

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 2008	30 June 2007

2. Results for announcement to the market

\$A'000's

2.1 Revenue	down	9.2%	to	19,368
2.2 Profit (loss) after tax	Up		to	2,146
2.3 Net profit (loss) for the period attributable to members	Up		to	2,146
2.4 Dividends		Amount per security		Franked amount per security
Final dividend proposed		Nil ¢		Nil ¢
Interim dividend		Nil ¢		Nil ¢
2.5 Record date for determining entitlements to the final dividend		N/A		
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>In the 2007 Annual Report, it was noted in the Review of Operations that NetComm was looking to achieve profitability in the 2008 Financial Year. This goal has been achieved.</p> <p>The elimination of underperforming products has lead to an expected reduction in gross revenues. However, it has also provided for a significant improvement in the profitability of the business. NetComm has achieved an operating profit before tax increase of over \$1.8m during the 2008 financial year.</p>				

3. Consolidated Income Statement

	Note	30 June 2008 \$A'000	30 June 2007 \$A'000
Revenues from operations	3.1	19,368	21,341
Expenses from operations	3.2	(18,745)	(22,562)
Finance costs	3.3	(110)	(119)
Profit (loss) from before income tax		513	(1,340)
Income tax income		1,633	-
Profit (loss) after income tax		2,146	(1,340)
Net (profit) loss attributable to minority interest		-	2
Net profit (loss) for the financial year attributable to members of NetComm Limited		2,146	(1,338)

Earnings/(loss) per share		
Basic EPS – cents	2.39	(1.70)
Diluted EPS - Cents	2.38	(1.70)

Notes to the Consolidated Income Statement

3.1 Revenue from operations

	30 June 2008 \$A'000	30 June 2007 \$A'000
Revenue		
Sales Revenue	19,248	21,208
Interest Received	31	66
	19,279	21,274

3.2 Expenses from operations

	30 June 2008 \$A'000	30 June 2007 \$A'000
Cost of sales	11,303	13,793
Distribution and selling costs	791	832
Employee benefits expense	3,513	4,034
Contractor costs	313	579
Advertising & marketing	489	686
Depreciation & amortisation	296	331
Property expenses	421	493
Legal & professional fees	333	405
Travel expenses	222	285
Insurance	145	114
Other	918	1,010
Total	18,745	22,562

3.3 Loss/(Profit) before income tax includes the following specific expenses

	30 June 2008 \$A'000	30 June 2007 \$A'000
Finance Costs paid or payable on :		
Finance leases	5	-
Bank borrowings	105	119
Depreciation and amortisation of Property, Plant and equipment (including Leasehold Improvements)	169	209
Amortisation of Intangible assets	127	122

4. Condensed consolidated balance sheet

	30 June 2008 \$A'000	30 June 2007 \$A'000
Current assets		
Cash and cash equivalents	283	1,009
Receivables	2,674	3,031
Inventories	9,337	4,838
Other (prepayments)	187	121
Total current assets	12,481	8,999
Non-current assets		
Property, plant and equipment	520	549
Deferred tax assets	1,633	-
Intangibles assets	606	182
Other non-current inventories	3,150	-
Total non-current assets	5,909	731
Total assets	18,390	9,730
Current liabilities		
Trade and other payables	6,758	2,711
Borrowings	2,163	1,250
Provisions	205	156
Other Liabilities (Deferred Income)	114	1,062
Total current liabilities	9,240	5,178
Non-current liabilities		
Borrowings	52	-
Provisions	14	31
Total non-current liabilities	66	31
Total liabilities	9,306	5,209
Net assets	9,084	4,521
Equity		
Contributed equity	7,771	6,580
Reserves	1,274	49
Retained earnings(accumulated losses)	39	(2,108)
Total equity	9,084	4,521

5. Condensed Statement of Changes in Equity

	30 June 2008 \$A'000	30 June 2007 \$A'000
Total Equity at beginning of the Financial Year	4,521	5,838
Exchange difference on retranslation of foreign operations	(24)	(1)
Profit (Loss) for year	2,146	(1,338)
Total recognised income and expense for year	2,122	(1,339)
Transactions with equity holders		
Contributions of equity net of transaction costs	2,427	187
Employee/director share options	14	22
Minority interest	-	(187)
Total transactions with equity holders	2,441	22
Total equity held at end of Financial Year	9,084	4,521

6. Condensed consolidated cash flow statement

	30 June 2008 \$A'000	30 June 2007 \$A'000
Cash flows related to operating activities		
Receipts from customers	21,667	26,076
Payments to suppliers and employees	(22,616)	(26,669)
Interest received	31	66
Interest paid	(110)	(119)
Net operating cash flows	(1,028)	(646)
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(88)	(199)
Proceeds from sale of property, plant and equipment	13	70
Payment for purchases of intangible assets	(551)	(50)
Net investing cash flows	(626)	(179)
Cash flows related to financing activities		
Proceeds from issues of securities	6	-
Proceeds from borrowings	895	-
Repayment of borrowings	(9)	-
Net financing cash flows	892	-
Net decrease in cash and cash equivalents	(762)	(824)
Effect of exchange rates on cash holdings in foreign currencies	36	-
Cash and cash equivalents at beginning of financial year	1,009	1,833
Cash and cash equivalents at end of financial year.	283	1,009

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:

The Group acquired the exclusive right to issue licences using Mako Network systems technology in Australia. This right was acquired through cash and also the issue of 11,850,000 ordinary shares and 8,245,833 share rights for total consideration of \$2,921,875.

The Group acquired property plant and equipment totalling \$80,257 by way of finance lease

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 2008 \$A'000	30 June 2007 \$A'000
Cash on hand and at bank	283	1,009
Total cash at end of financial year	283	1,009

6.3 Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities

	30 June 2008 \$A'000	30 June 2007 \$A'000
Profit/(Loss) after related income tax	2,146	(1,338)
Depreciation & amortisation	296	331
Loss on sale of property, plant & equipment	3	-
Share options expense	14	22
Changes in assets & liabilities net of effect of purchase of controlled entities		
Receivables	432	872
Inventories	(58)	(1,300)
Other assets	(66)	348
Deferred taxes	(1,633)	-
Other financial assets	-	23
Deferred income	(1,063)	630
Trade and other payables	(1,131)	(178)
Provisions	32	(56)
Net cash outflow from operating activities	(1,028)	(646)

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	Nil	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil	Nil

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

	30 June 2008 \$A'000	30 June 2007 \$A'000
Ordinary securities	Nil	Nil

7.3 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

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Any other disclosures in relation to dividends (distributions).

8. Consolidated retained profits/(accumulated losses)

	30 June 2008 \$A'000	30 June 2007 \$A'000
Retained profits/(accumulated losses) at the beginning of the financial period	(2,108)	(770)
Net profit/(loss) attributable to members	2,146	(1,338)
Dividends paid or payable	-	-
Retained earnings/(accumulated losses) at end of financial period	38	(2,108)

9. NTA backing

	30 June 2008	30 June 2007
Net tangible asset backing per ordinary security	7.5 cents	5.5 cents

10. Control gained over entities

Name of entity (or group of entities)	N/A
Date Company formed	
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 2008 \$A'000	30 June 2007 \$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

<p>The Company's results continue to improve as a combined result of the following key management activities:</p> <ul style="list-style-type: none">- eliminating weak product lines;- developing a new product lines; and- driving focus on reducing operational expenditure <p>We are seeing the first results in a dramatic improvement in the profitability despite a reduction in the Company's revenue base.</p>
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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"/> | | <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: 21 August 2008.

Print name: David P J Stewart