

LISTING RULE 3.1 COMPLIANCE POLICY AND RULES

1. Introduction

The continuous disclosure provisions of the Corporations Act and the ASX listing rules mean that criminal and civil liabilities could be imposed on NetComm Wireless and its officers if material information is not released to the market in accordance with listing rule 3.1. This means immediately after it becomes known, unless it falls within an exception to the rule.

This document deals with:

- (a) the key obligations of:
 - directors and employees;
 - the Company Secretary; and
 - the Managing Director.
- (b) NetComm Wireless's obligations;
- (c) the type of information that needs to be disclosed;
- (d) the procedures for internal notification and external disclosure;
- (e) the procedure for promoting understanding of compliance with the disclosure requirements;
- (f) the procedures for monitoring compliance.

The rules require employees of NetComm Wireless to notify the Company Secretary or Managing Director when they become aware of previously undisclosed information which may require release to the market under listing rule 3.1. The Managing Director must decide whether or not an announcement or other action is required and initiate the announcement or other action as required.

The Board of NetComm Wireless considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers. Additionally it notes all matters which were disclosed since the last meeting.

2. Key Obligations

Key obligations for Directors and Employees:-

Directors and employees must notify the Company Secretary or Managing Director if and when they are aware of any information about NetComm Wireless that might influence someone in deciding to buy or sell NetComm Wireless securities which has not been released to the market.

Key obligations for Company Secretary:-

- Communicate with ASX in relation to listing rule matters;
- Lodge announcements with the Company Announcements Office of the ASX;
- Monitor the press and share price continuously;
- Consult with the Managing Director regarding matters for announcement to the market;
- Ensure the Board of NetComm Wireless considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers and notes all matters which were disclosed since the last meeting.

Key obligations for the Managing Director:-

- Promptly advise the Company Secretary if there are any matters required to be announced to the market;
- Authorise final form of announcement to the market.

3. NetComm Wireless's Obligations

Listing rule 3.1 requires "immediate" disclosure of any information concerning NetComm Wireless of which NetComm Wireless is or becomes aware, which a reasonable person would expect to have a material effect on the price or value of shares and/or other securities of NetComm Wireless. Section 674 of the Corporations Act reinforces listing rule 3.1 by creating criminal and civil penalties for non-compliance.

The requirement to disclose this information does not apply if, and only if, **each** of the following conditions is and remains satisfied:

- (a) a reasonable person would not expect the information to be disclosed; and
- (b) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; and
- (c) one or more of the following conditions apply:-
 - i. it would be a breach of law to disclose the information;
 - ii. the information concerns an incomplete proposal or negotiation (for example, a negotiation to enter into a new contract);

- iii. the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- iv. the information is generated for the internal management purposes of NetComm Wireless;
- v. the information is a trade secret.

If ASX considers that there is or is likely to be a false market in NetComm Wireless's securities and asks NetComm Wireless to give it information to correct or prevent a false market, NetComm Wireless must give ASX the information needed to correct or prevent the false market. This obligation to give information arises even if the exceptions outlined above apply.

4. How does NetComm Wireless become aware of information

Compliance with ASX Listing Rule 3.1 is the responsibility of NetComm Wireless the listed company. NetComm Wireless will be deemed to have become aware of information where a director or executive officer has, or ought reasonably to have, come into possession of the information in the course of performance of his/her duties as a director or executive officer of NetComm Wireless. A director or executive officer who "ought reasonably" to have come into possession of potentially relevant information should bring this information to the attention of the Managing Director.

5. Materiality

NetComm Wireless must disclose information if a reasonable person would expect that information to have a material effect on the price or value of the securities of NetComm Wireless. A reasonable person is taken to expect information to have such an effect if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell, those securities.

Neither the listing rules nor the Corporations Act define when information will be taken to have such an effect. In practice, usually a monetary test is adopted using thresholds from the accounting standards relevant to preparation of financial statements. However, other concepts of materiality are adopted in addition to a monetary threshold. For example:

- whether a matter will significantly damage NetComm Wireless's image or reputation;
- whether a matter will significantly affect NetComm Wireless's ability to carry on business in the ordinary course; or
- whether the matter involves a breach of any law or regulation.

6. The type of information that needs to be disclosed

Examples of information that might require disclosure under listing rule 3.1:-

- a change in NetComm Wireless financial forecast or expectation;
- the appointment of a receiver, manager, liquidator or administrator in respect of any loan, trade, credit, trade debt, borrowing or securities held by NetComm Wireless or any of its entities;
- a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the entity's consolidated assets. Normally an amount of 5% or more would be significant but a smaller amount may be significant in a particular case;
- a recommendation or declaration of a dividend or distribution;
- a recommendation or decision that a dividend or distribution will not be declared;
- giving or receiving a notice of intention to make a takeover;
- an agreement between NetComm Wireless (or a related party or subsidiary) and a director (or a related party of the director);
- a change in accounting policy adopted by NetComm Wireless which would have a material effect on NetComm Wireless financial results or position;
- a proposal to change NetComm Wireless auditor.

7. The Managing Director's obligations

The Managing Director is the ultimate decision-maker on NetComm Wireless continuous disclosure.

The Managing Director is primarily responsible for ensuring that NetComm Wireless complies with its disclosure obligations and is primarily responsible for deciding what information will be disclosed. In consultation with appropriate personnel, a decision will be made by the Managing Director about whether or not to disclose the information, take any necessary steps to protect its confidentiality or take steps to prevent a false market such as requiring a trading halt.

8. Obligations to notify the Managing Director

Where any information comes to light about NetComm Wireless which may need to be released, NetComm Wireless employees and directors are obliged to bring that information to the attention of the Managing Director with all possible expediency. It is the responsibility of the Managing Director to determine whether disclosure is required.

Until a decision as to whether or not to disclose information has been made, directors and employees must treat the information as strictly confidential.

9. Decision not to disclose information

If a decision is made by the Managing Director not to disclose information, the reasons for that decision must be documented at the time the decision is made and retained by the Company Secretary.

10. Confidential Information

In determining whether any information that comes to light about NetComm Wireless needs to be released, it will be necessary to determine whether the conditions permitting non-disclosure which are mentioned in Section 3 apply. In particular, a determination may need to be made as to whether the information is confidential. If a determination is made that the information is confidential, then the Company Secretary will ensure that anyone who has a copy of the information is aware that it is confidential.

The Managing Director will cause NetComm Wireless share price to be monitored on a continuous basis. If there are any unexpected movements in the share price, then the Managing Director will need to determine whether the cause of that movement relates to the unauthorized release of any confidential information. If the share price moves relates to the unauthorized disclosure of confidential information, then the Managing Director must ensure that action is taken to ensure NetComm Wireless is in compliance with its obligations, in particular, preventing false markets.

11. Relationship with media and public

A company must disclose information needed to prevent a false market. Accordingly, it may be necessary for NetComm Wireless to correct a rumour or to respond to speculation, including media speculation.

The Company Secretary and Corporate Relations will monitor the media to detect issues which may require NetComm Wireless to make an announcement or take other action under the disclosure rules.

Relevant information for release to the market must be provided to ASX under listing rule 3.1 and released to the market before it is provided to the media (even on an embargoed basis).

Care must be taken not to make comments to the media or others which could result in rumours or speculation about NetComm Wireless. Staff must comply with the media relations policy of NetComm Wireless. That policy limits media contact to the Managing Director, the Executive Director, the Chairman and Corporate Relations. Other officers and employees may only confer with the media in relation to a particular matter concerning NetComm Wireless if they have obtained the prior express approval of the Managing Director.

It is also important to ensure that any speeches or external addresses given do not result in rumours or speculation about NetComm Wireless or unauthorized disclosure. The text of all such speeches and external addresses must receive the prior endorsement of the Managing Director.

In briefings to media/public/analysts, NetComm Wireless staff must not disclose previously undisclosed material information.

12. Board consideration of disclosure

The Board of NetComm Wireless will consider whether there are any matters requiring disclosure in respect of each and every item of business that it considers. Additionally, the Board will note all matters which were disclosed since the last meeting.

13. Employment and monitoring of compliance

To promote understanding of the continuous disclosure obligations imposed on NetComm Wireless by the Corporations Act and the listing rules, a copy of this document will be provided to all directors and employees (present or future) of NetComm Wireless.

At least once in every 12 month period, the Board will review NetComm Wireless compliance with this document. From time to time and if considered necessary, the Board will update this document (and distribute an updated copy to all directors and employees) to reflect changes in NetComm Wireless business operations and changes in the Corporations Act and the listing rules.

A copy of this document has been placed on the NetComm Wireless intranet site. The induction procedures for new staff and directors must require that a copy of this document be provided to each new employee and director.

14. Share dealing by employees and directors

Any director or employee of NetComm Wireless proposing to trade in NetComm Wireless shares must comply with the Dealing Rules for Employees and Directors as amended from time to time. A copy of this document is available on the NetComm Wireless intranet site.

15. Audit

NetComm Wireless Board will annually audit NetComm Wireless adherence to the procedures set out in this document.

16. Reporting and correcting mistaken non-disclosure

Any director or employee of NetComm Wireless who becomes aware that relevant information has not been notified and disclosed in accordance with the preceding provisions, should immediately telephone the Managing Director so that appropriate action can be taken. It is far better to correct mistaken non-disclosure and lodge an

announcement belatedly than to continue to ignore the omission and fail to comply with listing rule 3.1.

17. Conclusion

Any director or employee who willfully or negligently causes a failure to comply by NetComm Wireless will be considered to have engaged in serious misconduct which may result in the termination of their engagement by NetComm Wireless.

All directors and employees are encouraged to actively consider the need for disclosure.