

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

We have reviewed the accompanying half-year financial report of NetComm Wireless Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of NetComm Wireless Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of NetComm Wireless Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NetComm Wireless Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S M Coulton
Partner - Audit & Assurance

Sydney, 22 February 2013

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