

# NetComm<sup>®</sup> insight

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# From the Managing Director



Dear Shareholders,

Welcome to the fourth edition of Insight.

At the recent NetComm AGM, I highlighted the importance of NetComm striking the right balance between maintaining a strong domestic presence and its international expansion plans.

Our recent partnership with Australian PayTV provider, FoxTel, is an example of how important it is not to lose sight of opportunities in your own backyard. NetComm's powerline technology is set to help thousands of Australians enjoy payTV with an unprecedented level of convenience. At the same time it creates a cost effective way for FoxTel to connect customer's set-top-box to the Internet with no changes to their existing network. FoxTel IQ movies on demand services can now be made more readily available throughout the customers home.

I hope this edition of Insight provides you with useful information on the NetComm Business.

Regards,

David Stewart



FOXTEL iQ2

iQ HD

NEWS

## FOXTEL subscribers enjoy the latest in home networking powerline technology

The November release of NetComm's 200Mbps Powerline Adapters with AC Pass-through gave FOXTEL's customers a cost-effective way to connect their set-top-box(s) to the Internet without changes to their existing Internet network.

Simple setup and access to Internet TV services such as FOXTEL On Demand without the hassle of new cabling, power boards or double adapters topped the list of desirable traits. With no configuration required, a FOXTEL iQ box can now be connected to the Internet by simply plugging NetComm's 200Mbps Powerline Adapters into any power point – rendering the costly and time consuming connection process of the past obsolete.

The compact device connects directly into an existing powerline network, but unlike traditional powerline adapters that use two power points, it features a built-in AC pass-through to free up a power socket for other products. Advanced filtering will ensure that the data signal will not be disrupted by electrical noise from these devices; and enhanced Quality of Service (QoS) also provides guaranteed bandwidth reservations for multimedia IP streams making it ideal for the growing number of Internet devices being used in the everyday home.

NEWS

## NetComm supplies mobile broadband gateway to Telecom NZ



Homes and businesses across New Zealand are about to experience the fastest 3G gateway speeds in the country as a result of NetComm's mobile broadband gateway supply agreement with Telecom New Zealand.

This reflects NetComm's continued development of solid partnerships with international providers of mobile broadband technologies and is welcomed by NetComm's managing director, David Stewart who said, "the agreement will help to secure Telecom New Zealand's place at the forefront of 3G technological innovation by highlighting the coverage and speed advantages of the XT network."

NEWS

## NetComm revolutionises home entertainment

The rapid household accumulation of devices including Internet-enabled TVs, Blu-ray players, gaming consoles, set-top boxes and TiVo has brought about the need to maximize the potential of a single Internet connection whilst minimizing the need for multiple wires, cables and kits. NetComm has answered the call for simple and secure whole house connectivity that offers a richer entertainment experience via a "plug and play" product range that bridges up to four home entertainment devices straight out of the box.

NetComm's timely release of the NP203 Home Entertainment Connection Kit and NP121 Wireless Home AV Connection Kit bridges the gap between the modem and multiple Internet-enabled home entertainment devices without fuss or the need for technical nous on the user's end.

Everyday power points throughout the house can now function as a gateway to the Internet as both products in NetComm's AV™ Series provide a reliable and secure connection without the need to install additional cabling or connection points.



FEATURE

## NetComm's customers are 'future-proofed'

Another first for NetComm this year was the release of Australia's first consumer-priced IPv6 product described to be the building blocks of the next generation of Internet. The development of the IPv6 product was developed in response to the global issue of dwindling IPv4 Internet Protocol address' ('IP address').

It is predicted that IPv4 IP addresses will be exhausted before the end of 2012 due to the rapid rise in consumption. With Australia seeing the highest level of activity in the Asia Pacific region, NetComm, in partnership with Internode, promptly released IPv6 capable devices to ready their customers. After establishing Australia's first public trial of IPv6 late last year, Internode developed a strong understanding of next generation protocol and has put together the last piece of the IPv6 puzzle with the sale of NetComm's NB6Plus4 router series to its residential customers.

IPv4 offers approximately 4 billion publically accessible IP addresses as opposed to the approximate  $3.4 \times 10^{38}$  (340 trillion trillion trillion) offered by IPv6 which utilises a six-part string of numbers. With design improvements and extended functionality, IPv6 provides a framework from which to develop new and feature rich Internet services for many years to come.

NetComm is now ready to meet product supply demands for service providers deploying IPv6 infrastructure and expects to have all applicable products IPv6 capable by the end of 2011.

NEWS

## NetComm among world's top IT vendors in the MIS Strategic 100

Securing a place in the 2010 MIS Strategic 100 (Financial Review) in these challenging times is an outstanding achievement. As one of only 15 local vendors to make the cut, NetComm will now be recognized as one of the world's top IT suppliers by global CIOs.

An expert panel of judges who described this year's competition as 'fierce', nominated NetComm based on a number of key strategic achievements which are detailed in the profile released on Friday 29th October, 2010. Judged to be particularly impressive was our world first delivery of the BigPond Elite Network Gateway, a 21Mbps 3G WiFi router for Telstra, closely followed by our distribution of similar 3G technologies to our major international carrier partners and the proactive expansion of our operations throughout the world with the opening of offices in Canada, the Middle East and Europe.

Also mentioned was the key partnership established with Apple in launching the MyZone, and our extensive local and international customer portfolio.

Cementing our place in the ranking is NetComm's 3G product road map including mobile broadband routers that support speeds of 42Mbps, 84Mbps and LTE (4G).



NEWS

## NetComm demonstrates the world's first 42Mbps gateway at GITEX

NetComm has further raised the bar in the speed stakes with the unveiling of the world's first 42Mbps HSPA (DC-HSPA+) router at the GITEX Technology Week Exhibition in Dubai on the 17th - 21st October, 2010, using Etisalat's 42Mbps network.

The spectacular demonstration attracted intense interest as the Gateway achieved downlink speeds of 40.7Mbps, confirming that NetComm is primed to deliver the world's most advanced technology to its growing portfolio of international telecommunications partners.

Always looking ahead, NetComm also revealed that their 3GPP Long Term Evolution (LTE) products will be ready for launch in line with their carrier partner's completion of the necessary network architecture for the upgrade to LTE which is set to replace HSPA technology as the single global standard.

NetComm's telecommunications partners including: Telstra (Australia), Etisalat, Saudi Telecom, Rogers Wireless, Telus and Telecom New Zealand are among the 156 operators in 64 countries currently investing in LTE. With 113 network commitments in 46 countries, and 43 additional pre-commitment trials, it is anticipated that at least 55 LTE networks will be in commercial service by the end of 2012.

To further highlight our continued success in staying ahead of changing trends and market demand, the launch of the 42Mbps DC-HSPA+ gateway follows from NetComm's introduction of one of the world's first 21Mbps HSPA routers to hit the global market last year.

# Wayne Trattles



## Managing Business Risk

With the adoption of AS/NZS ISO 31000:2009 related to Risk Management, I thought it might be useful to give an overview of the approach we use at NetComm to manage its risk. In accordance with ASX code of conduct provisions (Provision 7 – Recognise and manage risk), the directors have an obligation and desire to protect:

- a. The Company's people and customers;
- b. The environment in which the Group operates;
- c. The Company's position as a provider of the highest quality services and products.

To achieve these objectives, in addition to its financial goals, the company must pursue opportunities that involve a degree of risk taking. The Board of Directors quantifies this, and from time to time mandates more action to reduce the level of risk through new policies.

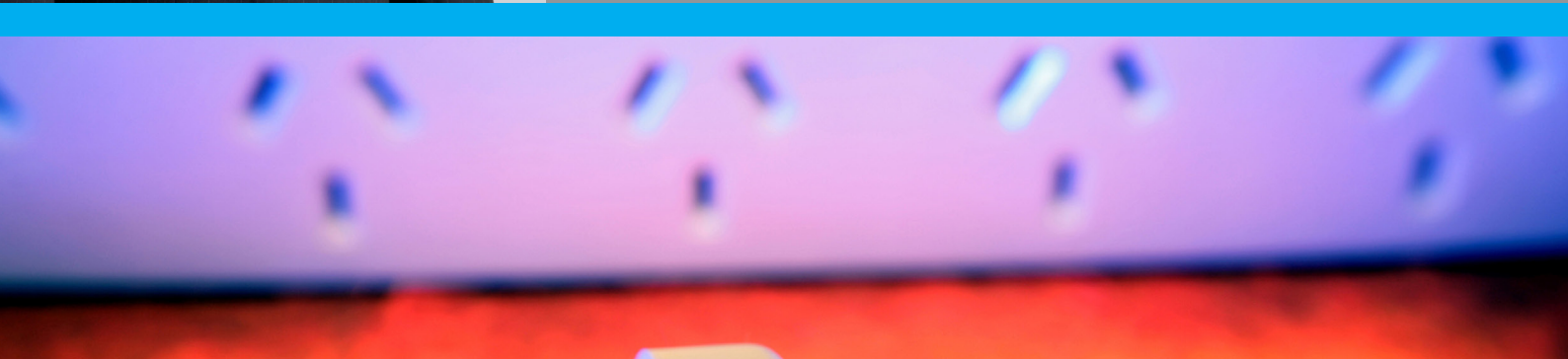
Some well-managed companies have come undone because they didn't pay due attention to risk. An increasing aspect of the CFO role is to put appropriate procedures in place to identify and manage the risk profile in accordance with the policies mandated by the Board. For NetComm Limited, we have a Risk Committee that is responsible for monitoring the ongoing risk process.

Our ongoing risk process starts with the capture of identified risks from both managers and

specialists in key operational areas throughout the company, with responses that represent a wide cross-section of the company. As a function of NetComm's ISO 9001 accreditation there is a register of identified risks and controls with respect to day-to-day operations of the business. These are also included in the scope. We then run through the process which places the all risks in a matrix for evaluation. Not all risks are equal. To this extent we have been using the risk matrix (based on AS/NZS 4360) allows the risk committee to prioritise risks. Some risks will have a high degree of impact, however the associated likelihood may be minor. For example, an Earthquake in Sydney would cause substantial business interruption, however the risk probability is extremely low.

The Risk Committee makes recommendations about how each risk should be addressed. Addressing risks will be via a combination of (a) insurance, (b) action plans and (c) self insurance. Our key tool for making a decision on the best option for addressing risk is based on a cost-benefit analysis that offsets the cost of each risk against the cost of avoiding it. This is where probability is important, because it needs to be factored into the potential cost of the risk.

Striking the right balance of risk mitigation is critical. We believe that our pragmatic approach to Risk management has made it an integral part of NetComm's organization processes and decision making. The overall objective being to create and protect value.



### Tech Talk

## POWERLINE

Powerline or Ethernet over Power (EoP) technology has been around for a few years, but has really started to grow in popularity in Australia as more and more people find the need to transfer data to different rooms in their home. A Powerline network is created by using at least 2 adapters which can then share data between them. A major benefit of the technology is that it doesn't require any new wiring to be installed in your home, and uses the existing electrical wiring to enable data or

internet access making it perfect for online gaming, media streaming or just internet access.

Powerline "HomePlugs" such as NetComm's NP204 which is being supplied to FOXTEL are around the same size as a large plug and connect to your computer or other device via an Ethernet cable. NetComm has a variety of devices with different speeds and capabilities such as multiple Ethernet ports, AC pass-through and wireless N.

### FEEDBACK

- As part of our ongoing commitment 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.

Feedback and details can be sent to [shareholders@netcomm.com.au](mailto:shareholders@netcomm.com.au)



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