

Appendix 4E

Preliminary final report

1. Company details

NETCOMM WIRELESS LIMITED		
ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
85 002 490 486	30 June 2012	30 June 2011

2. Results for announcement to the market

				\$A'000's
2.1	Revenue from continuing operations	Down	12.2%	to 59,361
2.2	Profit after tax from continuing operations	Up	48.5%	to 1,570
2.3	Profit/(loss) after tax from discontinued operations	Down	67.7%	to (730)
2.4	Net profit for the period attributable to members	Up	170%	to 841
2.5	Dividends		Amount per security	Franked amount per security
	Final dividend proposed		Nil ¢	Nil ¢
	Interim dividend		Nil ¢	Nil ¢
2.6	Record date for determining entitlements to the final dividend		NA	

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

Revenues from continuing operations were \$8.2 million lower in the 2012 year mainly as a result of lower sales to Telstra. Telstra has focussed substantially on promoting its fixed line business in preference to the fixed wireless routers that the company supplies. The effect of this lower level of sales to Telstra was partially offset by a substantially lower level of associated marketing costs.

The significant improvement in profit after tax from continuing operations was mainly a result of a lower income tax expense of \$202,000 compared to \$1,088,000 in the prior year. The key reason for this difference is outlined in Section 3.5 of this Appendix 4E.

Given the other substantial growth opportunities available to the Company in the Machine to Machine (M2M) and Rural Broadband segments, the Board decided to discontinue the Services business, NetAssure. This decision resulted in a loss after tax of (\$730,000) in the current year. This amount has been disclosed separately as a "Loss after tax from discontinued operations". Last year's comparative figures have also been restated to include all aspects of the NetAssure business, including last year's inventory write down, as discontinued operations.

The Directors have not recommended the payment of a final dividend in order to preserve cash which will assist in funding new development activities, most notably the continued development of international sales, M2M sales and new Rural Broadband opportunities.

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3. Consolidated Statement of Comprehensive Income

Continuing Operations	Note	30 June 2012 \$A'000	30 June 2011 \$A'000
Revenues from operations	3.1	59,361	67,602
Expenses from operations	3.2	(54,507)	(62,418)
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)		4,855	5,184
Depreciation & amortisation	3.4	(2,622)	(2,563)
Finance costs	3.4	(460)	(475)
Profit/(loss) before income tax from continuing operations		1,772	2,146
Income tax (expense)	3.5	(202)	(1,088)
Profit/(Loss) after income tax from continuing operations		1,570	1,058
(Loss)/Profit after tax for the year from discontinued operations	3.3	(730)	(2,260)
Net Profit/(loss) for the financial year attributable to members of NetComm Wireless Limited		841	(1,202)
Other comprehensive Income/(loss)			
Exchange differences arising on translation of foreign operations		22	(51)
Income tax relating to components of other comprehensive income		-	-
Total comprehensive Income/(loss) attributable to members of NetComm Wireless Limited		863	(1,253)

Earnings/(loss) per share from continuing operations		
Basic EPS – cents	1.51	1.02
Diluted EPS - Cents	1.50	1.02

(Loss)/earnings per share from discontinued operations		
Basic EPS – cents	(0.70)	(2.19)
Diluted EPS - Cents	(0.70)	(2.19)

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Notes to the Consolidated Income Statement

3.1 Revenue from continuing operations

	30 June 2012 \$A'000	30 June 2011 \$A'000
Revenue		
Sales Revenue	59,186	67,567
Interest Received	95	31
Other Revenue	80	4
	59,361	67,602

3.2 Expenses from continuing operations

	30 June 2012 \$A'000	30 June 2011 \$A'000
Cost of sales	41,222	46,778
Distribution and selling costs	952	893
Employee benefits expense	7,979	7,906
Contractor costs	608	1,075
Advertising & marketing	(168)	1,038
Property expenses	832	999
Legal & professional fees	527	671
Travel expenses	739	787
Insurance	267	257
Bad debt provision	(98)	115
Other	1,647	1,899
Total	54,507	62,418

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3.3 (Loss)/profit after tax from discontinued operations

	30 June 2012 \$A'000	30 June 2011 \$A'000
Revenue		
Sales Revenue	135	112
Cost of Sales		
Write down in value of inventories	(792)	(2,500)
Movement in inventories	(114)	(77)
Administrative & Other expenses		
Employee benefits expense	(26)	(48)
Other	(30)	(29)
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	(827)	(2,542)
Income tax benefit	97	283
(Loss)/profit from discontinued operations	(730)	(2,260)

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

	30 June 2012 \$A'000	30 June 2011 \$A'000
Finance Costs paid or payable on :		
Finance leases	52	47
Trade finance and deferred acquisitions	408	428
Total	460	475
Depreciation and amortisation of Property, Plant and equipment (including Leasehold Improvements)	574	463
Amortisation of Intangible assets (including capitalised development costs, software and other intangible assets)	2,048	2,100
Total	2,622	2,563

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3.5 Income tax expense from continuing operations

	30 June 2012 \$A'000	30 June 2011 \$A'000
Profit/(loss) before income tax	1,772	2,145
Income tax benefit/(expense) at the Australian tax rate 30% (2011: 30%)	(532)	(644)
Non-deductible amortisation of intangibles	(159)	(244)
Estimated R&D additional claim	316	-
Over/(under) provision of income tax in prior year	200	(219)
Other	(27)	19
Total income tax expense	(202)	(1,088)

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4. Consolidated Statement of Financial Position

	30 June 2012 \$A'000	30 June 2011 \$A'000
Current assets		
Cash and cash equivalents	7,050	4,648
Trade and other receivables	9,333	10,466
Inventories	9,864	6,705
Other Assets	1,087	579
Total current assets	27,334	22,398
Assets from discontinued operations	5	
Non-current assets		
Other Assets non-current	302	302
Property, plant and equipment	1,842	2,005
Deferred tax assets	2,027	1,958
Goodwill	896	896
Other non-current inventories	-	530
Other Intangible assets	4,777	3,191
Total non-current assets	9,844	8,882
Total assets	37,183	31,280
Current liabilities		
Trade and other payables	7,238	9,200
Borrowings	12,320	5,532
Provisions	909	958
Income tax liability	128	-
Other liabilities	422	211
Total current liabilities	21,017	15,901
Non-current liabilities		
Borrowings	116	444
Provision	223	94
Total non-current liabilities	339	538
Total liabilities	21,356	16,439
Net assets	15,827	14,841
Equity		
Contributed equity	9,877	9,797
Reserves	312	247
Retained earnings	5,638	4,797
Total equity	15,827	14,841

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Total
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
Balance at 1 July 2011	9,797	4,797	(105)	351	14,841
Profit for the period		841			841
Exchange difference on translation of foreign operations	-	-	22	-	22
Total comprehensive income for the period	-	841	22	-	863
Contributions of equity net of transaction costs	-	-	-	-	-
Share buy-backs	-	-	-	-	-
Recognition of share based payments	-	-	-	43	43
Transfer from options reserve	-	-	-	-	-
Exercise of options	80	-	-	-	80
Payment of dividends	-	-	-	-	-
Balance at 30 June 2012	9,877	5,638	(83)	395	15,827

Issued Capital	2012	2011
	No. of Shares	No of Shares
At the beginning of the reporting period	103,757,614	102,968,233
Shares issued during the year	-	656,881
Exercise of options	1,076,250	132,500
At reporting date	104,833,864	103,757,614

For the year ended 30 June 2011

	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 2010	9,649	6,514	(54)	287	16,397
Profit for the period		(1,202)			(1,202)
Exchange difference on translation of foreign operations	-	-	(51)	-	(51)
Total comprehensive income for the period	-	(1,202)	(51)	-	(1,253)
Contributions of equity net of transaction costs	134	-	-	-	134
Share buy-backs	-	-	-	-	-
Recognition of share based payments	-	-	-	98	98
Transfer from options reserve	14	-	-	(10)	(4)
Expiry of options	-	-	-	(23)	(23)
Payment of dividends		(515)	-	-	(515)
Balance at 30 June 2011	9,797	4,797	(105)	352	14,841

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5. Consolidated Statement of Cash Flows

	30 June 2012 \$A'000	30 June 2011 \$A'000
Cash flows related to operating activities		
Receipts from customers	66,555	71,785
Payments to suppliers and employees	(66,172)	(67,428)
Interest paid	(460)	(475)
Income taxes paid	(193)	(687)
Net cash from continuing operations	(270)	3,194
Net operating cash flows from discontinued operations	78	35
Net operating cash flows	(192)	3,229
Cash flows related to operating activities		
Interest received	95	32
Payment for purchases of property, plant and equipment	(421)	(1,009)
Proceeds from sale of property, plant and equipment	11	6
Payment for purchases of intangible assets	(3,631)	(1,444)
Acquisition of subsidiaries, controlled	-	(175)
Net investing cash flows	(3,946)	(2,589)
Cash flows related to financing activities		
Proceeds from issues of shares	80	147
Payment for share buy-back	-	-
Net proceeds/(repayment) of borrowings	6,460	125
Payment of dividends	-	(515)
Net financing cash flows	6,540	(243)
Net (decrease)/increase in cash and cash equivalents	2,402	397
Cash and cash equivalents at beginning of financial year	4,648	4,251
Cash and cash equivalents at end of financial year.	7,050	4,648

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6.1 Non-cash financing and investing activities

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

N/A

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 2012 \$A'000	30 June 2011 \$A'000
Cash on hand and at bank	7,050	4,648
Total cash at end of financial year	7,050	4,648

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

	30 June 2012 \$A'000	30 June 2011 \$A'000
Profit after income tax	841	(1,202)
Depreciation & amortisation	2,622	2,563
Gain on sale of property, plant & equipment	-	1
Share options expense	43	65
Interest received	(95)	(32)
Changes in operating assets & liabilities		
Receivables	1,128	(2,207)
Inventories	(3,421)	3,423
Write-down in inventories relating to services business	792	2,500
Other assets	(508)	(552)
Deferred taxes	(69)	222
Trade and other payables	(1,960)	(937)
Deferred income and other liabilities	228	28
Provisions	207	(643)
Net cash inflow from operating activities	(192)	3,229

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6. 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	Nil	Nil	Nil	Nil
	Previous year	15 th April 2011	0.5c	0.5c	Nil

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

	30 June 2012 \$A'000	30 June 2011 \$A'000
Ordinary securities	0	0.5c

7.3 Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation.

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

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

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

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

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

N/A

Any other disclosures in relation to dividends (distributions).

7. Consolidated retained profits

	30 June 2012 \$A'000	30 June 2011 \$A'000
Retained profits at the beginning of the financial period	4,797	6,514
Net profit attributable to members	841	(1,202)
Dividends paid or payable	-	(515)
Retained earnings at end of financial period	5,638	4,797

8. NTA backing

	30 June 2012	30 June 2011
Net tangible asset backing per ordinary security	9.6 cents	10.4 cents

9. 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).	

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

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

10. 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 2012 \$A'000	30 June 2011 \$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		

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11. Commentary on results for the period

\$A'000's	1H 2012	2H 2012
Revenue from continuing operations	25,162	34,200
EBITDA from continuing operations	(418)	5,273
Net profit after tax from continuing operations	(1,311)	2,881
Net loss after tax from discontinued operations	(14)	(716)
Total profit attributable to members	(1,325)	2,166

Revenues in the second half of the year were 36% higher than in the first half. This reflected a usual bias in sales in our international operations to the second half of the year as well as higher sales in New Zealand in the second half. The gross margin on this higher level of sales had a direct flow through to EBITDA and Net profit from continuing operations.

Additionally, there was lower level of advertising and marketing costs particularly due to declining sales to Telstra.

A higher level of capitalised development costs was attributable to the second half as a result of more activity on eligible projects thereby improving profitability. This also resulted in a lower level of income tax expense based on the tax incentives associated with these research and development expenses.

The decision to discontinue the operations of NetAssure occurred in the second half.

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

(Tick one)

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

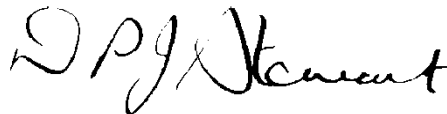
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

N/A

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: 24 August 2012

Print name:

David P J Stewart

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