Your source for NetComm news

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From the Managing Director



Dear Shareholders.

Welcome to this second edition of Insight.

A theme within this edition is NetComm's long-term focus as we build our global presence. This includes fostering relationships with suppliers and customers, as well as being astute in the choices we make during the early phases of research and development.

Over the last few years, we have put a lot of our efforts into building our capability and product range in the 3G sector. This is now paying off. In Australia, 25 per cent of all Internet connections are now maintained through wireless broadband, with 3G connections for voice and data growing at nearly twice the rate of fixed line subscriptions. Around the world the picture is similar, and in some of the developing regions, such as the Middle East, mobile broadband traffic has increased ten-fold in recent years.

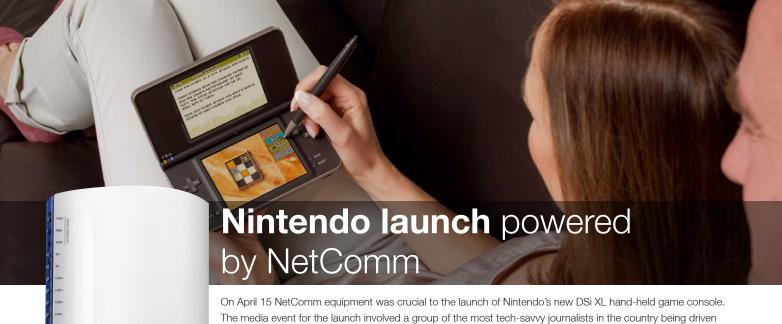
As we build relationships in this sector and the products to match emerging technologies, you can be assured that NetComm is also shaping our long-term growth and creating a solid reputation as a sound and reliable provider of leading-edge broadband products.

I hope you enjoy this edition of Insight and find it a useful glimpse of what is occurring within NetComm at the moment.

Regards

DPJ Stewart

David Stewart



around Sydney on a coach. NetComm was called in to provide WiFi coverage throughout the launch.

Using three battery powered Bigpond Elite™ Network Gateways, connectivity was maintained as the coach wound its way around the CBD and Eastern suburbs. This was a significant brand awareness exercise for NetComm and the journalists were given an emphatic demonstration of the equipment's ability to obtain and maintain a stable Internet connection for multiple users on the move.

Danny Morrison General Manager (Sales)

Danny began his career in business analysis and information systems before taking on General Management roles with particular focus on sales and business development.

BIGPOND

He has amassed over 20 years' experience in commercial and technical roles for companies including Lion Natham, Fletcher Challenge Forests and Askey Australia.

In his position at NetComm, Danny is directly responsible for business development and sales of the domestic retail, infrastructure, channel and ISP businesses.

He is currently spearheading NetComm's new Managed Connectivity Services business NetAssure.

PRODUCT FOCUS

MyZone - Personal 3G Hotspot



The new NetComm MyZone is causing a lot of excitement amongst technology watchers, not least because of its compatibility with Apple's new iPad™. The MyZone is a pocket-sized wireless hotspot that creates a private network in the home, at work or on the road. And it's not just the signal that is wireless. The MyZone needs no power leads, no Ethernet cables, no USB plugs and no external antennas to offer full functionality.

With the upcoming launch of the Apple iPad™ in May, the MyZone is the ideal accessory for facilitating an Internet connection. The MyZone operates off a conventional data SIM card from all the major providers.

Operating from an internal battery, the MyZone weighs just 75 grams, measures 10cm by 6cm and is less than 1cm thick. With a stylish gloss black housing, the NetComm MyZone is definitely the best looking and most compact embedded 3G router on the market.

The pocket size of the unit makes it an extremely practical way for people to maintain a connection on the road, especially when sharing a connection amongst family or colleagues. A micro USB port allows the MyZone to be charged up or directly powered from your computer or other suitable source. There is also a charging cradle for vehicle use coming soon.

The NetComm Family - Call Direct

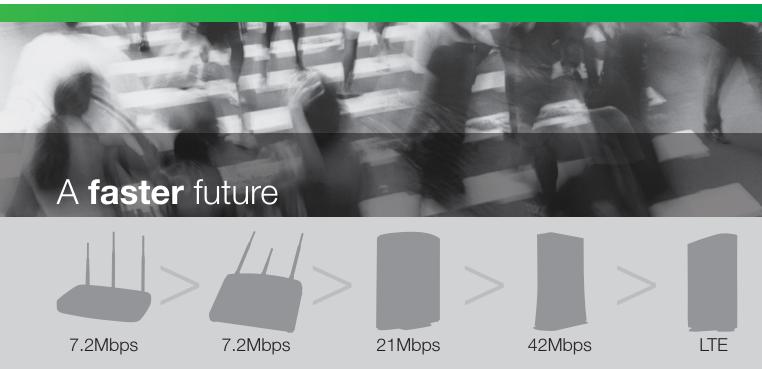


Call Direct is NetComm's industrial 3G router brand. Acquired by NetComm in late 2008, Call Direct has a strong track record of designing and manufacturing routers suited for deployment in situations where the operating environment requires a remote, rugged and customisable solution.

Housed in tough metal casings and able to withstand harsh conditions, the Call Direct devices also have an in-built processing capability that allows them to carry client-specific software. This means that a computer is not necessarily required for the Call Direct router to perform its function. For example, a unit could be deployed to report critical data in a gas pipeline. With the observation software written into the router itself, the device can process data and fulfil its communications role simultaneously, automatically reporting back to a centralised monitoring facility.

The growth of such 'Machine-to-Machine' (M2M) applications for 3G devices has been substantial in recent years. As 3G solutions have become more economical, the devices have been rapidly incorporated into all manner of installations and equipment, allowing them to submit automatic reports back to a central processing and monitoring facility. Using 3G equipment to carry the signal saves the time and cost associated with installing phone lines, especially in difficult or remote locations.

Call Direct equipment has been employed in situations such as Australia's offshore tsunami warning stations and remote webcams.



In many industry sectors it is important to keep an eye on future trends. For communications equipment developers like NetComm, this is particularly vital. With the rapid progression of the technologies being offered by carriers, NetComm needs to look years ahead in its product development cycle, watching not only for what is coming, but what is still only a theory on the drawing board. It's not good enough to wait until new technologies are rolled out before committing to developing devices to match. What might look like a succession of quick product launches is actually the culmination of years of strategic planning.

NetComm's ability to look forward has been the key to its success in being first to market with equipment that offers carriers the chance to show their full network potential to customers. Our 21Mbps 3G Gateway (3G21WN) was ready to hit the market as these HSPA+ (21Mbps) networks came online placing us in a prime position to gain market share as the 3G markets continues to grow.

Accordingly, before the 21Mbps device was even on the market, NetComm was already looking at the next speed step – 42Mbps. This so called 'dual carrier HSPA+' technology is only just now starting to be proven in trials by carriers. NetComm is already well advanced in developing a device to facilitate this speed. Meanwhile the even faster LTE format is approaching rapidly and NetComm will be ready for it with the appropriate product.

This long-term focus is a key strength of NetComm and is a foundation of the company's growth and its rapidly increasing reputation for leadership in the mobile broadband sector in particular.

CFO's Corner

Wayne Trattles



Update on financial performance of NetComm's acquisitions

In late 2008 NetComm purchased Call
Direct, followed by the acquisition of C10
Communications in mid 2009. The post
acquisition performance of both companies
has exceeded managements expectation.

Call Direct is a strategic acquisition as it boosted NetComm's 3G engineering capabilities and brought in a proven industrial line of 3G products. Our approach is that each deal should stand on its merits and not be based on "strategic benefits" to justify the investment. Call Direct has been pulling its weight as a stand alone business unit. Strong ongoing unit sales were strengthened with the Chubb deal this year, and there is at least one other major deal in the pipeline for the next 6-12 months.

NetComm has leveraged Call Direct's engineering skills in it new range of embedded 3G products, which we believe will be very successful in the market.

Its the strategic elements that have generated extra excitement for C10. In addition to its patented ADSL2+ filter technology, C10 is also finalising its patent pending VDSL (Very High Bitrate DSL) technology and working on a FTTH (Fibre To The Home) termination device for the home. Both VDSL and FTTH are technology options being considered for the National Broadband Network

The developments put C10 in a unique position given its outstanding performance in the existing market for xDSL filtering equipment. Both Call Direct and C10 products have been included in NetComm's product line up for International distribution, a previously untapped market for each

Did You Know...?

NetComm shareholders qualify for a 40% discount on our products.



Please see

http://www.netcomm.com.au/ investors/shareholder-benefits for instructions on how to make a purchase.



A non-embedded 3G wireless router (like the NetComm 3G Travel Router) allows multiple users to share the connection of a 3G USB Modem. The term "non-embedded" simply means that the router does not have its own in-built 3G modem.

By plugging a 3G USB Modem into this type of router, a wireless Internet connection is made available but can only be accessed by those with the correct login details. For a single user, this type of router can help in situations where the location of the computer is not ideal for 3G signal strength. The 3G USB dongle and router can be placed where they can receive the best reception, with the computer accessing the Internet through the router's Wireless or Ethernet capability.

FEEDBACK

 As part of our ongoing committment to NetComm insight, We encourage your comments or suggestions to improve future issues.

ELECTRONIC NEWSLETTER

It is our intention to go paperless with this newsletter in 2011. If you would
like to continue receiving NetComm insight please advise us of your email.



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