

NETCOMM WIRELESS LIMITED

ANNUAL REPORT
For the year ended 30 June 2015

ACN 002 490 486

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2015.

1. General Information

(a) Directors

The names of the directors in office at any time during, or since the end of, the year are:

Name	Position held
J Milne	Non-Executive Director & Chairman
K Boundy	Non-Executive Director
S Black AM	Non-Executive Director
D P J Stewart	CEO & Managing Director
K J P Sheridan	CFO & Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

(b) Company Secretary

Mr Kenneth Sheridan, the Company's CFO & Executive Director, is also the Company Secretary.

(c) Principal Activities

NetComm Wireless Limited (ASX: NTC) is a leading developer of innovative broadband products sold globally to major telecommunications carriers, core network providers and system integrators. For 33 years NetComm Wireless has developed a portfolio of world first data communication products, and is a respected global provider of 3G and 4G wireless devices servicing the major telecommunications carriers, Machine to Machine (M2M) and Rural Broadband markets. NetComm Wireless' products are designed to meet the growing needs of today's data-intensive home, business and industrial broadband applications and customized to optimise performance in line with global network advancements.

2. Review of Operations and Financial Results

(a) Operating Results

The consolidated profit of the Group after providing for income tax amounted to \$2,464,257 (2014: \$1,017,789 profit).

Results and Dividends	Consolidated	
	2015	2014
	\$	\$
Total revenue & other income	74,263,139	64,593,245
EBITDA	7,301,663	5,220,894
Operating profit	2,881,706	826,419
Income tax (expense)/benefit	(417,449)	191,370
Net profit for the year	2,464,257	1,017,789

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

2. Review of Operations and Financial Results (continued)

For the year ended 30 June 2015, the Group delivered total revenues of \$74.3 million and Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$7.3 million. This is slightly above the EBITDA guidance range previously provided to the market, and also compares to revenues of \$64.6 million and EBITDA of \$5.2 million in FY14.

Net profit after tax (NPAT) for FY15 was \$2.5 million compared to \$1.0 million in the previous year, representing a year on year increase of 150%.

The M2M business delivered \$33.8 million in revenues (FY14 \$33 million) which represented approximately 45% of total Group revenue and approximately 55% in terms of total operating profit. Key revenue growth in the M2M business related to the Ericsson/NBN fixed wireless rural broadband project which offset revenues earned last year in respect of the Ericsson/AusNet Services smart metering contract.

The Company's Broadband business also continued to exceed expectations with revenues of \$40.5 million compared to \$31.3 million in the prior year. This excellent result was fuelled by higher sales of powerline devices as well as ADSL/VDSL products to internet service providers.

(b) Significant Changes in State of Affairs

During the year the Company issued shares under share-based payments as outlined in Note 17(a) and Note 24 of this report.

No other significant changes in the Company's state of affairs occurred during the financial year.

(c) Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years.

(d) Environmental Regulations

The Group is not subject to significant environmental regulation.

(e) Likely Developments, Business Strategies and Prospects

The Group is continuing to concentrate its efforts on the M2M strategy. The M2M market is a high growth global market. Ericsson and Qualcomm have predicted that there will be 50 billion connected devices by 2020. The M2M market is still in its infancy and there are no dominant players, with many industry participants specialising in select verticals.

NetComm Wireless is planning to be one of the leading M2M device providers globally. Based on key customer wins, we have gained a reputation as an innovative device supplier. This has provided us with introductions to other leading international telecommunications carriers. At the end of FY15 we had developed relationships with 5 of the top 20 global M2M telecommunications carriers.

We will continue to leverage our capability to design customised solutions to meet the specific needs of our customers. This approach allows us to develop tight customer relationships with a high degree of longevity and stickiness.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

The cycle time to deliver a new customised product can take between 9 to 12 months and so considerable investment, mainly of people time, is required before revenues begin to flow. This investment can be seen in the level of capitalised development costs carried on the Statement of Financial Position.

All of our manufacturing occurs offshore, in Asia. By using contract manufacturers we have the ability to scale our business rapidly with low incremental capital expenditure.

As well as global telecommunications carriers, we are targeting the following key M2M industry verticals:

- Utility smart grids (electricity and water)
- E-health in respect of connected in-home devices which need central monitoring
- Building automation, including heating, ventilation and air conditioning
- Business services, including point of sale, digital signage and vending machines/kiosks
- Manufacturing and construction

A key component of our strategy is to leverage “coat tail” relationships. This is where we form relationships with key suppliers or ecosystem players and leverage their knowledge, contacts and reputation within key verticals.

In FY16 we expect to see meaningful contributions from our overseas jurisdictions, being North America, Europe, Japan and the Middle East which are specifically focussed on M2M opportunities.

The Ericsson NBN fixed wireless contract is a key domestic M2M contract. FY15 saw a significant growth in rollout volumes and revenues. We are confident that this contract will deliver further substantial value to the Company particularly as the pace of the rollout increases in FY16.

Based on our experience with the NBN fixed wireless rural broadband project the Company is actively pursuing opportunities in overseas jurisdictions in relation to fixed wireless rural broadband solutions, with a particular emphasis on the USA.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

3. Directors' Information

(a) Information on Directors

Mr Justin Milne

Non-Executive Independent Director & Chairman since 7 March 2012

Mr Milne has substantial telecommunications industry experience and is an experienced company director having served in diverse industry sectors with a multinational focus. He had an executive career in telecommunications, marketing and media. From 2002 to 2010 he was Group Managing Director of Telstra's broadband and media businesses and led Telstra's New Media businesses in China. Prior to that he was CEO of OzEmail and of MSN Australia. He is currently Chairman of MYOB, a Non-Executive Director of NBN Co Limited, Tabcorp Holdings Limited, SMS Management & Technology Limited and Members Equity Bank Limited.

Mr Ken Boundy

Non-Executive Independent Director since 24 August 2012

Mr Boundy has significant marketing, distribution and international business experience across a diverse range of industry sectors. He is currently Chairman and/or Non-Executive Director on five boards and part owner of two businesses. He has held a number of prominent positions over the past thirty years including: Managing Director of Tourism Australia; Executive General Manager, International, of James Hardie Industries Limited; Group General Manager, Corporate Development, of Goodman Fielder Limited; CEO, of Goodman Fielder Asia, Singapore and Director, Industry Development, of the Victorian Department of Industry Commerce and Technology.

Mr Stuart Black AM

Non-Executive Independent Director since 21 March 2013

Mr Black is a prominent Chartered Accountant and experienced Company Director. A former Managing Partner in the chartered accounting firm Chapman Eastway, he has extensive experience in professional services, agribusiness, financial services, manufacturing, import, distribution, IT and biotechnology.

Mr Black is Non-Executive Director of Australian Agricultural Company Limited and a former Non-Executive Director of Coffey International Limited, Chair of the Chartered Accountants Benevolent Foundation Ltd and a Non-Executive Director of The Country Education Foundation of Australia Ltd. He was the former Chair and is a current Director of the Accounting Professional and Ethical Standards Board Ltd, as well as being a Past President of the Institute of Chartered Accountants in Australia.

Mr David P J Stewart

CEO & Managing Director since 14 November 1997

Mr Stewart founded Banksia Technology Pty Limited in 1988 and successfully managed the company as a fast growing and highly profitable business. In 1996, he instigated the successful takeovers of a number of his competitors including NetComm Wireless Limited, which was completed in November 1997. Mr Stewart assumed the role of Managing Director of the merged entity and remains the single largest shareholder of NetComm Wireless. He has a strong financial background, extensive experience in sales and marketing and has maintained an ongoing interest in new technologies. While being very active in the operational aspects of the business, Mr Stewart also focuses on the strategic direction of the company.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

3. Directors' Information (continued)

(a) Information on Directors (continued)

**Mr Kenneth J P
Sheridan**

CFO & Executive Director since 20 December 2010

Mr Sheridan is a Chartered Accountant with over 30 years' experience in senior management in major corporations in Australia and Asia. He spent 11 years with KPMG before he moved into the commercial sector where he held several CFO roles with large multinational companies in Australia and Asia including three years as Finance Director of a top 10 Malaysian listed consumer goods company. Mr Sheridan was the Group CFO for Tenix, one of Australia's largest private companies. In the 6 years prior to joining NetComm Wireless, Mr Sheridan was Managing Director and major shareholder of Acelero Pty Ltd, a human resources software company.

At the date of this report, the interest of the Directors in the ordinary shares of the Company are:

Ordinary Shares	
J Milne	710,588
K Boundy	650,000
S Black AM	180,000
D P J Stewart	23,000,000
K J P Sheridan	566,946

(b) Meetings of Directors

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director during the year were as follows:

Director	Board Meetings		Audit and Risk Committee		Nominations and Remuneration Committee	
	A	B	A	B	A	B
J Milne	7	7	4	4	2	2
K Boundy	7	7	4	4	2	2
S Black AM	7	7	4	4	2	2
D P J Stewart	7	7	-	-	-	-
K J P Sheridan	7	7	-	-	-	-

A is the number of meetings the Director was entitled to attend

B is the number of meetings the Director attended

J Milne, K Boundy & S Black are the members of Audit & Risk Committee and Nominations & Remuneration Committee.

4. Share Options

At the date of this report, there are no options outstanding. During the year no options were exercised or granted.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

5. Share Rights

No share rights were outstanding as at the date of this report. During the course of the year no share rights were exercised or issued.

6. Remuneration Report - Audited

This remuneration report, which forms part of the Directors' Report, sets out the information about the remuneration of NetComm Wireless Limited's Directors and its senior management for the financial year ended 30 June 2015.

The following persons were key management personnel of NetComm Wireless Limited during the financial year:

Name	Position held
J Milne	Non-Executive Director & Chairman
K Boundy	Non-Executive Director
S Black AM	Non-Executive Director
D P J Stewart	CEO & Managing Director
K J P Sheridan	CFO & Executive Director
S Collins	Senior Vice President Engineering
M Cornelius	Research & Development Director
D Morrison	General Manager - Sales Australia and New Zealand
R Parker	General Manager – Broadband Sales Australia and New Zealand
P Micallef	General Manager – M2M Sales

(a) Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management personnel for the Group is as follows:

- The Nominations & Remuneration Committee assume responsibility for making recommendations to the Board in respect of remuneration policies and practices generally and making recommendations to the Board on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors.
- The Board reviews the remuneration packages of all Directors and other key management personnel on an annual basis. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries. The overall objective is to ensure maximum shareholder benefit from the retention of a quality Board and Executive Team. To assist in achieving this objective, the nature and amount of the Executives' and Executive Directors' and other key management personnel's emoluments is linked to the Group's financial and operational performance, as determined by the Board.
- Any shares that are issued as part of remuneration are issued at market price. Recipients are not permitted to enter in to transactions which limit the economic risk of participating in this scheme.

For FY15 the Chairman of the Company received an annual fee of \$97,500 with all other Non-Executive Directors receiving \$57,500 per annum. Given the size of the Company and the Board, no additional payments are made in respect of Chairmanship or Membership of any of the Board Committees.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

6. Remuneration Report – Audited (continued)

(b) Relationship between the remuneration policy and company performance

The following tables set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2015:

	30 June 2015 \$	30 June 2014 \$	30 June 2013 \$	30 June 2012 \$	30 June 2011 \$
Continuing Operations					
Revenue	74,327,275	64,593,245	42,857,600	59,361,477	67,602,485
Net Profit/(loss) before tax	2,881,706	826,419	(2,681,095)	1,772,049	2,145,565
Net Profit/(loss) after tax	2,464,257	1,017,789	(541,624)	1,570,179	1,057,464
Net Loss from discontinued operations	-	-	-	(729,668)	(2,259,611)
Profit/(loss) for the year	2,464,257	1,017,789	(541,624)	840,511	(1,202,147)
	30 June 2015 \$	30 June 2014 \$	30 June 2013 \$	30 June 2012 \$	30 June 2011 \$
Share price at start of the year	0.74	0.26	0.12	0.13	0.20
Share price at end of the year	0.74	0.74	0.26	0.12	0.13
Interim dividend	-	-	-	-	0.5cps
Final dividend	-	-	-	-	-
Continuing Operations					
Basic earnings/(loss) per share (cents)	1.91	0.79	(0.51)	1.51	1.02
Diluted earnings/(loss) per share (cents)	1.91	0.79	(0.51)	1.50	1.02
Discontinued Operations					
Basic loss per share (cents)	-	-	-	(0.70)	(2.18)
Diluted loss per share (cents)	-	-	-	(0.70)	(2.18)

As stated above the overall objective of the Board's remuneration policy is to ensure maximum shareholder benefit from the retention of a quality Board and Executive team and to assist in achieving this objective by linking executive rewards to the Group's financial and operational performance. The Board is of the opinion that the remuneration policy and company performance are closely aligned.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

6. Remuneration Report – Audited (continued)

(c) Details of Remuneration for Year Ended 30 June 2015.

Details of each element of the remuneration of key management personnel and other executives of NetComm Wireless Limited are set out in the following tables:

Year ended 30 June 2015:

	Short Term Employee Benefits			Post-Employment Benefits	Long Term benefits	Share Based Payments	Other Benefits	Total	% of Remuneration that is performance based	% of Remuneration that consists of Shares
	Salary & Fees	Short Term Incentive Plan	Non-Monetary Benefits	Super-annuation	Long Service Leave	Shares	Termination Benefits			
Independent Non-Executive Directors	\$	\$	\$	\$	\$	\$	\$	\$		
J Milne	89,450	-	-	8,050	-	-	-	97,500	-	-
K Boundy	52,037	-	-	5,463	-	-	-	57,500	-	-
S Black AM	52,037	-	-	5,463	-	-	-	57,500	-	-
Executive Directors										
D P J Stewart	380,000	153,000	-	70,000	7,278	-	-	610,278	25%	-
K J P Sheridan	270,000	64,000	-	26,027	-	-	-	360,027	18%	-
Executive Officers										
D Morrison*	132,074	56,250	-	12,281	-	-	-	200,605	28%	-
R Parker**	33,654	-	-	3,197	-	-	-	36,851	-	-
P Micallef***	34,738	-	-	3,300	-	-	-	38,038	-	-
M Cornelius	158,753	32,000	15,000	14,250	2,498	27,750	-	250,251	13%	11%
S Collins	188,701	40,000	-	18,653	18,905	55,500	-	321,759	12%	17%
Total Key Management Personnel Compensation	1,391,444	345,250	15,000	166,684	28,681	83,250	-	2,030,309		

* D Morrison passed away on 10 February 2015.

** R Parker commenced as General Manager – Broadband Sales Australia and NZ on 13 April 2015.

*** P Micallef commenced as General Manager – M2M Sales on 22 April 2015.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

6. Remuneration Report – Audited (continued)

(d) Details of remuneration for year ended 30 June 2014.

Details of each element of the remuneration of key management personnel and other executives of NetComm Wireless Limited are set out in the following tables:

Year ended 30 June 2014:

	Short Term Employee Benefits			Post-Employment Benefits	Long Term benefits	Share Based Payments	Other Benefits	Total	% of Remuneration that is performance based	% of Remuneration that consists of options/share rights
	Salary & Fees	Short Term Incentive Plan	Non-Monetary Benefits	Super-annuation	Long Service Leave	Share Rights	Termination Benefits			
Independent Non-Executive Directors	\$	\$	\$	\$	\$	\$	\$	\$		
J Milne	89,450	-	-	8,050	-	-	-	97,500	-	-
K Boundy	52,325	-	-	5,175	-	-	-	57,500	-	-
S Black AM	52,325	-	-	5,175	-	-	-	57,500	-	-
Executive Directors										
D P J Stewart	416,538	525,000	-	33,462	7,528	-	-	982,528	53%	-
K J P Sheridan	275,229	225,000	-	24,771	-	-	-	525,000	43%	-
Executive Officers										
D Morrison	175,866	60,000	11,538	17,321	10,806	-	-	275,531	22%	-
M Cornelius	150,000	72,000	15,000	15,160	2,560	-	-	254,720	28%	-
S Collins	168,845	88,125	9,231	15,453	-	-	-	281,654	31%	-
Total key management personnel compensation	1,380,578	970,125	35,769	124,567	20,894	-	-	2,531,933		

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

6. Remuneration Report – Audited (continued)

(e) Short Term Incentive Plan - Cash Bonuses

Key management personnel, other than Non-Executive Directors, and other executives are entitled to a short-term cash incentive based on performance criteria which is defined and granted at the discretion of the Board. Where performance criteria are not met in the current year the bonus is forfeited and may not be carried forward to a future year.

In order to enhance retention of key personnel, one third (33.3%) of any earned incentive is deferred for one year and is payable if the person remains an employee at the time of the payment in August of the following year.

Short term incentive plans are based on the achievement of specified EBITDA levels and personal objectives. For the year ended 30 June 2015, the following table discloses the total entitlement and the amount achieved.

Participants	Role	Base Bonus Incentive	Total Bonus Achieved	% Achieved	Amount Payable in August 2015	Amount Deferred to August 2016
D P J Stewart	CEO & Managing Director	\$450,000	\$153,000	34%	\$102,000	\$51,000
K J P Sheridan	CFO & Executive Director	\$200,000	\$64,000	32%	\$42,667	\$21,333
D Morrison	General Manager - Sales	\$75,000	\$56,250	75%	\$56,250	Nil
S Collins	Senior Vice President Engineering	\$100,000	\$40,000	40%	\$26,667	\$13,333
M Cornelius	Research & Development Director	\$100,000	\$32,000	32%	\$21,333	\$10,667
Total		\$925,000	\$345,250		\$248,917	\$96,333

Rationale for Determination of Incentive Payments

The 2015 short term incentive plan provides the Board with the discretion of applying an adjustment multiplier of between 0 and 1.5 to the base bonus incentive entitlement based on the overall performance of each individual included in the incentive plan.

For FY15, the Board applied a multiplying factor of 1.0 times to the incentive entitlements of the CEO & Managing Director and the CFO & Executive Director. This means that there was no increase or decrease in the incentive entitlement as originally calculated.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

6. Remuneration Report - Audited (continued)

(f) Service Contracts

The following table provides employment details of persons who were, during the financial year, the Directors and executive officers of the consolidated group receiving the highest remuneration.

	Position held as at 30 June 2015	Contract details (duration & termination)
J Milne	Non-Executive Director & Chairman	No fixed term. No retirement benefits other than superannuation
K Boundy	Non-Executive Director	No fixed term. No retirement benefits other than superannuation
S Black AM	Non-Executive Director	No fixed term. No retirement benefits other than superannuation
D P J Stewart	CEO & Managing Director	Standard employment agreement. 12 months' notice required to terminate. Entitled to 12 months gross salary upon termination.
K J P Sheridan	CFO & Executive Director	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
S Collins	Senior Vice President Engineering	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
R Parker	General Manager - Broadband Sales Australia and New Zealand	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
P Micallef	General Manager - M2M Sales	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
M Cornelius	Research & Development Director	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

6. Remuneration Report - Audited (continued)

(g) Shares Held by Key Management Personnel

Fully paid ordinary shares as at 30 June 2015:

	Balance 1 July, 2014	Movement during the Year	Balance 30 June, 2015
	No.	No.	No.
J Milne	380,588	330,000	710,588
K Boundy	650,000	-	650,000
S Black	180,000	-	180,000
D P J Stewart*	22,974,596	25,404	23,000,000
K J P Sheridan	367,588	199,358	566,946
P Micallef	-	-	-
R Parker	-	-	-
D Morrison**	350,000	(350,000)	-
S Collins	-	100,000	100,000
M Cornelius	1,756,170	50,000	1,806,170
Total	26,658,942	354,762	27,013,704

* The 23,000,000 shares held by D P J Stewart's related entities.

** D Morrison passed away on 10 February 2015 and his shares reverted to his Estate.

Fully paid ordinary shares as at 30 June 2014:

	Balance 1 July, 2013	Movement during the Year	Balance 30 June, 2014
	No.	No.	No.
J Milne	180,588	200,000	380,588
K Boundy	450,000	200,000	650,000
S Black	-	180,000	180,000
D P J Stewart*	22,974,596	-	22,974,596
K J P Sheridan	204,588	163,000	367,588
D Morrison	350,000	-	350,000
S Collins	-	-	-
M Cornelius	2,486,170	(730,000)	1,756,170
Total	26,645,942	13,000	26,658,942

* The 22,974,596 shares held by D P J Stewart's related entities.

END OF AUDITED REMUNERATION REPORT

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

7. Other Information

(a) Indemnification and Insurance of Directors and Auditors

All Directors of the Group, its secretaries and executive officers are entitled to be indemnified under Clause 23 of the Company's Constitution to the maximum extent permitted by law unless the liability arises out of conduct involving a lack of good faith. Since the end of the previous financial year, the Group has paid insurance premiums in respect of a directors and officers liability insurance contract against certain liabilities (subject to exclusions), for all current and former officers of the Group, including all Directors named in this report, the Company secretaries and executive officers of the Group, and Directors and officers who have retired or relinquished their positions.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred by such an officer or auditor.

(b) Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

(c) Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 15 of the financial report.

(d) Non Audit Services

The Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, because the nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Fees for non-audit services which were paid/payable to the external auditors (Grant Thornton Audit Pty Ltd) during the year ended 30 June 2015 are disclosed at Note 3(c).

(e) Corporate Governance

The Directors of NetComm Wireless Limited have always recognised the need for appropriate standards of corporate behaviour and accountability to ensure the quality of the Company's financial reporting. Recent commentary and directions from Australian regulatory authorities have further emphasised this issue in the minds of investors. The Directors of NetComm Wireless Limited reaffirm their support for the principles of corporate governance and transparency and have reviewed their policies with regard to current best practice. The annual Corporate Governance Statement is available on the Company's website at <http://www.netcommwireless.com/investor-relations/corporate-governance>.

NetComm Wireless Limited

Directors' Report

For the Year Ended 30 June 2015

7. Other Information (continued)

(f) Dividends

No dividends were paid during the financial year 2015 (2014: Nil).

The Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Director:



J Milne, Chairman
Sydney
4 September 2015

Director:



D P J Stewart, CEO & Managing Director
Sydney
4 September 2015

Level 17, 383 Kent Street
Sydney NSW 2000

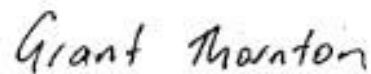
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**Auditor's Independence Declaration
To the Directors of NetComm Wireless Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of NetComm Wireless Limited for the year ended 30 June 2015, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S M Coulton
Partner – Audit & Assurance

Sydney, 4 September 2015

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NetComm Wireless Limited

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NetComm Wireless Limited

Consolidated Statement of Profit or Loss & Other Comprehensive Income For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue from the sale of goods	2	74,263,139	64,524,993
Other revenue	2	64,136	68,252
Change in inventories		2,722,220	(2,455,632)
Raw materials consumed		(53,783,992)	(42,735,039)
Employee benefits		(8,952,575)	(8,035,434)
Other expenses	3	(7,011,265)	(6,146,246)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		7,301,663	5,220,894
Depreciation and amortisation expense	3	(3,815,439)	(3,667,845)
Finance costs	3	(604,518)	(726,630)
Profit before income tax		2,881,706	826,419
Income tax (expense)/benefit	4	(417,449)	191,370
Profit for the year		2,464,257	1,017,789
Attributable to equity holders of the parent		2,464,257	1,017,789
Other comprehensive (expense)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(146,590)	241,565
Reclassification of cash flow hedging to profit and loss		5,119	984,410
Net change in the fair value of cash flow hedges recognised in equity		-	(5,119)
Income tax relating to components of other comprehensive income	4	(1,536)	(293,787)
Other comprehensive (loss)/income for the period (net of tax)		(143,007)	927,069
Total comprehensive income for the period		2,321,250	1,944,858
Attributable to equity holders of the parent		2,321,250	1,944,858
		2,321,250	1,944,858
Earnings per share			
Basic earnings per share (cents per share)	26	1.91	0.79
Diluted earnings per share (cents per share)	26	1.91	0.79

The above consolidated statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

NetComm Wireless Limited
Consolidated Statement of Financial Position
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	3,400,344	4,307,490
Trade and other receivables	7	13,647,620	10,665,140
Inventories	8	10,124,081	7,401,861
Other assets	9	1,304,503	1,319,357
Total current assets		28,476,548	23,693,848
Non-current assets			
Property, plant and equipment	10	1,798,290	1,178,597
Deferred tax assets	4 (c)	4,573,185	4,515,004
Goodwill	11	895,999	895,999
Other intangible assets	12	8,694,400	7,173,580
Other assets	9	-	332,143
Total non-current assets		15,961,874	14,095,323
TOTAL ASSETS		44,438,422	37,789,171
LIABILITIES			
Current liabilities			
Trade and other payables	13	14,774,353	9,298,662
Borrowings	14	2,806,705	4,733,301
Employee benefits	15	951,250	910,723
Income tax liability		174,856	-
Other current liabilities	16	301,837	393,257
Total current liabilities		19,009,001	15,335,943
Non-current liabilities			
Borrowings	14	538,122	24,539
Employee benefits	15	296,030	237,920
Total non-current liabilities		834,152	262,459
TOTAL LIABILITIES		19,843,153	15,598,402
NET ASSETS		24,595,269	22,190,769
EQUITY			
Issued capital	17	15,432,272	15,349,022
Reserves	18	584,818	727,825
Retained earnings		8,578,179	6,113,922
TOTAL EQUITY		24,595,269	22,190,769

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

NetComm Wireless Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2015

		Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Foreign Exchange Hedging Reserve	Options and Share Rights Reserve	Total
	Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014		15,349,022	6,113,922	335,600	(3,583)	395,808	22,190,769
Profit for the period		-	2,464,257	-	-	-	2,464,257
Exchange difference on translation of foreign operations	18 (b)	-	-	(146,590)	-	-	(146,590)
Foreign exchange hedging (Net of tax) - Reclassified to profit and loss account	18 (c)	-	-	-	3,583	-	3,583
Total comprehensive income for the period		-	2,464,257	(146,590)	3,583	-	2,321,250
Recognition of share based payments	17 (a)	83,250	-	-	-	-	83,250
Balance at 30 June 2015		15,432,272	8,578,179	189,010	-	395,808	24,595,269
Balance at 1 July 2013		14,331,878	5,096,133	94,035	(689,087)	395,808	19,228,767
Profit for the period		-	1,017,789	-	-	-	1,017,789
Exchange difference on translation of foreign operations	18 (b)	-	-	241,565	-	-	241,565
Foreign exchange hedging (Net of tax) - Current year loss - Reclassified to profit and loss account	18 (c)	-	-	-	(3,583)	-	(3,583)
		-	-	-	689,087	-	689,087
Total comprehensive income for the period		-	1,017,789	241,565	685,504	-	1,944,858
Issue of ordinary shares (Net of transaction costs and tax)	17 (a)	931,324	-	-	-	-	931,324
Exercise of options	17 (a)	85,820	-	-	-	-	85,820
Balance at 30 June 2014		15,349,022	6,113,922	335,600	(3,583)	395,808	22,190,769

The above consolidated statement changes in equity should be read in conjunction with the accompanying notes.

NetComm Wireless Limited

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities:			
Receipts from customers		78,402,639	64,385,960
Payments to suppliers and employees		(71,165,313)	(57,895,289)
Finance costs		(604,518)	(726,630)
Income taxes paid		(254,055)	(107,449)
Net cash provided by operating activities	22	6,378,753	5,656,592
Cash flows from investing activities:			
Interest received		64,136	66,197
Acquisition of property, plant and equipment		(1,388,862)	(265,870)
Acquisition of intangible assets		(4,548,160)	(3,660,160)
Net cash used in investing activities		(5,872,886)	(3,859,833)
Cash flows from financing activities:			
Proceeds from issue of shares & options (net of transaction costs)	17(a)	-	1,017,144
Proceeds from borrowings		43,620,856	39,917,087
Repayment of borrowings		(45,033,869)	(42,305,567)
Net cash used in financing activities		(1,413,013)	(1,371,336)
Net (decrease)/increase in cash and cash equivalents held		(907,146)	425,423
Cash and cash equivalents at beginning of financial period		4,307,490	3,882,067
Cash and cash equivalents at end of financial period	6	3,400,344	4,307,490

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies

General Information

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the consolidated Group of NetComm Wireless Limited (“the Group” or the “consolidated entity”). NetComm Wireless Limited is a listed public company, incorporated and domiciled in Australia, and is a for-profit entity for the purpose of preparing financial statements.

Compliance with Australian Accounting Standards results in the compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on 4 September 2015.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. 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.

Clarification of terminology used in the Statement of Comprehensive Income

Under the requirements of AASB 101: “Presentation of Financials Statements”, we must classify all of our expenses (apart from any finance costs) according to either the nature (type) of the expense or the function (activity to which the expense relates). We have chosen to classify our expenses using the nature classification as it more accurately reflects the type of operations we undertake.

Earnings before interest, income tax, depreciation and amortisation (EBITDA) reflects our profit for the year prior to including the effect of net finance costs, income taxes, depreciation and amortisation. Depreciation and amortisation are calculated in accordance with AASB 116: “Property, Plant and Equipment” and AASB 138: “Intangible Assets” respectively. We believe that EBITDA is a relevant and useful financial measure used by management to measure the Company’s operating performance.

Our management uses EBITDA in combination with other financials measures, primarily to evaluate the Group’s operating performance before financing, income tax and non-cash capital related expenses. In addition, we believe EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a key and widely recognised measure of operating performance.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies

Adoption of new and revised Accounting Standards that are effective for these financial statements

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.

None of the new standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Critical accounting judgements and key sources of uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects current and future periods. Refer to Note 1(x) for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NetComm Wireless Limited as at 30 June 2015 and the results of all subsidiaries for the year then ended.

A subsidiary is an entity over which NetComm Wireless Limited has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

A list of subsidiaries is contained in Note 30(d) to the financial statements. All subsidiaries have a 30 June financial year end.

All intercompany balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Subsidiaries are fully consolidated from the date which control is transferred to the Group. They are deconsolidated from the date control ceases.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(c) Foreign Currency Transactions and Balances & Policy on Hedge Accounting for Foreign Exchange Exposures

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss in the period in which they arise.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(c) Foreign Currency Transactions and Balances & Policy on Hedge Accounting for Foreign Exchange Exposures (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- all resulting exchange differences shall be recognised in other comprehensive income and as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed. Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for as financial assets or liabilities at fair value through profit or loss (FVTPL) except for derivatives designated as hedging instruments in foreign exchange hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments are recognised in other comprehensive income and included within the foreign exchange hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority or it is recognised as part of the cost of acquisition of an asset or part of an item of expenses.

Receivables and payables in the statement of financial position are shown inclusive of GST and the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NetComm Wireless Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group under the tax consolidation regime. The Group notified the Australian Tax Office that it had formed an income tax consolidated Group to apply from 20 August 2006.

The stand-alone taxpayer within a Group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated Group. Each entity in the group recognises its own current and deferred tax assets and liabilities, as if they continue to be a separate taxable entity in their own right, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each Group entity is then subsequently assumed by the parent entity.

NetComm Wireless Limited is entitled to claim R&D tax incentive. The R&D tax incentive is calculated using the estimated R&D expenditure multiplied by a 40% non-refundable tax offset. The Group accounts for this tax incentive as tax credits which means that it will reduce income tax payable and current tax expense. A deferred tax asset is recognised for any unclaimed tax credits that are carried forward as deferred tax assets.

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(f) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods, including communications and networking devices, are recognised at the time goods are dispatched to customers.

Revenue from a contract to provide services is recognised on a pro-rata basis over the term of the service agreement.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Share-based Payments

Equity settled compensation benefits are provided to employees via the Employee Option Plan and the NetComm Wireless Limited Executive Employee Share Plan. Information relating to these plans is set out in Note 24. The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

The carrying amount of property, plant and equipment is reviewed annually by Directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

Development assets

Cost incurred in acquiring assets for research and development is measured at costs less accumulated amortisation and any accumulated impairment losses. Development assets are amortised on a straight line basis over 3-6 years.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(h) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Useful Life
Plant and equipment	3-6 years
Leasehold improvements	Over the term of the lease
Development assets	3-6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss.

(i) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Impairment of goodwill is not reversed. Refer also to Note 1(y) on goodwill.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. The interest expense is recognised in the profit or loss so as to achieve a constant periodic rate of interest on the remaining balance of the liability outstanding.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are recognised in profit or loss on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease.

(k) Derivative Financial Instruments

The fair value of all derivative financial instruments outstanding at reporting date are recognised in the statement of financial position as either financial assets or financial liabilities. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity, with any ineffective portion being recognised in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments, or other non-financial host contracts, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

(l) Financial Assets

Financial assets are classified into the following specified category: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(l) Financial Assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, deposits held at call with banks and financial institutions, investments in money market instruments with maturities of three months or less from the date of acquisition, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(n) Inventories

Finished goods and raw materials are valued at the lower of cost and net realisable value. Cost is the direct cost of purchase, plus freight and duty and any other costs directly attributable to acquisition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Inventory is recognised on a weighted average cost basis.

(o) Intangible Assets

Development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will generate future benefits considering its commercial and technical feasibility and its cost can be measured reliably. The expenditure capitalised consists of all directly attributable costs. Capitalised development costs are amortised from the point at which the product is ready for use and for no longer than 3 years.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment costs.

Computer software

Computer software is measured on a cost basis less amortisation and impairment losses. Computer software is amortised on a straight line basis over 3.3 years, commencing from the time the software is ready for use.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(p) Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date, including wages and salaries, annual leave and long service leave. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds (2014: government bonds) that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Contributions are made by the Group to employee superannuation funds which are of the defined contribution type. Contributions to these defined contribution superannuation schemes are recognised as an expense in the period they are payable.

(r) Financial Instruments

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(s) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised. Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

(t) Earnings per Share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Dividends

A liability is recorded for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of financial year but not distributed at reporting date.

(v) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of transaction costs and tax, from the proceeds.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(w) Standards and Interpretations Issued not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Group's assessment of the impact of these new standards and Interpretations are set out below.

(i) AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a. Financial assets that are debt instruments will be classified based on:
 - the objective of the entity's business model for managing the financial assets; and
 - the characteristics of the contractual cash flows.
- b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI'),
 - the remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and derecognition requirements for financial assets and liabilities.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(w) Standards and Interpretations Issued not yet Effective (continued)

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:

- establishes a new revenue recognition model,
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time,
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing),
- expands and improves disclosures about revenue.

The Group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

(iii) AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

When these amendments are first adopted for the year ending 1 January 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(w) Standards and Interpretations Issued not yet Effective (continued)

(iv) AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 Business Combinations, should:

- apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e., the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
- provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

(v) AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(vi) AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011).

The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(w) Standards and Interpretations Issued not yet Effective (continued)

This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128 (2011).

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(vii) AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB.

Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(w) Standards and Interpretations Issued not yet Effective (continued)

(ix) AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception

The narrow-scope amendments to AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities and AASB 128 Investments in Associates and Joint Ventures introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(x) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Group.

The following are the critical judgements (apart from those involving estimations, which are dealt with below) that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Inventories

Note 8 sets out the categories of inventories carried. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value less costs to sell. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the estimated costs to sell and expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold.

Impairment of Assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Refer Note 11(b). The impairment testing is performed at least annually.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(x) Critical Accounting Estimates and Judgements (continued)

Deferred Tax Asset

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Internally generated intangible assets – research and development expenditure

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

R&D Tax Incentive

NetComm Wireless Limited is entitled to claim R&D tax incentive. The R&D tax incentive is calculated using the estimated R&D expenditure multiplied by a 40% non-refundable tax offset. The Group accounts for this tax incentive as tax credits which means that it will reduce income tax payable and current tax expense. A deferred tax asset is recognised for any unclaimed tax credits that are carried forward as deferred tax assets.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

1 Statement of Significant Accounting Policies (continued)

(y) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units, or Groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The impairment testing is performed at least annually.

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(z) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group has two operating segments: Machine to Machine (M2M) and Broadband business. In identifying its operating segments, management generally follows the Group's product mix, which represent the main products and services provided by the Group.

(aa) Parent Entity Financial Information

The financial information for the parent entity, NetComm Wireless Limited ("NetComm"), disclosed in Note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are account for at cost in the financial statements of NetComm. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

2 Revenue and other income from operations

	2015 \$	2014 \$
Revenue		
Sales revenue	74,263,139	64,524,993
	<u>74,263,139</u>	<u>64,524,993</u>
Other revenue		
Interest revenue	64,136	66,197
Other revenue	-	2,055
	<u>64,136</u>	<u>68,252</u>
Total revenue and other income	<u><u>74,327,275</u></u>	<u><u>64,593,245</u></u>

3 Expenses

Included in expenses are the following specific items:

a) Other expenses comprising

	2015 \$	2014 \$
Advertising and marketing	488,103	343,042
Property expenses	1,014,041	927,777
Distribution and selling costs	713,162	903,969
Insurance expenses	418,186	355,050
Legal & professional fees	866,903	602,585
Travel expenses	1,392,404	1,136,201
Contractor costs	748,532	665,483
Other expenses	1,369,934	1,212,139
	<u>7,011,265</u>	<u>6,146,246</u>

b) Depreciation, amortisation and impairments

	2015 \$	2014 \$
Depreciation of property, plant and equipment (Note 10(b))	785,089	964,553
Amortisation of intangible assets (Note 12(b))	3,030,350	2,703,292
	<u>3,815,439</u>	<u>3,667,845</u>

c) Auditor's remuneration

Grant Thornton is the auditor of the Group. Amounts received or due and receivable by Grant Thornton are detailed below:

	2015 \$	2014 \$
Auditing or reviewing the financial statements	116,070	111,100
Taxation services	31,353	24,205
Other services - consulting	9,363	12,754
Total auditors' remuneration	<u><u>156,786</u></u>	<u><u>148,059</u></u>

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

3 Expenses (continued)

d) Rental expenses on operating leases

	2015	2014
	\$	\$
Minimum lease payments	816,869	749,380

e) Finance costs

	2015	2014
	\$	\$
Bank borrowings	569,964	718,198
Finance leases	34,554	8,432
	604,518	726,630

4 Income Tax Expense/(Benefit)

a) Income tax recognised in profit or loss

	2015	2014
	\$	\$
i) Tax expense/(benefit) comprises:		
Current tax benefit	(87,016)	(625,406)
Deferred tax expense relating to the origination and reversal of temporary differences	465,395	415,231
Under provision for tax in prior year	39,070	18,805
Income tax expense/(benefit)	417,449	(191,370)

ii) Income tax recognised in other comprehensive income

Income tax relating to components of other comprehensive income	1,536	293,787
Total income tax expense	418,985	102,417

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

4 Income Tax Expense/(Benefit) (continued)

b) The prima facie income tax expense on pre-tax accounting profit from continuing operations and other comprehensive income reconciles to the income tax expense in the financial statements as follows:

	2015 \$	2014 \$
i) Amounts recognised in profit or loss		
Net profit before tax	2,881,706	826,419
Tax at the Australian tax rate of 30%	864,512	247,925
- Non-deductible expenses	33,481	24,143
- Differential in overseas tax rates	(18,167)	(2,243)
- Other items	(53,658)	-
- Under provision for tax in prior years	39,070	18,805
- Research & Development tax concession	(447,789)	(480,000)
Income tax expense/(benefit)	417,449	(191,370)
ii) Amounts recognised in equity		
Net change in the fair value of cash flow hedges	-	(5,119)
Reclassification of cash flow hedging to profit and loss	5,119	984,410
	5,119	979,291
Tax at the Australian tax rate of 30%	1,536	293,787
Total amounts recognised in equity	1,536	293,787

c) Deferred tax assets/(liabilities) arise from the following:

	Opening balance \$	Charged to income \$	Charged to other comprehensive income \$	Closing balance \$
2015				
Unused tax losses/credit	5,799,863	525,112	-	6,324,975
Temporary differences				
Accrued expenses	125,418	57,920	-	183,338
Provisions	278,599	12,867	-	291,466
Inventory & Warranty	296,707	(148,663)	-	148,044
Intangibles and Other	(1,987,119)	(387,519)	-	(2,374,638)
Cash flow hedges	1,536	-	(1,536)	-
Total deferred tax assets	4,515,004	59,717	(1,536)	4,573,185

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

4 Income Tax Expense/(Benefit) (continued)

2014	Opening balance \$	Charged to income \$	Charged to other comprehensive income \$	Closing balance \$
Unused tax losses/credit	5,017,276	782,587	-	5,799,863
Temporary differences				
Accrued expenses	49,632	75,786	-	125,418
Provisions	286,643	(8,044)	-	278,599
Inventory & Warranty	266,600	30,107	-	296,707
Intangibles and Other	(1,474,039)	(513,080)	-	(1,987,119)
Cash flow hedges	295,323	-	(293,787)	1,536
Total deferred tax assets	4,441,435	367,356	(293,787)	4,515,004

5 Dividends

No dividends were paid during the year-ended 30 June 2015 (2014: Nil).

	2015 \$	2014 \$
Balance of franking account	<u>591,961</u>	<u>591,961</u>

Balance of franking account at period end adjusted for franking credits arising from dividends recognised as receivables, and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years.

6 Cash and Cash Equivalents

a) Cash on hand

	2015 \$	2014 \$
Cash on hand	1,654	1,833
Cash at bank	3,398,690	4,305,657
	<u>3,400,344</u>	<u>4,307,490</u>

b) Effective interest rate

These funds are bearing floating interest rates of between 0.05% and 1.7% (2014: 0.05% to 1.7%).

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2015 \$	2014 \$
Cash and cash equivalents	<u>3,400,344</u>	<u>4,307,490</u>
	3,400,344	4,307,490

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

7 Trade and Other Receivables

	2015	2014
	\$	\$
Trade receivables (i)	13,718,482	10,721,720
Allowance for doubtful debts	<u>(70,862)</u>	<u>(56,580)</u>
	<u>13,647,620</u>	<u>10,665,140</u>

- (i) The average credit period on sales of goods and rendering of services is 45 days, although a few customers have End of Month 45 day terms. No interest is charged on overdue receivables. An allowance has been made for estimated unrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. The Group will also consider any change in the quality of the trade receivable from the date credit was initially granted up to the reporting date.
- (ii) Before accepting any new customers, the Group obtains third party references to assess the potential customer's credit quality and define the credit limits by customer. Included in the Group's trade receivable balance are debtors with a carrying amount of \$3,373,112 (2014: \$3,167,272) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 49 days (2014: 52 days).

Aging of past due but not impaired

	2015	2014
	\$	\$
0-30 Days	3,170,856	2,441,482
30-60 Days	54,425	699,981
60+ Days	<u>147,831</u>	<u>25,809</u>
	<u>3,373,112</u>	<u>3,167,272</u>

Movement in the allowance for doubtful debts

	2015	2014
	\$	\$
Balance at the beginning of the year	56,580	47,672
Increase in allowance for impairment	<u>14,282</u>	<u>8,908</u>
Balance at the end of the year	<u>70,862</u>	<u>56,580</u>

Aging of impaired receivables

	2015	2014
	\$	\$
0-30 Days	-	-
30-60 Days	-	-
60+ Days	<u>70,862</u>	<u>56,580</u>
	<u>70,862</u>	<u>56,580</u>

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

8	Inventories		
		2015	2014
	Current	\$	\$
	Raw materials and stores	1,543,467	2,092,792
	Communication modules	1,977,268	1,564,647
	Finished goods	5,424,228	3,618,348
	Goods in transit	1,179,118	126,074
	Total Inventories	10,124,081	7,401,861
9	Other Assets		
		2015	2014
	Current	\$	\$
	Prepayments	1,181,756	740,290
	Income tax receivable	-	50,432
	Deposits and bonds	122,747	528,635
		1,304,503	1,319,357
	Non - current		
	Deposits and bonds	-	332,143
		-	332,143
10	Property, Plant and Equipment		
	(a) Summary of property, plant and equipment		
		2015	2014
		\$	\$
	Plant and equipment		
	At cost	5,535,616	4,431,663
	Less accumulated depreciation	(4,304,773)	(3,859,509)
	Total plant and equipment	1,230,843	572,154
	Leased plant and equipment		
	At cost	1,028,008	915,207
	Less accumulated amortisation	(864,679)	(778,125)
	Total leased plant and equipment	163,329	137,082
	Leasehold improvements		
	At cost	228,864	228,864
	Less accumulated amortisation	(219,231)	(212,340)
	Total leasehold improvements	9,633	16,524
	Development assets		
	At cost	1,217,590	1,029,563
	Less accumulated amortisation	(823,105)	(576,726)
	Total development assets	394,485	452,837
	Total property, plant and equipment	1,798,290	1,178,597

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

10 Property, Plant and Equipment (continued)

(b) Movements in carrying amounts

	Plant and equipment \$	Leased plant and equipment \$	Leasehold improvements \$	Development assets \$	Total \$
2015					
Balance at the beginning of the year	572,154	137,082	16,524	452,837	1,178,597
Additions	1,103,953	112,801	-	188,028	1,404,782
Depreciation expenses	(445,264)	(86,555)	(6,891)	(246,379)	(785,089)
Carrying amount at the end of the year	1,230,843	163,328	9,633	394,486	1,798,290
2014					
Balance at the beginning of the year	1,014,664	286,268	27,943	548,405	1,877,280
Additions	129,914	-	-	135,956	265,870
Depreciation expenses	(572,424)	(149,186)	(11,419)	(231,524)	(964,553)
Carrying amount at the end of the year	572,154	137,082	16,524	452,837	1,178,597

11 Goodwill

	2015 \$	2014 \$
Gross carrying amount		
Balance at beginning of financial year	895,999	895,999
Balance at end of financial year	895,999	895,999
Net book value		
At the beginning of the financial year	895,999	895,999
At the end of the financial year	895,999	895,999

(a) Impairment testing

All Goodwill has arisen from acquisitions made during prior financial years.

The Group assessed the recoverable amount of goodwill by apply a value in use ("VIU") model for each identified cash-generating unit. The recoverable amounts of the cash-generating units were determined based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends.

For the purpose of annual impairment testing, goodwill has been allocated for impairment testing purposes to the following cash-generating units (CGU's) representing the goodwill that arose in the acquisition of each business:

	2015 \$	2014 \$
M2M business	766,023	766,023
Broadband business	129,976	129,976
	895,999	895,999

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

11 Goodwill (continued)

(b) Key assumptions used

The following describes the key assumptions on which the Group has based its cash flow projections when determining value in use ("VIU") relating to the cash-generating units.

i) M2M Business

Cash flows:

The VIU calculations use after tax cash flow projections based on actual operating results and financial forecasts for the next four years which have been approved by management. These forecasts are based on management's best estimates to determine income, expenditure and cash flow for the M2M business. The present value of the expected cash flows of each CGU is determined by applying a discount rate.

Growth rates:

The primary assumptions underlying the cash flow projections for impairment testing include revenue growth of 95% (mainly attributed to ongoing growth from the Ericsson/NBN project) in FY16 (FY15 actual growth: 1.7%). The increase against the prior year is due to increased focus on M2M wireless opportunities followed by, for the purposes of this impairment testing, no revenue growth from 2016 till 2018 with a terminal value.

Discount rates:

Discount rates used are the post-tax weighted average cost of capital ("WACC") with appropriate adjustments for the risk profile relating to each CGU. Having assessed the risk specific to each CGU, management has applied a WACC of 8.5% (2014: 12.5%) to each CGU on the basis that the risk will fall within a similar range across all CGUs.

ii) Broadband Business

Cash flows:

The VIU calculations use after tax cash flow projections based on actual operating results and financial forecasts for the next four years which have been approved by management. These forecasts are based on management's best estimates to determine income, expenditure and cash flow for the broadband business.

Growth rates:

The primary assumptions underlying the cash flow projections for impairment testing include a 14% decrease in revenue in FY15 (FY15 actual growth : 29.24%) and flat growth during FY18-FY19 due to the maturity level of ADSL internet gateways in the market.

Discount rates:

Discount rates used are the post-tax weighted average cost of capital ("WACC") with appropriate adjustments for the risk profile relating to each CGU. Having assessed the risk specific to each CGU, management has applied a WACC of 8.5% (2014: 12.5%) to each CGU on the basis that the risk will fall within a similar range across all CGUs.

(c) Impairment of goodwill

Management believes that any reasonably possible change in the above key assumptions on which recoverable amounts are based would not cause the aggregate amount to exceed the recoverable amount of the CGUs.

There was no impairment of goodwill during the year (2014: Nil).

NetComm Wireless Limited

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For the Year Ended 30 June 2015

12 Other Intangible Assets

(a) Summary of intangible assets

	2015	2014
	\$	\$
Product development costs		
Cost	19,492,776	15,014,281
Accumulated amortisation	<u>(10,892,848)</u>	<u>(7,905,745)</u>
Net carrying value	<u>8,599,928</u>	<u>7,108,536</u>
Computer software		
Cost	933,764	861,089
Accumulated amortisation	<u>(849,284)</u>	<u>(811,665)</u>
Net carrying amount	<u>84,480</u>	<u>49,424</u>
Other intangibles		
Cost	2,470,140	2,470,140
Accumulated amortisation	<u>(2,460,148)</u>	<u>(2,454,520)</u>
Net carrying amount	<u>9,992</u>	<u>15,620</u>
Total	<u>8,694,400</u>	<u>7,173,580</u>

(b) Movements in carrying amounts

	Product development costs	Computer software	Other intangibles	Total
	\$	\$	\$	\$
2015				
Balance at the beginning of the year	7,108,536	49,424	15,620	7,173,580
Additions	4,478,495	72,675	-	4,551,170
Amortisation	<u>(2,987,103)</u>	<u>(37,619)</u>	<u>(5,628)</u>	<u>(3,030,350)</u>
Carrying amount at year end	<u>8,599,928</u>	<u>84,480</u>	<u>9,992</u>	<u>8,694,400</u>
2014				
Balance at the beginning of the year	6,178,397	17,067	21,248	6,216,712
Additions	3,608,779	51,381	-	3,660,160
Amortisation	<u>(2,678,640)</u>	<u>(19,024)</u>	<u>(5,628)</u>	<u>(2,703,292)</u>
Carrying amount at year end	<u>7,108,536</u>	<u>49,424</u>	<u>15,620</u>	<u>7,173,580</u>

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

13 Trade and Other Payables

	2015	2014
	\$	\$
Current unsecured liabilities		
Trade payables (i)	11,779,856	6,430,928
Sundry payables and accrued expenses	2,994,497	2,867,734
Total current trade and other payables	14,774,353	9,298,662

- (i) *The average credit period on purchases of certain goods from various Asian countries is 60 days, although some request payment in advance of shipment. No interest is charged on overdue payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.*

14 Borrowings

	2015	2014
	\$	\$
Current - secured		
Finance lease (i)	23,581	54,931
Trade refinance (ii)	-	2,178,370
Bank loan (iii)	-	2,500,000
Bank loan (iv)	2,783,124	-
Total current borrowings	2,806,705	4,733,301
Non-current - secured		
Finance lease	79,789	24,539
Bank loan (iv)	458,333	-
Total non-current borrowings	538,122	24,539
Total borrowings	3,344,827	4,757,840

- (i) *The finance lease is secured against the underlying finance lease asset. Refer to Note 21 for further details of this borrowing.*
- (ii) *The trade refinance facility is secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited. This facility expired on 27 May 2015.*
- (iii) *The bank loan is an amortising bank facility and is secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited. Interest is charged at 7.2%. This bank loan was repaid and the loan facility expired on 27 May 2015.*
- (iv) *On 27 May 2015, the Company entered into new facilities with HSBC as outlined below. These facilities are secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited.*
- *AUD 7Million bank loan. Interest is charged at 4.77% per annum.*
 - *AUD 1Million amortising loan maturing on 26 May 2017. Interest is charged at a floating rate of 5.17% per annum.*
 - *USD 3.4 Million Debtor Finance. Interest is charged at a base rate plus margin.*
 - *AUD1 Million Debtor Finance. Interest is charged at a base rate plus margin.*

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

15	Employee Benefits		
		2015	2014
		\$	\$
	Current		
	Employee entitlements	<u>951,250</u>	<u>910,723</u>
	Non - current		
	Employee entitlements	<u>296,030</u>	<u>237,920</u>
	Total provisions	<u>1,247,280</u>	<u>1,148,643</u>
16	Other Liabilities		
		2015	2014
		\$	\$
	Current		
	Other	<u>301,837</u>	<u>393,257</u>
		<u>301,837</u>	<u>393,257</u>
17	Issued Capital		
		2015	2014
		\$	\$
	129,049,890 (2014: 128,899,890) Ordinary shares - paid up no par value	<u>15,432,272</u>	<u>15,349,022</u>

(a) Movements in issued and paid up ordinary share capital of the company

	2015	2014	2015	2014
	No.	No.	\$	\$
At the beginning of the reporting period	128,899,890	124,339,890	15,349,022	14,331,878
Shares issued 15/07/2013 (i)	-	4,000,000	-	931,324
Exercise of options (ii)	-	560,000	-	85,820
Share-based payments (iii)	150,000	-	83,250	-
At reporting date	<u>129,049,890</u>	<u>128,899,890</u>	<u>15,432,272</u>	<u>15,349,022</u>

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value. Ordinary shares confer on their holders the right to participate in dividends and/or capital returns declared by the board and an entitlement to vote at any general meeting of the Company.

(i) On 15 July 2013, the Group issued a total of 4,000,000 ordinary shares at the issue price of \$0.255 per share. Issue costs of \$88,676 associated with the issue of shares have been directly paid from the proceeds of the issues. These costs have been deducted from the issued capital in the statement of financial position, rather than charged as an expense of the Company, as they are considered to form part of the net equity raised.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

17 Issued Capital (continued)

- (ii) In 2014, 560,000 ordinary shares were issued as a result of the exercise of vested options arising from the employee shares options plan granted to employees. Options were exercised at an average price of \$0.15325 per option. (see Note 24)
- (iii) On 16 October 2014, the Group issued 150,000 ordinary shares under share-based payments. (See Note 24 for details).

18 Reserves

(a) Movements in share options & share rights reserve

	2015	2014
	\$	\$
Balance at the beginning of the year	395,808	395,808
Balance at the end of the year	<u>395,808</u>	<u>395,808</u>

(b) Movements in foreign currency translation reserve

	2015	2014
	\$	\$
Balance at the beginning of the year	335,600	94,035
Exchange difference on translation of foreign operations	(146,590)	241,565
Balance at the end of the year	<u>189,010</u>	<u>335,600</u>

(c) Movements in foreign exchange hedging reserve

	2015	2014
	\$	\$
Balance at the beginning of the year	(3,583)	(689,087)
Net change in the fair value of cash flow hedges	-	(5,119)
Reclassified to profit and loss account	5,119	984,410
Tax expense	(1,536)	(293,787)
Balance at the end of the year	<u>-</u>	<u>(3,583)</u>

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of tax, related to hedged transactions that have not yet occurred.

In 2014, the Group used USD denominated borrowings as a hedge against USD sales that were expected to occur close to the maturity date of the borrowings. The cumulative deferred gain or loss on the hedge is recognised in other comprehensive income and included within the cash flow hedge reserve in equity.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit and loss.

NetComm Wireless Limited

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For the Year Ended 30 June 2015

19 Fair Value Measurement

The Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2015 on a recurring basis are as follows:

- there were no forward contracts as at 30 June 2015 (2014: \$5,119).

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy. NetComm Wireless Limited's cash flow hedges are classed as level 2 as the inputs for fair value measurement are based on observable market data (observable inputs).

Measurement of fair value of forward contracts:

The Group's foreign currency forward contracts are not traded in active markets. The fair values of most of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates and are included in Level 2 of the fair value hierarchy.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2015 (2014: Nil).

20 Contingent Liabilities

The Group has provided certain guarantees totalling \$647,639 for performance bonds as at 30 June 2015 (2014: Nil).

There were no other contingent liabilities in existence at 30 June 2015 requiring disclosure in the financial statements.

21 Commitments

(a) Capital expenditure commitments

There were no capital expenditure commitments as at 30 June 2015 (2014: \$360,932).

(b) Expenditure commitments

i) Non-cancellable operating lease commitments

	2015	2014
	\$	\$
Not longer than 1 year	555,260	659,725
Longer than 1 year and not longer than 5 years	142,090	362,731
	<u>697,350</u>	<u>1,022,456</u>

The Group leases its offices in Australia and other countries under operating leases. Leases generally provide the right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount and in some cases an incremental contingent rental. Contingent rents are normally based on movements in the CPI or market reviews.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

21 Commitments (continued)

ii) Finance lease commitments

	2015	2014
	\$	\$
Not longer than 1 year	27,741	58,303
Longer than 1 year and not longer than 5 years	84,699	25,049
Minimum future lease payments	112,440	83,352
Less future finance charges	(9,070)	(3,882)
Present value of minimum lease payments	103,370	79,470
Included in the financial statements:		
Current borrowings (Note 14)	23,581	54,931
Non - current borrowings (Note 14)	79,789	24,539
	103,370	79,470

Finance leases relate to a motor vehicle. The Group has the option to purchase the motor vehicle at the conclusion of the lease arrangements. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

22 Cash Flow Information

Reconciliation of cash flow from operations with profit after income tax

	2015	2014
	\$	\$
Profit for the year	2,464,257	1,017,789
Non-cash flows in profit:		
Depreciation and amortisation	3,815,439	3,667,845
Interest received	(64,136)	(66,197)
Change in the fair value of cash flow hedges	3,583	685,504
Foreign exchange translation differences	(146,590)	241,565
Share-based payments	83,250	-
Changes in operating assets and liabilities:		
(Increase) in trade and other receivables	(2,982,480)	(5,964,759)
(Increase)/decrease in inventories	(2,722,220)	2,680,482
Decrease/(increase) in other assets	346,997	(96,676)
(Increase) in deferred tax assets	(58,181)	(73,569)
Increase in trade and other payables	5,475,691	3,398,393
Increase/(decrease) in other liabilities	64,506	(34,892)
Increase in provisions	98,637	201,107
Net cash from operating activities	6,378,753	5,656,592

NetComm Wireless Limited

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For the Year Ended 30 June 2015

23 Related Party Transactions

There were no related party transactions other than transactions with Key Management Personnel.

	2015	2014
	\$	\$
Short term benefits	1,751,694	2,386,472
Post employment benefits	166,684	124,567
Other long term benefits	28,681	20,894
Share-based payments	83,250	-
Total	2,030,309	2,531,933

Further information on remuneration of key management personnel can be found in the remuneration report within the Directors' Report.

24 Share-Based Payments

(a) Employee option plan

An employee share scheme was established in 1993 and current details are noted below.

The board of directors may at its discretion offer options to employees in such numbers and at such times as it thinks fit, having regard to:

- each employee's length of service;
- the contribution to the Group which has been made by the employee;
- the potential contribution of the employee to the Group; and
- any other matters which the board considers relevant.

The Board has decided to discontinue using the Options Plan in favour of the new Share Rights Plan.

Entitlement:

Each option entitles the holder to subscribe for and be allotted one share in the capital of the company at the exercise price per share.

Shares issued on the exercise of options will rank pari passu with all existing shares in the capital of the company from the date of issue.

Vesting:

All outstanding options have now vested.

Exercise of Options:

An option may be exercised:

- After an option has vested in accordance with the rules outlined above, but before expiry of the option, provided the participant is at the time of exercise an employee or director of the Group.*
- Within 180 days:*
 - Of the death, disablement or retirement of the participant; or*
 - After an option has vested in accordance with the rules outlined above and the participant resigns or is retrenched.*
- If the Board otherwise permits it.*
- If any person or that person's associate has acquired or become entitled to 40% or more of the Company's voting shares.*

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

24 Share-Based Payments (continued)

As at 30 June 2015, there were no options outstanding (2014: Nil).

No options issued to employees expired during the financial year in accordance with the rules of the Share Option Plan (2014: Nil).

There were no options exercised during the year ended 30 June 2015 (2014: 560,000).

Subsequent to year end, no options were exercised or issued to employees or directors.

Valuations of Options:

The fair value at grant date of all options is independently determined using the Binomial Approximation pricing model.

- (a) *Options are granted in accordance with the terms of the Employee Option Plan (refer above for detail),*
- (b) *The expected price volatility is based on a daily closing share price for NetComm Wireless Limited over the 12 months immediately prior to date of grant: N/A (2014: N/A),*
- (c) *The risk free interest rate is based on the 5 year Commonwealth Bond rate on date of issue: N/A,*
- (d) *The expected dividend yield is based on the dividends received by shareholders of NetComm Wireless Limited during the 12 months prior to date of grant: 0% (2014: 0%).*

On 1 July 2011 NetComm Wireless Limited "Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance.

(b) Share rights held by key management personnel

Details of share rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

PARTICIPANTS	Balance on 1 July 2014	Fair Value at grant date	Rights Exercised	Rights Lapsed	Balance at 30 June 2015	Total Vested at 30 June 2015
David Stewart	-	\$ -	-	-	-	-
Ken Sheridan	-	\$ -	-	-	-	-
Danny Morrison*	250,000	\$ 32,500	-	250,000	-	-
Steve Collins	250,000	\$ 32,500	-	250,000	-	-
Michael Cornelius	250,000	\$ 32,500	-	250,000	-	-
Total	750,000	\$ 97,500	-	750,000	-	-

* Danny Morrison passed away on 10 February 2015.

Implicit Share Price used in determining value of initial share rights:	\$0.20
Actual share price on 1 July 2011 (the date of grant):	\$0.13
Actual share price on 1 July 2012 (the first Vesting Date):	\$0.13

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

24 Share-Based Payments (continued)

(b) Share rights held by key management personnel (continued)

On July 1, 2011 NetComm Wireless Limited "Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance. Under this Plan, a Participant is made an offer of a number of Share Rights, as determined by the Board. A Share Right is an entitlement to a cash (for cash participants) or equity (for equity participants) amount equivalent to the value of one fully paid ordinary share in the Company for nil consideration, subject to the achievement of vesting conditions which include service and company performance over a 3-year period. The Share Rights will vest when the Company meets or exceeds a "performance hurdle" based on a specific EBITDA target as at the end of years 1, 2 and 3 respectively, if the Participant remains employed with the Company at that time. If the Company does not meet a performance hurdle at a given year (either year 1 or year 2), the hurdle can be "re-tested" in the subsequent year. The "re-test" would be based on a comparison of the cumulative actual EBITDA results for the current and past years compared to the targeted EBITDA results. The Board has resolved that any entitlements to shares in NetComm Wireless resulting from the EESP will be purchased on market.

As at 1 July 2014, the cumulative EBITDA performance hurdles were not met so share rights for all the participants have lapsed. Accordingly, the fair value of these Rights has been assessed as nil.

(c) Other shares issued

On 16 October 2014, the Group has issued 150,000 ordinary shares under share-based payments and the total share-based payment expenses were \$83,250 (2014: Nil).

25 Retirement Benefit Obligations

Superannuation commitments:

The Group provides employees with access to external superannuation plans that provide benefits on retirement, resignation, disability or death. This is a defined contribution plan.

26 Earnings per Share

	2015	2014
	\$	\$
Earnings reconciliation		
Net profit for the year	2,464,257	1,017,789
Basic and diluted earnings	2,464,257	1,017,789
	2015	2014
Weighted average number of ordinary shares used as the denominator	No.	No.
Number for basic earnings per share	129,005,917	128,569,808
Number for diluted earnings per share	129,005,917	128,569,808
	2015	2014
Earnings per share	Cents	Cents
Basic earnings per share	1.91	0.79
Diluted earnings per share	1.91	0.79

NetComm Wireless Limited

Notes to the financial statements

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27 Financial Instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is to focus on the global M2M and rural broadband sector. During the financial year the Group has put in place a new \$14 million facility with HSBC Australia. The new facility will better cater for the Company's ongoing working capital financing needs as the business continues to grow and will reduce the cost of debt to the Company.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated profits. Operating cash flows are used to maintain and expand the Group's assets as well as to pay for operating expenses, including tax liabilities.

(b) Financial Risk Management Objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial and exchange rate markets and seeks to minimise potential adverse effects on the Group's performance. Risk management is carried out by the Board of Directors through the Audit and Risk Management Committee.

(c) Foreign Currency Risk Management

The Group is mainly exposed to US dollars (USD) (2014: US dollars and Euros).

The Group undertakes certain transactions denominated in foreign currencies that are different from the functional currency of the respective entities undertaking the transactions, hence exposures to exchange rate fluctuations arise.

Exchange rate exposures are managed within approved policy parameters utilising hedges. The Group in particular has developed a Foreign Exchange hedging strategy to manage its Foreign Exchange Risk on future purchases using Foreign Currency (FX) Forwards. The strategy is to use USD FX Forwards as a hedge against future USD purchases related to its AUD revenues. This is to reduce the variability in the AUD cash flows arising from USD denominated purchases consisting of firm commitments and highly probable forecast transactions. Any gains or losses on revaluing of the forwards are recognised in Other Comprehensive Income and shown in the balance sheet in Equity as a "Foreign Exchange Hedging Reserve". The amount in this reserve is reversed to the Profit and Loss Account when the forwards are settled.

For the year ended 30 June 2015, circa \$1.5 million of FX forward contracts were put in place and were used as a hedge against future "Specific" purchases the Group made for one of its ISP's project. At reporting date there were no exchange contracts outstanding that needed revaluation.

In order to avoid exposure to significant foreign exchange gains or losses on revaluation of USD borrowings, the Group continues to denominate its borrowings in AUD. All other foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate 0.7680. (2014: 0.9420).

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

27 Financial Instruments (continued)

(c) Foreign Currency Risk Management (continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities holding the monetary assets and liabilities are as follows:

	Closing rate		Liabilities		Assets	
	2015	2014	2015	2014	2015	2014
US Dollars	0.768	0.942	11,207,583	4,479,697	12,890,713	6,701,527

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars (USD).

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies (arising from monetary assets and liabilities held at reporting date in a currency different to the functional currency of the respective entities holding the assets or liabilities), which represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items (including liabilities for goods in transit) and adjusts their translation at period end for a 10% change in foreign currency rates. This analysis demonstrates the impact of each 10% change of foreign currency rates against the Australian dollar on the profit or loss after tax.

	Profit or Loss	
	2015	2014
US Dollars	187,014	257,287

The foreign exchange impact in the table is attributable to the exposure outstanding on USD receivables and borrowings at year end in the Group. In management's opinion, the above sensitivity analysis is representative of the inherent foreign exchange risk during the course of the year.

The Group includes subsidiaries whose functional currencies are different to the Group's presentation currency. As stated in the Group's Accounting Policies per Note 1(c), on consolidation the assets and liabilities of this entity are translated into Australian dollars at exchange rates prevailing on the reporting date. The income and expenses of this entity are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The Group's future reported other comprehensive income could therefore be impacted by changes in rates of exchange between the Australian Dollar and the other functional currencies.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies arising from translation of foreign operations. A positive number indicates an increase in other comprehensive income where the Australian dollar weakens against the respective currency. For a strengthening of the Australian dollar against the respective currency there would be an equal and opposite impact on the other comprehensive income and other equity, and the balances below would be negative.

	Other comprehensive income	
	2015	2014
New Zealand Dollars	15,806	266,604

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Notes to the financial statements

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27 Financial Instruments (continued)

(d) Interest Rate Risk Management

The Group is exposed to interest rate risk as the parent entity borrows funds at floating interest rates. The Group does not hedge this risk through derivatives such as interest rate swaps.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(e) Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on a 50 basis point change in interest rates taking place at the beginning of the financial year and held constant throughout the reporting period, which represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/(decrease) by \$25,657 (2014: increase/(decrease) by \$21,420). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(f) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and controlled by counterparty limits that are reviewed and approved by the CFO. Trade receivables consist of a few large customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group is exposed to the credit risk. The Group has two major customers (Note 29) who generated around 50% (FY14: 52%) revenues to the Group. However, there is minimal credit risk arising from these customers based on the customer's global presence and position, historical information and previous trading experience.

Other than the item noted above, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk. Refer further detail in Note 7.

(g) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group also uses a trade payables finance facility to manage its liquidity risk.

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

27 Financial Instruments (continued)

(g) Liquidity Risk Management (continued)

The table below details the Company's and the Group's drawn and undrawn facilities.

	Consolidated	
	2015	2014
	\$	\$
Secured Bank Loan	7,000,000	9,000,000
Used at reporting date (Note 14)	2,400,000	-
Used at reporting date (Note 14)	-	2,178,370
Unused at reporting date	4,600,000	6,821,630
Amortising Facility	958,333	2,500,000
Used at reporting date (Note 14)	958,333	2,500,000
Unused at reporting date	-	-
Debtor Finance (AUD)	1,000,000	-
Surplus debtor receipts (Note 14 (iv))	(116,876)	-
Unused at reporting date	1,116,876	-
Debtor Finance (USD)	USD 3,400,000	-
Used at reporting date (Note 14 (iv))	-	-
Unused at reporting date	USD 3,400,000	-

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted avg effective interest rate %	Less than 1 month \$	1-3 months \$	3 months- 1 year \$	1-5 years \$	5+ years \$
2015						
Non-interest bearing	0.00%	6,344,417	5,383,588	-	-	-
Finance lease liability	4.49%	2,312	4,624	20,806	82,387	-
Variable interest rate instruments	4.88%	2,452,531	126,706	345,786	494,252	-
		8,799,260	5,514,918	366,592	576,639	-
2014						
Non-interest bearing	0.00%	4,032,282	1,922,045	-	-	-
Finance lease liability	8.58%	5,115	10,229	42,959	25,049	-
Variable interest rate instruments	7.24%	-	5,032,441	-	-	-
		4,037,397	6,964,715	42,959	25,049	-

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

27 Financial Instruments (continued)

(g) Liquidity Risk Management (continued)

The following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period based on the earliest date on which the Group can expect to receive. The table includes both interest and principal cash flows.

	Weighted avg effective interest rate %	Less than 1 month \$	1-3 months \$	3 months- 1 year \$	1-5 years \$	5+ years \$
2015						
Non-interest bearing	0.00%	10,274,508	3,373,112	-	-	-
Variable interest rate instruments	1.54%	3,400,344	-	122,747	-	-
		13,674,852	3,373,112	122,747	-	-
2014						
Non-interest bearing	0.00%	7,253,711	3,167,271	-	-	-
Variable interest rate instruments	1.71%	4,307,940	-	845,485	-	-
		11,561,651	3,167,271	845,485	-	-

(h) Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

The Group monitors capital on the basis of the carrying amount of equity plus its borrowings, less cash and cash equivalents as presented on the face of the statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	2015 \$	2014 \$
Borrowings	3,344,827	4,757,840
Cash and cash equivalents	(3,400,344)	(4,307,490)
Net (Cash)/Borrowings	(55,517)	450,350
Total equity	24,595,269	22,190,769
Net Borrowings to Equity ratio	-	0.02

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

27 Financial Instruments (continued)

(i) Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

28 Events after the Reporting Date

There has not arisen during the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature that has, in the opinion of the Directors of the Company, significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

29 Segment Reporting

Information reported to the chief decision maker for the purposes of resource allocation and assessment of segment performance focuses of:

- Broadband Business
- M2M Business

The Broadband business segment supplies communication devices, including but not limited to Mobile Internet Gateways, designed and manufactured for use primarily by consumer and small medium enterprises (SME). The M2M business segment division specialises in the development of advanced industrial-grade and commercial 3G /4G wireless broadband products and solutions for business continuity (disaster recovery), primary mobile broadband and remote M2M connectivity. NetComm Wireless' M2M products, solutions and services are designed to support applications in areas such as transport, metering, security, surveillance, banking, health and mining.

The following is an analysis of the Group's revenue and results by reportable operating segment.

	Revenue		Segment Profit	
	30 June 2015 \$	30 June 2014 \$	30 June 2015 \$	30 June 2014 \$
Revenue generated from external customers				
Broadband Business	40,506,032	31,345,569	3,249,516	2,416,415
M2M Business	33,757,107	33,179,424	3,988,011	2,736,227
Intersegment Revenue				
Broadband Business	1,551,358	1,271,956	-	-
M2M Business	930,701	706,374		
Intersegment Eliminations	(2,482,059)	(1,978,330)	-	-
Segment result	74,263,139	64,524,993	7,237,527	5,152,642
Other income			64,136	68,252
Depreciation and amortisation expense			(3,815,439)	(3,667,845)
Finance costs			(604,518)	(726,630)
Group Profit before tax			2,881,706	826,419
Income tax (expense)/benefit			(417,449)	191,370
Consolidated revenue and profit for the period	74,263,139	64,524,993	2,464,257	1,017,789

No segment assets and liabilities are disclosed because there is no measure of segment assets or liabilities regularly reported to the chief decision maker.

The revenue reported above represents revenue generated from external customers. Intersegment revenues represent transfers between segments, which are eliminated on consolidation.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

29 Segment Reporting (continued)

Revenues from a single customer greater than 10% of total revenues reside in both Broadband & M2M business segment.

	2015			2014		
	Broadband	M2M	Total	Broadband	M2M	Total
Customer A	14,400,752	-	14,400,752	10,908,114	-	10,908,114
Customer B	-	22,467,133	22,467,133	-	22,798,902	22,798,902
Total Revenue	40,506,032	33,757,107	74,263,139	31,345,569	33,179,424	64,524,993
Customer Share of Total (%)	36%	67%	50%	35%	69%	52%

During 2015, \$7,513,826 or 10.1% (2014: \$5,936,607 or 9.2%) of the Group's revenues were generated from New Zealand.

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

(a) Reconciliation of Group's operating segments to financial statements

	30 June 2015 \$	30 June 2014 \$
Revenue and other income		
Total reportable segment revenues	74,263,139	64,524,993
Other Segment income	64,136	68,252
Revenue & other income	74,327,275	64,593,245
Profit or Loss		
Total reportable segment operating profit	7,237,527	5,152,642
Other segment profit	64,136	68,252
EBITDA	7,301,663	5,220,894
Depreciation and amortisation expense	(3,815,439)	(3,667,845)
Finance costs	(604,518)	(726,630)
Profit before tax	2,881,706	826,419

NetComm Wireless Limited

Notes to the financial statements
For the Year Ended 30 June 2015

30 Parent Entity Disclosures

(a) Financial position

	2015	2014
	\$	\$
Assets		
Current assets	18,293,032	16,882,254
Non-current assets	20,333,454	18,466,904
Total assets	<u>38,626,486</u>	<u>35,349,158</u>
Liabilities		
Current liabilities	28,898,190	25,034,111
Non-current liabilities	834,152	262,459
Total liabilities	<u>29,732,342</u>	<u>25,296,570</u>
Equity		
Issued capital	15,432,319	15,349,069
Retained earnings/(accumulated losses)	(6,933,983)	(5,688,703)
Reserves		
General reserves	395,808	395,808
Foreign exchange hedging reserve	-	(3,586)
Total equity	<u>8,894,144</u>	<u>10,052,588</u>

(b) Financial performance

	2015	2014
	\$	\$
Loss for the year	(1,245,280)	(1,239,345)
Other comprehensive expense	(1,536)	(298,906)
Total comprehensive loss	<u>(1,246,816)</u>	<u>(1,538,251)</u>

(c) Commitments for the acquisition of property, plant and equipment by the parent entity

	2015	2014
	\$	\$
Finance lease liabilities		
Not longer than 1 year	27,741	58,303
Longer than 1 year and not longer than 5 years	84,699	25,049
	<u>112,440</u>	<u>83,352</u>

Finance leases relate to a motor vehicle. The Group has the option to purchase the motor vehicle at the conclusion of the lease arrangements. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

NetComm Wireless Limited

Notes to the financial statements

For the Year Ended 30 June 2015

30 Parent Entity Disclosures (continued)

(d) Subsidiaries

Name of subsidiary	Country of incorporation	Percentage	Percentage
		owned 2015	owned 2014
		%	%
NetComm Wireless (NZ) Limited	New Zealand	100	100
Call Direct Cellular Solutions 2003 Pty Ltd	Australia	100	100
C10 Communications Pty Ltd	Australia	100	100
NetComm Wireless (Canada) Limited	Canada	100	100
NetComm Wireless Inc.	United States of America	100	100
NetComm Wireless (UK) Limited	United Kingdom	100	100

31 Company Details

The registered office and principal place of business of the Company is:

NetComm Wireless Limited

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

NetComm Wireless Limited

Directors' Declaration

In the opinion of the directors of NetComm Wireless Limited

- (a) the consolidated financial statements and notes of NetComm Wireless Limited are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of its financial position as at 30 June 2015
 - b. and of its performance for the financial year ended on that date; and
 - c. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
- (b) There are reasonable grounds to believe that NetComm Wireless Limited will be able to pay its debts as and when they become due and payable.
- (c) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.
- (d) Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors

On behalf of the Directors



J Milne
Director
4 September 2015



D P J Stewart
Director
4 September 2015

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

Report on the financial report

We have audited the accompanying financial report of NetComm Wireless Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion the financial report of NetComm Wireless Limited:

- a is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 6 to 12 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of NetComm Wireless Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S M Coulton
Partner - Audit & Assurance

Sydney, 4 September 2015

NetComm Wireless Limited

ASX Additional Information

The shareholder information set out below was applicable as at 26 August 2015.

1) Distribution of Shareholders

Analysis of number of shareholders by size of holding:

Category of Holding	Number	Number of Shares
1 - 1,000	290	164,876
1,001 - 5,000	938	2,682,722
5,001 - 10,000	488	3,851,104
10,001 - 100,000	856	28,086,341
100,001 - share and over	134	94,264,847
Total	2,706	129,049,890

2) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Shareholder	Number of Shares	Percentage of total shares
Brad Industries Pty Ltd & Rooke Lane Pty Ltd	23,000,000	17.82%
NBT Pty Ltd & Associated Entities	6,025,242	4.67%
JP Morgan Nominees Aust Ltd	5,349,765	4.15%
National Nominees Limited	4,323,168	3.35%
UBS Nominees Pty Ltd	3,392,983	2.63%
Mr Gary John Jackson & Ms Christine Gregg	2,711,661	2.10%
UBS Wealth Management Australia Nominees P/L	2,053,974	1.59%
Askey Computer Corp	2,053,528	1.59%
Mirrabooka Investments	2,039,834	1.58%
ACK Proprietary Ltd	2,000,000	1.55%
Yarradale Investments Pty Ltd	1,832,158	1.42%
Michael John Cornelius	1,806,170	1.40%
Rapaki Pty Ltd	1,600,000	1.24%
RBC Investor Services Australia Nominee Pty Ltd	1,517,804	1.18%
Dr Colin Rose/Mathstatica Pty Ltd	1,368,322	1.06%
Caprera Pty Ltd	1,300,000	1.01%
Ms DG Leong & Mr RA Press	1,070,000	0.83%
HSBC Custory Nominees	933,613	0.72%
Mr Nicholas Andrew Roxburgh	846,000	0.66%
Mrs Cher Suey Cheah	820,000	0.64%
Total	66,044,222	51.19%

3) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

4) Substantial Shareholders

As at 26 August 2015 the substantial shareholders were as follows:

Shareholder	Number of Shares	Percentage of total shares
Brad Industries Pty Ltd & Rooke Lane Pty Ltd	23,000,000	17.82%
Ophir Asset Management Pty Ltd (shares held through JP Morgan Nominees Aust Ltd and National Nominees Limited)	7,888,563	6.11%

NetComm Wireless Limited

Corporate Directory

30 June 2015

DIRECTORS

J Milne (Non-Executive Director & Chairman)
K Boundy (Non-Executive Director)
S Black AM (Non-Executive Director)
D P J Stewart (CEO & Managing Director)
K J P Sheridan (CFO & Executive Director)

COMPANY SECRETARY

K J P Sheridan

REGISTERED OFFICE

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