



NetComm Limited Annual Report 2005

SHARE THE E  PERIENCE

ADSL2+

VoIP

Wireless

Corporate Directory

Company

NetComm Limited
ABN 85 002 490 486

Directors

T.R. Winters (Non-Executive Chairman)
D.P.J. Stewart (Managing Director)
M.J. Boorne (Executive Director)
J.A. Brennan (Non-Executive Director)
J.M. Burton (Non-Executive Director)

Company Secretary

L. Luchowski

Registered Office

2-6 Orion Road
Lane Cove NSW 2066
Telephone: (02) 9424 2000
Facsimile: (02) 9427 9260

Auditor

Horwath Sydney Partnership
1 Market Street Sydney NSW 2000

Solicitors

Middletons Lawyers
52 Martin Place
Sydney NSW 2000

RBHM Lawyers

110 Pacific Highway
North Sydney NSW 2060

Bankers

National Australia Bank

Share Register

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone: 1300 855 080

Web Address

www.netcomm.com.au

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About NetComm

NetComm is Australia's most experienced provider of communications products and solutions. It is a leader in the Digital Subscriber Line (DSL), high-speed networking, wireless, hotspot and digital surveillance systems markets, and an innovator in the development of Voice over Internet Protocol (VoIP) solutions.

NetComm products are researched, developed and engineered in Australia to meet local requirements and conditions. The company has a 22-year history of growth and innovation. It was one of the first companies in Australia to develop a fully functioning wireless network and continues its strong presence in the wireless market today. It was also one of the first companies to introduce VoIP solutions to local small and medium businesses and to consumers.

The NetComm brand is synonymous with practical, affordable networking solutions for business and home. The company is also a leading provider of wireless solutions to Australian Internet Service Providers (ISPs).

NetComm's products range from simple remote access, firewalls and virtual private networks (VPNs) through to complex user and device configurations. Its offerings include:

- DSL products for high-speed access to the Internet via standard telephone lines
- Wireless broadband hardware that frees Internet users from the need for cables
- Wireless hotspots that enable building owners and managers to offer secure wireless Internet services to customers and visitors
- Internet Protocol surveillance solutions for security applications
- Networking solutions including switches, routers, print servers and network interface cards
- VoIP hardware for home and business applications
- Analogue (dial-up) modems for home, business and industrial applications
- Consumer products including multimedia players, cameras, TV cards and other peripherals under the Banksia brand.

NetComm sells its products directly to Internet Service Providers and telecommunications companies. Products for the consumer and small and medium business sectors are distributed through Ingram Micro, IT Wholesale, TODAYTECH, LAN Systems and Hitech Distribution to a national reseller network. The company also distributes consumer products through major national retail chains.

NetComm products unleash the power of broadband.



Chairman's Review



On behalf of the Board of Directors of NetComm, I am pleased to present the company's 2004-2005 annual report.

The company recorded satisfactory results in the year under review. After a small first-half loss of \$97,000, second half sales recorded an increase of 29 percent to contribute to a net profit of \$918,000 for the full year to 30 June 2005. Gross profit margins on sales for the full year remained steady.

Revenue for the year was \$20,865 million, with \$9.1 million being generated in the first half of the financial year and \$11.8 million in the second half. Earnings before interest, tax, depreciation and amortisation (EBITDA) were \$1,169 million while Net Tangible Assets rose from 8.5 cents to 9.2 cents with Earnings Per Share (EPS) of 1.3 cents.

These results reflect the strengthening of NetComm's supply chain, the closing of some major sales with leading Internet Service Providers (ISPs), and an increased focus on products at the higher end of the market where stable pricing supports stronger sales revenues.

Highlights of 2004-2005 include:

- Closing a major sale of ADSL modems to national telecommunications services provider B Digital and its subsidiary Digiplus
- Entering the Voice over Internet Protocol (VoIP) market with a range of VoIP telephone handsets and an Analogue Telephone Adaptor that allows users to make IP calls from standard telephones
- Being first to market with a new range of ADSL2+ products
- The continuing success of our rollout of Wireless HotSpots across Australia, with more than 500 installations completed
- The commencement of export sales of ADSL products

The formation of several strategic alliances and partnerships during the past financial year strengthened NetComm's position in the market, and began to contribute to the company's performance. These new relationships include an alliance with VoIP Service Provider MyNetFone, and an exclusive agreement with hospitality technology company H&L Australia to market Wireless HotSpot, digital video surveillance and ADSL solutions to the hospitality sector.

The company also continued to bring innovative new products to the market throughout the year under review, including new models in the flagship NBS router series designed for next-generation ADSL2+ broadband, and the Internet Access Controller 4000 for organisations that need to manage large numbers of Internet users.

In another innovation, NetComm became the first mass-market modem manufacturer to introduce self-installing and self-configuring software. This greatly simplifies modem installation, enabling users to install their systems and start using them quickly and easily. It also reduces the costs of installation and customer support for telecommunications carriers and Internet Service Providers.

The take-up of broadband in Australia is continuing to grow quickly at 18 percent per quarter. The Board believes that the strength of NetComm's brand, its product development pipeline, and robust marketing, distribution and support infrastructure will combine to position the company for further growth.

In conclusion, on behalf of the Board I would like to thank Managing Director David Stewart and all employees of NetComm for their dedication and contributions to the company during the past fiscal year.

A handwritten signature in black ink, which appears to read 'Terry Winters'.

Terry Winters
Chairman

Managing Director's Report



DAVID STEWART
MANAGING DIRECTOR

Your company achieved a satisfactory result for the 12 months ended 30 June 2005 despite some price volatility at the consumer end of the market and a skew in revenue towards the second half of the year.

Most importantly, the uptake of broadband in Australia continued to grow strongly, as did the availability of services and applications based on this technology. This trend will continue and we also expect to see the emergence of new opportunities – particularly in Voice over Internet Protocol (VoIP) applications.

After a period of deployment fuelled by steadily decreasing charges for broadband services, the market is now at a strategic tipping point. While high speed data sharing and Internet uploads and downloads were the main drivers of broadband uptake, now the market is beginning to embrace Triple Play – networking devices that deliver Internet Protocol (IP) based voice, video and data.

In addition to the potential for delivery of richer content and services, VoIP applications offer real cost savings to individual and business users. We believe this will provide a significant opportunity for NetComm, and a range of innovative VoIP products has already been developed and is ready for launch.

The demand for broadband services is also driving changes in the way that real estate and construction companies are

planning the infrastructure for commercial and residential developments. There is a strong trend towards pre-wiring buildings for high speed Asymmetric Subscriber Digital Line (ADSL) and ADSL2+ services, and the installation of Digital Subscriber Line Access Multiplexers (DSLAMs) – devices that link multiple customer Digital Subscriber Line connections to a single, high capacity Asynchronous Transfer Mode (ATM) line.

Already a key supplier of ADSL equipment, NetComm is well positioned to service this emerging business-to-business sector.

This ability to anticipate market trends and quickly deploy in-house engineering teams to develop products that meet emerging demand is a significant competitive advantage for your company. Another asset we have further strengthened during the year under review is NetComm's marketing, distribution and support infrastructure.

Over the past fiscal year we have signed agreements with LAN Systems and Hitech Distribution to further extend our network of value added distributors. As the Chairman has mentioned in his report, we were also successful in forming several strategic alliances that strengthened NetComm's presence in key market sectors and opened up new sales opportunities.

Our relationships with major Australian Internet Service Providers (ISPs) were also consolidated and further extended through new contracts to supply ADSL products to B Digital and Digiplus. The appointment of a business development manager for the company's ISP Division will ensure that this trend continues.

As part of a complementary product strategy, NetComm launched the new NB5 ADSL2+ modem designed to make it easier for ISPs to service their ADSL customers, and the Internet Access Controller 4000 for organisations that need to manage large numbers of people online across both wired and wireless networks. The release of the company's new self-installing and self-configuring modem software demonstrated that our innovation is not limited to hardware products. This software greatly simplifies modem installation and reduces the costs of

installation and customer support – thereby benefiting end users, telecommunications carriers and Internet Service Providers alike.

The continuing development of broadband services in Australia is also fuelling consumer demand for gaming and music downloads and other consumer applications. In order to position itself to capitalise on this demand, NetComm last year formed a new consumer electronics division called Banksia Digital. The new group has already launched its first product – a multimedia player – and more are in the pipeline.

Meanwhile, the company maintained its healthy lead in the analogue (dial-up) modem sector over the past fiscal year. New products are being readied for announcement in the coming year to ensure that this category will continue to make a strong contribution to the performance of NetComm.

There were also promising indications during 2004-2005 that export markets will provide new opportunities for your company across multiple product categories. Enquiries have been received from the Middle East, South Africa, the United Kingdom and New Zealand, among others. Accordingly, we are now increasing our participation in international trade shows and negotiating new partnerships and alliances that will extend NetComm's reach into high potential geographic markets.

The company turned in a creditable performance in the year under review. I am confident that our investments in product development and in strengthening our marketing, sales, distribution and support infrastructure will drive further growth in profitability over the coming year.



David P.J. Stewart
Managing Director



Board of Directors



TERRY WINTERS

MR TERRY WINTERS, FAICD, NON-EXECUTIVE CHAIRMAN

The founder and former CEO of Link Telecommunications and visionary behind the formation of Optus Communications, Mr Winters has more than 30 years experience in the telecommunications industry. Mr Winters is currently a director of Commander Communications Limited and is Chairman of Opportunity International Australia, the Multiple Sclerosis Society of Victoria (MSV), Future Fibre Technologies Pty Ltd and Protocom Developments Pty Ltd.



DAVID STEWART

MR DAVID P J STEWART, MANAGING DIRECTOR

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 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. 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.

Board of Directors



MICHAEL BOORNE

MR MICHAEL J BOORNE, EXECUTIVE DIRECTOR

Mr Boorne was the founder and Managing Director of Mike Boorne Electronics Pty Limited for 16 years prior to the acquisition of its business assets by NetComm Limited in November 2001. Mr Boorne combined his superior technical expertise in electronics with sound commercial judgment to ensure his company continually traded profitably from the design and distribution of the 'Spirit' brand of communication devices. He now brings those skills and experiences to NetComm Limited in his executive role and is the second largest shareholder of NetComm.

Mr Boorne holds a diploma in Electronics Engineering and is a director of numerous private companies and organisations.



JOHN A BRENNAN

MR JOHN A BRENNAN, FAICD, FAIM, NON-EXECUTIVE DIRECTOR

Mr Brennan is Managing Director of John David Cooper and Associates Pty Limited, a management consulting company focused on the development and deployment of e-business strategies for mid to large-sized organisations. His previous roles include National General Manager, Corporate and Government Sales for Telstra, General Manager Corporate Services for Advance Bank and Regional Manager (Computers and Telecommunications) with the PA Consulting Group. Mr Brennan is a director of Comindico Holdings Pty Ltd, Slainte Benchmarking Pty Ltd and is on the Executive Committee of Tyrrell's Vineyards Pty Limited.



JOHN M BURTON

MR JOHN M BURTON, NON-EXECUTIVE DIRECTOR

With more than 25 years experience in the telecommunications industry, both in Australia and overseas, Mr Burton has an in-depth understanding of the factors that drive commercial success in the telecommunications arena. His professional background includes senior management roles with Telecom (now Telstra), KPMG Management Consulting, DSC Communications and Nextgen Networks. Mr Burton is also the Chairman of Spatial Vision Innovations Pty Ltd, a company that uses digital technology to address business and environmental problems. He is currently the CEO of Manson Consulting, a company which provides consultancy services to a range of telecommunications organisations.

Corporate Governance

Governance Policy Statement

NetComm has a sincere commitment to effective governance in order to:-

- (i) Enhance organizational performance;
- (ii) Understand and manage risks to minimize the negative aspects and maximize the opportunities;
- (iii) Strengthen shareholder confidence;
- (iv) Enhance its public reputation through enhanced transparency and accountability;
- (v) Demonstrate how it is discharging its legal, shareholder and ethical obligations;
- (vi) Provide a mechanism for benchmarking accountability;
- (vii) Assist in the prevention and detection of fraudulent, dishonest and/or unethical behaviour.

Documents forming part of NetComm's Governance Policy are:-

- (a) Board charter
- (b) Audit Committee charter
- (c) Nomination and Remuneration Committee charter
- (d) Risk Management Policy
- (e) Code of ethics and conduct

The Principles of Good Corporate Governance and Best Practice Recommendations as put forward by the ASX Corporate Governance Council have been integrated into NetComm's operations, as follows:-

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

"Recognise and publish the respective roles and responsibilities of board and management" – NetComm has adopted a formal Board Charter that sets out the functions reserved to the Board and those delegated to the Managing Director. The division of functions is reviewed periodically, as required.

Specifically the Board is responsible for:-

- (a) The strategic direction of the company.
- (b) Approving budgets and other performance indicators and reviewing performance against them and initiating corrective action when required.
- (c) Ensuring compliance with applicable laws.
- (d) Ensuring that risks facing the Company have been identified, assessed and that the risks are being properly managed.
- (e) Ensuring that policies on key issues are in place and are appropriate and reviewing compliance with policies.
- (f) Adopting the most effective structure that best assists the governance process.
- (g) Approving and fostering an appropriate corporate culture matched to the company's values and strategies.
- (h) Appointing the managing director and evaluating his or her ongoing performance against predetermined criteria.
- (i) Approving remuneration for the managing director and remuneration policy and succession plans for the managing director and senior management.
- (j) Taking into account the interests of all shareholders.

The Chairman is responsible for leading the Board in those duties, while the Managing Director is responsible for the efficient and effective operation of NetComm Limited, including bringing material matters to the attention of the Board. The Board has no operational involvement in the day-to-day management of the company. The roles of Chairman and Managing Director are separated and, under Board policy, the Managing Director may not become Chairman whilst he holds the position of Managing Director.

2. STRUCTURE THE BOARD TO ADD VALUE

"Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties" – NetComm's board is so structured and its directors have adequately discharged their responsibilities and duties to the benefit of shareholders.

Skills and Experience – A common thread among NetComm's present board of directors is their long term involvement in the IT&T industry at a senior managerial level. They also bring strong financial skills as well as sales and marketing skills. The NetComm Board consists of five directors (three non-executive and two executive). The experience and qualifications of each Board member are further discussed on page 6 and 7 of the annual report to shareholders.

Independence – The majority of NetComm's directors are independent of the management team, substantial shareholders and any commercial dealings with the company. The board chairman is independent of management.

Where a director becomes aware of a conflict of interest or a potential conflict of interest, that member formally declares the conflict and accepts the guidance of the board.

Board Committees

Nomination and Remuneration Committee (see charter):-

NetComm's Board has reviewed the duties of its Remuneration Committee and has added the function of "nominations" to its responsibilities. The newly formed Nomination and Remuneration Committee comprises two independent non-executive directors and one executive director. The Committee's responsibilities include setting Board competence standards, reviewing succession plans, evaluating the Board's performance and making recommendations for:-

- A. Executive remuneration and incentive policies;
- B. Remuneration packages of senior management;
- C. NetComm's recruitment, retention and termination policies for senior management;
- D. Incentive schemes;
- E. Superannuation arrangements; and
- F. The remuneration framework for directors.

The members of the Nomination and Remuneration Committee during the year were:-

- Mr T R Winters (Committee Chairman);
- Mr J M Burton; and
- Mr D P J Stewart

Audit Committee (see charter):-

The Audit Committee primary functions and responsibilities are:-

- (a) Review the integrity of NetComm's financial information and systems, internal and external reporting;
- (b) Review and assess the external auditors' activities, scope and independence;
- (c) Review the management process for the identification of significant business risks and exposures and review and assess the adequacy of management information and internal control structures; and
- (d) Provide assurance to the full Board that NetComm is adequately managing risks relating to corporate governance and business operations and is maintaining appropriate controls against conflicts of interest and fraud.

The Audit Committee consists of three independent, Non Executive Directors. The members of the Audit Committee during the year were:-

- Mr J A Brennan (Committee Chairman);
- Mr T R Winters; and
- Mr J M Burton.

Independent Advice – NetComm directors may seek external professional advice at the expense of the company on matters relating to their role as directors of NetComm, however they must first request approval from the Chairman, which approval shall not be unreasonably withheld. If approval is withheld the matter may be referred to the whole Board.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

"Actively promote ethical and responsible decision-making" – NetComm has formally adopted a Code of Ethics and Conduct which promotes ethical and responsible decision making by directors, executives and employees. The Code requires high standards of honesty, integrity, fairness and equity in all aspects of employment with NetComm. The Code also sets the task for management of delivering shareholder value with the oversight of the Board, through the sustainable and efficient operation of the company.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

"Have a structure to independently verify and safeguard the integrity of the company's financial reporting" – NetComm believes its practices in this regard are in accordance with this principle.

NetComm has a highly structured six-monthly reporting process, culminating in Board sign-off and release of financial results to the market. The Managing Director and Financial Controller provide letters of assurance to the Board for each half-year and full-year results.

NetComm's Audit Committee is constituted in accordance with the guidelines, and its responsibilities and composition requirements are set out in the Audit Committee Charter.

Amongst other things, the Audit Committee has specific responsibility for recommending the appointment or dismissal of external auditors and monitoring and reviewing any non-audit work carried out by the external audit firm. No director has any association, past or present, with NetComm's external auditors.

External Audits – NetComm is required to undergo several regulatory audits each year in order to provide assurances to the market regulator (ASIC) and NetComm's customers regarding the operational integrity of NetComm systems and processes. The external Auditor has full and free access to NetComm staff and NetComm records. The external Auditor, Horwath, under the scrutiny of the Audit committee, presently conducts these regulatory audits in return for reasonable fees.

5. MAKE TIMELY AND BALANCE DISCLOSURE

"Promote timely and balanced disclosure of all material matters concerning the company" NetComm fulfills its disclosure responsibilities ensuring compliance with ASX Listing Rule disclosure requirements. The Managing Director and Company Secretary work together to ensure that company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. The Managing Director has ultimate authority and responsibility for approving market disclosure.

NetComm considers its disclosed discussion of financial results falls within the scope outlined in the guidelines. This disclosure includes availability of materials on the NetComm website.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

"Respect the rights of shareholders and facilitate the effective exercise of those rights". NetComm has documented a shareholder communication policy, as recommended in the guidelines, which represents a formalized summary of longstanding practices and aims.

The policy identified disclosure and transparency as important qualities for NetComm's investors and prospective investors. NetComm therefore aims to ensure the quality and clarity of communication with shareholders, using available methods and technologies.

Shareholder meetings represent an opportunity for shareholders to meet with and question the Board and management of NetComm. NetComm's external auditor attends all annual general meetings and is available to answer shareholder questions.

NetComm's website is a key source of information for NetComm's shareholders and prospective shareholders. NetComm places all company announcements on the site immediately following confirmation of their release to the market. NetComm also displays annual reports to shareholders, speeches and presentations given by the Chairman and Managing Director.

Further communication with shareholders occurs with periodic dividend payments and the distribution of annual reports (unless shareholders have chosen not to receive these). Email is also an important method of communication for investors. Key announcements can be received by email where shareholders provide their details to NetComm.

7. RECOGNISE AND MANAGE RISK

"Establish a sound system of risk and oversight management and internal control". NetComm takes this responsibility seriously and have put in place appropriate means of risk management.

The Audit Committee has responsibility for reviewing the risk management framework and policies within NetComm. The Board annually workshops a risk matrix for the whole of NetComm. Risk is broadly considered anything that may impede the achievement of effective company operation and NetComm's strategic goals.

NetComm also considers the safety and security of its people, buildings and technology systems as part of organizational risk management.

NetComm has adopted a policy requiring the Managing Director and Financial Officer to state to the Board in writing to the best of their knowledge that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

8. ENCOURAGE ENHANCED PERFORMANCE

"Fairly review and actively encourage enhanced board and management effectiveness". NetComm's Board has put in place measures to implement this principle.

Each year the Board undertakes the following activities:

- (a) the chairman meets with each non-executive director separately to discuss individual performance and ideas for improvement; and
- (b) the Board as a whole discusses and analyses its own performance during the year including suggestions for change or improvement.

Prior to the commencement of each financial year, the Board agrees to key responsibility areas (KRAs) and performance targets against each KRA. Following the end of a financial year, an analysis is presented to the Board for their discussion, setting out how the Board has performed against the KRAs.

9. REMUNERATE FAIRLY AND RESPONSIBLY

"Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined". NetComm's Board has put in place satisfactory measures to implement this principle.

NetComm discussion on board policy for determining the nature and amount of emoluments of board members and senior executives of the company and the relationship between such policy and the company's performance is provided in the Directors' Report section of the annual report on page 14.

10. RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

"Recognise legal and other obligations to legitimate stakeholders". NetComm has a diverse range of stakeholders and has a number of measures in place that recognise their interests.

The NetComm Code of Ethics and Conduct guides compliance with legal requirements and ethical responsibilities. The Code also sets a standard for employees dealing with NetComm's obligations to other external stakeholders. The Code applies equally to staff, executives and directors.

NetComm's Code formally addresses the privacy of information given to NetComm, conflict escalation, occupational health and safety and Trade Practices Act compliance training for relevant staff.

NetComm supports a number of community and charity organizations.

NetComm acknowledges that, beyond its accountability as a public corporation to its shareholders, it also carries the expectation of a wider set of stakeholders. NetComm endeavours to fulfill these marketplace expectations through, for example, the provision of product training to relevant sections of its customer base, ongoing customer support and online market information.



Financials

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DIRECTOR'S REPORT

Your directors submit their report on the financial statements of NetComm Limited for the year ended 30 June 2005

1. DIRECTORS

The names of the Directors of the Company in office during the whole of the financial year and up to the date of this report are:

T R Winters	Non-Executive Chairman
D P J Stewart	Managing Director
M J Boorne	Executive Director
J A Brennan	Non Executive Director
J M Burton	Non Executive Director

2. PRINCIPAL ACTIVITIES

The principal activities for the group during the period were the design, importation, distribution and support of communications and networking devices (analogue modems, wired networking devices, wireless networking devices, routers and ADSL modems) via its established broad-base national and state distributors, leading retailers, telecommunications carriers and internet service providers.

NetComm Limited is a public company listed on the Australian Stock Exchange (ASX Code:NTC), incorporated and operating in Australia.

3. RESULTS AND DIVIDENDS

	2005 \$	2004 \$
Total Revenue	20,865,483	23,849,741
EBITDA from Continuing Business	1,169,533	2,209,812
Operating Profit from Continuing Business	918,411	1,915,050
Income Tax Expense attributable to all activities	Nil	Nil
Net Profit	918,411	1,915,050
Dividend (cents per share)	0.75	1.3

For the financial year ended 30 June 2005. The directors have resolved to pay a final ordinary dividend of 0.75 cents per share on 3 October 2005.

DIRECTOR'S REPORT

4. OPERATING AND FINANCIAL REVIEW

During the period of this report the Group has:

- after a challenging first half, NetComm achieved strong sales growth in excess of 29% in the second half to record an EBITDA of \$1,169,533 and Net Profit of \$918,411 for the year.
- focussed on core competencies & operational efficiencies across all facets of the business resulting in a further reduction in operating expenses.
- continued to develop new products to meet the strengthening demand for ADSL and ADSL2+ equipment used for high speed Internet connections, and to address the emerging opportunity for Voice over Internet Protocol (VoIP) telephony products in the home and business markets. In addition, the Group has further strengthened its relationships with major Australian Internet Service Providers (ISPs), continued the successful deployment of its Wireless HotSpots across Australia and commenced export sales of ADSL products.
- generated positive cashflow of \$725,821 (2004:\$2,285,751) from operating activities. The funds have been used to upgrade infrastructure and to increase working capital. The Group expects to improve on the level of positive operating cash in the 2006 fiscal year allowing the continued strengthening of its working capital position.
- improved its financial position as at 30 June 2005 which showed a significant increase in working capital (\$942k) and a modest level of intangible assets (\$84k). The combination of a positive outlook coupled with prudent business and accounting practises will ensure that the funding requirements for future growth are met internally and that the Group continues to remain debt free.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year.

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

At the date of this report, the Group is in the process of releasing a new range of Voice over Internet Protocol (VoIP) telephony products for the home and office markets. As steadily decreasing charges for broadband services continue to stimulate demand for ADSL and ADSL2+, the market is indicating a stronger interest in Triple Play networking devices that can deliver Internet Protocol (IP) based voice, video and data. In addition to delivering richer content and services, VoIP applications offer real cost savings to individuals and business users.

In addition to maintaining a flow of innovative new products to market, NetComm continues to strengthen its marketing, distribution and support infrastructure. The Group is also stepping up its sales of products across multiple categories to promising export markets, and positioning itself to meet the growing demand for Digital Subscriber Line Access Multiplexers (DSLAMs) in the business-to-business sector.

DIRECTOR'S REPORT

The Directors expect that the Group's ability to anticipate these market and technology trends, and develop innovative products to meet emerging demand, will position the company for further growth in the coming year. They expect that revenues and profits for the 2006 full year will exceed those of 2005 and are committed to significantly growing profits to allow for the payment of future dividends.

NetComm also expects to continue to develop strategic relationships with other companies when these relationships are seen as beneficial to NetComm.

7. DIRECTORS' INTERESTS

As at the date of this report, the interests of the Directors in the shares of the Company were:

	Ordinary Shares	Options
T R Winters	206,250	-
D P J Stewart	20,029,754	-
M J Boorne	6,022,700	-
J M Burton	322,795	-
J A Brennan	222,795	-

The Managing Director, Mr David Stewart, has a service contract which expires in November 2005. This agreement will be automatically renewed for successive periods of twelve months but may be terminated by 12 months written notice by either party.

Boorne Management Pty Limited, a company associated with Executive Director Mr Michael Boorne, has entered into a Consulting Agreement with NetComm Limited for the provision of services by Mr Boorne. This agreement terminates on 31 October 2005, and is renewable by agreement between the parties. Either party may terminate the agreement by 90 days written notice.

Other than these contracts, none of the Directors have any direct or indirect interest in any material contracts with the Group.

8. CORPORATE GOVERNANCE

The Directors of NetComm 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 Limited reaffirm their support for the principles of corporate governance and transparency and have reviewed their policies with regard to current best practice. The group's corporate governance statement is contained in the additional ASX information section of this annual report.

DIRECTOR'S REPORT

9. DIRECTORS' MEETINGS

	Directors Meetings		Audit Committee		Remuneration Committee Meetings	
	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible
T R Winters	7	7	2	2	1	1
D P J Stewart	7	7	-	-	1	1
J A Brennan	7	7	2	2	-	-
J M Burton	6	7	2	2	1	1
M Boorne	5	7	-	-	-	-

10. INFORMATION ON DIRECTORS

Mr Terry Winters, FAICD, Non-Executive Chairman

The founder and former CEO of Link Telecommunications and visionary behind the formation of Optus Communications Pty Ltd, Mr Winters has more than 30 years experience in the telecommunications industry. Mr Winters is currently a director of Commander Communications Limited and is Chairman of Opportunity International Australia, the Multiple Sclerosis Society of Victoria (MSV), Future Fibre Technologies Pty Ltd and Protocom Developments Pty Ltd.

Mr David P J Stewart, Managing Director

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 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. 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.

Mr Michael J Boorne, Executive Director

Mr Boorne was the founder and Managing Director of Mike Boorne Electronics Pty Limited for 16 years prior to the acquisition of its business assets by NetComm Limited in November 2001. Mr Boorne combined his superior technical expertise in electronics with sound commercial judgment to ensure his company continually traded profitably from the design and distribution of the 'Spirit' brand of communication devices. He now brings those skills and experiences to NetComm Limited in his executive role and is the second largest shareholder of NetComm.

Mr Boorne holds a diploma in Electronics Engineering and is a director of numerous private companies and organisations.

DIRECTOR'S REPORT

Mr John A Brennan, FAICD, FAIM, Non-Executive Director

Mr Brennan is Managing Director of John David Cooper and Associates Pty Limited, a management consulting company focused on the development and deployment of e-business strategies for mid to large-sized organisations. His previous roles include National General Manager, Corporate and Government Sales for Telstra, General Manager Corporate Services for Advance Bank and Regional Manager (Computers and Telecommunications) with the PA Consulting Group. Mr Brennan is a director of Slainte Benchmarking Pty Ltd, and is on the Executive Committee of Tyrrell's Vineyards Pty Limited

Mr John M Burton, Non-Executive Director

With more than 25 years experience in the telecommunications industry, both in Australia and overseas, Mr Burton has an in-depth understanding of the factors that drive commercial success in the telecommunications arena. His professional background includes senior management roles with Telecom (now Telstra), KPMG Management Consulting, DSC Communications and Nextgen Networks. Mr Burton is also the Chairman of Spatial Vision Innovations Pty Ltd, a company that uses digital technology to address business and environmental problems. He is currently the CEO of Manson Consulting, a company which provides consultancy services to a range of telecommunications organisations.

Ms Lorraine Luchowski, Company Secretary

Lorraine Luchowski joined NetComm Limited in July 1996 as Assistant to the company's then Legal Counsel. She comes from a legal background and has many years paralegal experience. Lorraine is P.A. to the Managing Director and heads up NetComm's administration. Ms Luchowski was appointed Company Secretary in January 2003.

11. REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of NetComm Limited.

Principles used to determine the nature and amount of remuneration

The remuneration committee, consisting of two non-executive and one executive director reviews the remuneration packages of all directors and specified executives on an annual basis and makes recommendations to the Board. 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 Board links the nature and amount of the Executives' and Directors' emoluments to the company's financial and operational performance.

DIRECTOR'S REPORT

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Directors

The following persons were directors of NetComm Limited during the financial year:

T R Winters – Non –Executive Chairman

D P J Stewart – Managing Director

M J Boorne – Executive Director

J A Brennan – Non –Executive Director

J M Burton – Non –Executive Director

Executives

The following persons hold executives positions with authority for the strategic direction and management of the consolidated entity.

S M Piry – Financial Controller

They were no other executives of the consolidated entity at balance date.

Service agreements and bonus schemes

The following directors have service agreements with NetComm Limited

D P J Stewart, Managing Director

- Term of agreement: Commenced 13 October 1999 for an initial 12 month period and automatically renewed for successive periods of 12 months.
- Salary package at commencement of contract \$300,000 p.a. reviewed annually, and paid in equal fortnightly instalments
- A bonus is payable based on the achievement of pre-determined financial and operational criteria agreed upon by the remuneration committee. The bonus is payable every 6 months at the discretion of the remuneration committee. They were no bonuses payable in the year-ended 30 June 2005.
- The agreement may be terminated by 12 months written notice by either party.

DIRECTOR'S REPORT

M J Boorne, Executive Director

- Term of agreement: Commenced 13 November 2001 for an initial 12 monthly period and automatically renewed until such further time as agreed by the parties
- Base Management fee at commencement of contract \$200,000 p.a. reviewed annually, and paid in equal monthly instalments within 14 days of the receipt of an invoice.
- A bonus is payable based on the achievement of pre-determined financial and operational criteria agreed upon by the remuneration committee. The bonus is payable every 6 months at the discretion of the remuneration committee. There were no bonuses payable in the year-ended 30 June 2005.
- The agreement may be terminated by 3 months written notice by either party.

There are no service agreements with the specified executives.

Details of each element of the emoluments of each director of NetComm Limited and each of the specified executives of the company receiving the highest emoluments and with the greatest authority for strategic direction and management are set out in the following tables:

Year-ended 30 June 2005*

	Primary Salary & Fees	Car Allowance	Post Employment Superannuation	Equity Options	Total
Directors					
T R Winters	48,000	-	-	-	48,000
D P J Stewart	299,423	20,000	10,577	-	330,000
M J Boorne	250,000	-	-	-	250,000
J A Brennan	24,000	-	-	-	24,000
J M Burton	24,000	-	-	-	24,000
	645,423	20,000	10,577	-	676,000
Executives					
S M Pirry	75,006	3,250	7,492	3,926	89,674
M C Jones**	70,075	1,538	846	368	72,827
	145,081	4,788	8,338	4,294	162,501

*Figures have been subject to audit.

** M C Jones left the Company on 21/7/04. Salaries and fees includes termination benefits of \$70,662.

DIRECTOR'S REPORT

Year- ended 30 June 2004*

	Primary Salary & Fees	Car Allowance	Post Employment Superannuation	Equity Options	Total
Directors					
T R Winters	36,000	-	-	-	36,000
D P J Stewart	314,307	107,100	16,696	-	438,103
M J Boorne	250,000	93,075	-	-	343,075
J A Brennan	18,000	-	-	-	18,000
J M Burton	18,000	-	-	-	18,000
	636,307	200,175	16,696	-	853,178
Executives					
M C Jones	125,256	24,516	10,405	5,174	165,351
S M Piry	72,182	-	6,437	4,381	83,000
	197,438	24,516	16,842	9,555	248,351

* Figures have been subject to audit

In accordance with Australian Standards and Australian Securities Investment Commission guidelines, the options have been valued, as at grant date and that value has been apportioned over the period from the grant date to the vesting date. The estimated options value has been calculated using the Black-Scholes method.

Options have been issued at fair value based on the following assumptions:

- Risk free rate, 5 year Commonwealth treasury bond rate on date of issue
- Annualised dividend rate 0%-4.25%
- Standard deviation annualised 60-88%

Options provided as remuneration

No options over ordinary shares were provided as remuneration to directors or executives during the financial year.

No options have been granted as remuneration to the directors or specified executives since the end of the financial year.

DIRECTOR'S REPORT

Option holdings

The number of options held during the financial year by each director of NetComm Limited and each of the specified executives of the consolidated entity, including their personally related entities are set out below.

Name	Balance at start of year	Granted during the year as Remuneration	Other changes	Balance at end of year	Vested and exercisable
Directors					
T R Winters	-	-	-	-	-
D P J Stewart	-	-	-	-	-
M J Boorne	4,750,000	-	(4,750,000)	-	-
J A Brennan	1,129,784	-	(1,129,784)	-	-
J M Burton	1,129,784	-	(1,129,784)	-	-
Executives					
M C Jones	250,000	-	(250,000)*	-	-
S M Piry	200,000	-	(15,000)	185,000	45,000

*75,000 options were exercised and 175,000 options expired upon termination of his employment.

DIRECTOR'S REPORT

Shareholdings

The number of shares held during the financial year by each director of NetComm Limited and each of the specified executives of the consolidated entity, including their personally related entities are set out below

Name	Balance at start of year	Other changes during the year	Balance at end of year
------	--------------------------	-------------------------------	------------------------

Directors

T R Winters	206,250	-	206,250
D P J Stewart	20,029,754	-	20,029,754
M J Boorne	5,403,770	618,930	6,022,700
J A Brennan	322,795	(100,000)	222,795
J M Burton	322,795	-	322,795

Executives

S M Piry	50,258	15,000	65,258
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Options exercised during the year

	Number Of Options	Grant Date	Exercise Date	Expiry Date	Exercise price \$	Proceeds from shares issued	Number from shares issued	Issue Date	Fair value of shares Issued \$
2005	15,000	22/8/03	14/10/04	22/8/08	0.14	2,100	15,000	18/10/04	0.093
	75,000	22/8/03	22/08/04	22/8/08	0.14	10,500	75,000	26/08/04	0.093

No directors or executives exercised any options during 2004.

DIRECTOR'S REPORT

12. SHARE OPTIONS

Options to acquire shares:

At the date of this report, there are 1,415,000 options (2004: 1,385,000) issued to 24 employees (2004: 18) to acquire ordinary shares. These options progressively vest on an annual basis commencing 12 months from the date of issue, details as follows:

Number of Options	Exercise Price	Expiry Date
150,000	\$0.18	26 April 2006
365,000	\$0.07	21 February 2007
130,000	\$0.08	29 August 2007
35,000	\$0.14	22 August 2008
150,000	\$0.26	23 January 2009
10,000	\$0.28	24 June 2009
325,000	\$0.20	13 December 2009
<u>250,000</u>	\$0.14	24 June 2010
<u>1,415,000</u>		

460,000 options issued to employees expired during the financial year in accordance with the rules of the Shares Option Plan.

650,000 new options were issued in accordance with the rules of the Share Option Plan during the year.

Number of Options	Exercise Price	Expiry Date
400,000	\$0.20	13 December 2009
<u>250,000</u>	\$0.14	24 June 2010
<u>650,000</u>		

237,500 options issued to employees were exercised during the financial year.

7,500 options were exercised subsequent to year end on 15 July 2005.

At the date of this report, unissued shares under the above options totalled 1,415,000 ordinary shares. No person entitled to exercise these options had or has any right, by virtue of the options, to participate in any share issue of any other body corporate.

The names of all holders of options are entered in the Company's Register of Option Holders, inspection of which may be made free of charge.

DIRECTOR'S REPORT

13. INDEMNIFICATION AND INSURANCE OF DIRECTORS

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 secretary 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.

14. ENVIRONMENTAL REGULATION

The consolidated entity is not subject to significant environmental regulation.

15. AUDITORS INDEPENDENCE DECLARATION TO THE DIRECTORS OF NETCOMM LTD

The directors received the independence declaration from the auditors of NetComm Ltd which is attached to the directors report.

16. NON-AUDIT SERVICES

The following non-audit services were provided by the entities associated with the Group's auditor, Horwath Sydney Partnership ("Horwath"). The directors are satisfied that the provision of non audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service means that auditor independence was not compromised.

Horwath received or are due to receive the following amounts for the provision of non audit services:

	\$
Tax Compliance Services	5,430
Accounting Advice	2,000
General Consulting	<u>750</u>
	<u>8,180</u>

DIRECTOR'S REPORT

This report is made in accordance with a resolution of the directors.

Dated 15 September, 2005.



T R Winters
Chairman



D P J Stewart
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION



15 September 2005

The Board of Directors
NetComm Limited
Unit 1
6 Orion Road
Lane Cove NSW 2066

Horwath Sydney Partnership
ABN 30 856 062 171
Chartered Accountants
1 Market Street Sydney NSW 2000
GPO Box 1455 Sydney NSW 2001
DX 13004 Sydney Market Street
(02) 9372 0777 Main
(02) 9372 0606 Fax
sydney@horwath.com.au

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with my audit of the financial report of NetComm Limited for the year-ended 30 June 2005 and in accordance with the provisions of the Corporations Act 2001.

As lead auditor I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this audit.

HORWATH
SYDNEY PARTNERSHIP

A handwritten signature in black ink, appearing to read "Michael P. Stibbard", written over a horizontal line.

MICHAEL P STIBBARD
Partner

Horwath Sydney Partnership is an independent practice. Other Horwath practices operate in each of the nation's financial centres.
Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2005

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenue from ordinary activities	2.	20,865,483	23,849,741	20,354,848	21,384,220
Expenses from ordinary activities	3.	(19,947,072)	(21,934,691)	(19,442,678)	(19,487,373)
Profit from ordinary activities before income tax expense		918,411	1,915,050	912,170	1,896,847
Income tax expense relating to ordinary activities	5.	-	-	-	-
Profit from ordinary activities after related income tax expense	19.	918,411	1,915,050	912,170	1,896,847
Total changes in equity attributable to NetComm Limited other than those resulting from transactions with owners as owners	19.	918,411	1,915,050	912,170	1,896,847
Basic Earnings per Share - cents	28.	1.25	2.73		
Diluted Earnings per Share - cents	28.	1.24	2.54		
Dividends per Share - cents	6.	0.75*	1.3		

The accompanying notes form part of and are to be read in conjunction with this financial statement.

These financial statements should be read in conjunction with the attached report by Horwath Sydney Partnership.

*Calculated on final dividend in respect of the financial year ended 30 June 2005, resolved subsequent to year-end.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2005

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
CURRENT ASSETS					
Cash Assets	7.	2,157,585	2,344,987	2,157,585	2,344,987
Receivables	8.	3,332,028	3,463,713	3,332,028	3,421,706
Inventories	9.	3,320,716	1,883,992	3,320,716	1,883,992
Other	11.	282,814	152,828	282,814	152,828
TOTAL CURRENT ASSETS		9,093,143	7,845,520	9,093,143	7,803,513
NON-CURRENT ASSETS					
Other Financial Assets	10.	-	-	1,938	1,938
Property, Plant and Equipment	12.	610,294	409,105	610,294	409,105
Intangibles	13.	84,000	144,000	84,000	144,000
TOTAL NON-CURRENT ASSETS		694,294	553,105	696,232	553,105
TOTAL ASSETS		9,787,437	8,398,625	9,789,375	8,398,625
CURRENT LIABILITIES					
Payables	14.	2,586,714	1,592,985	2,642,164	1,600,187
Provisions	15.	156,536	674,172	156,536	674,172
TOTAL CURRENT LIABILITIES		2,743,250	2,267,157	2,798,700	2,274,359
NON-CURRENT LIABILITIES					
Provisions	16.	15,719	44,754	15,719	44,754
TOTAL NON CURRENT LIABILITIES		15,719	44,754	15,719	44,754
TOTAL LIABILITIES		2,758,969	2,311,911	2,814,419	2,319,113
NET ASSETS		7,028,468	6,086,714	6,974,956	6,039,443
EQUITY					
Contributed Equity	17.	6,062,786	29,533,575	6,062,786	29,533,575
Retained Profits/(Accumulated Losses)	18.	965,682	(23,446,861)	912,170	(23,494,132)
TOTAL EQUITY	19.	7,028,468	6,086,714	6,974,956	6,039,443

The accompanying notes form part of and are to be read in conjunction with this financial statement.

These financial statements should be read in conjunction with the attached report by Horwath Sydney Partnership.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2005

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Receipts from customers (inclusive of GST)		23,202,332	23,762,517	22,462,427	20,786,969
Payments to suppliers and employees (inclusive of GST)		(22,587,716)	(21,555,758)	(21,847,811)	(18,578,275)
Interest received		111,205	78,992	111,205	78,992
Interest and other costs of finance paid		-	-	-	-
Net cash flow provided by operating activities	22.	725,821	2,285,751	725,821	2,287,686
Cash Flows from Investing Activities					
Payment for investment in subsidiary		-	-	-	(1,935)
Acquisition of plant and equipment		(392,312)	(319,448)	(392,312)	(319,448)
Net cash flow used in investing activities		(392,312)	(319,448)	(392,312)	(321,383)
Cash Flows from Financing Activities					
Proceeds from issue of securities		1,211,400	5,472	1,211,400	5,472
Dividends paid		(544,254)	(687,795)	(544,254)	(687,795)
Return of capital		(1,188,057)	-	(1,188,057)	-
Net cash flow used in financing activities		(520,911)	(682,323)	(520,911)	(682,323)
Net (decrease)/increase in cash held		(187,402)	1,283,980	(187,402)	1,283,980
Cash at beginning of financial year		2,344,987	1,061,007	2,344,987	1,061,007
Cash at end of financial year	7.	2,157,585	2,344,987	2,157,585	2,344,987

The accompanying notes form part of and are to be read in conjunction with this financial statement.

These financial statements should be read in conjunction with the attached report by Horwath Sydney Partnership

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by NetComm Limited as at 30 June 2005 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where the control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control is obtained. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(c) Income Tax

The consolidated entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits relating to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is a virtual certainty of realisation of the benefit.

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 entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

In view of the existence of the losses carried forward as disclosed in Note 5, a future income tax benefit asset has not been recognised in respect of timing differences or tax losses.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows (not discounted) arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

(e) Revaluations of Non-Current Assets

Revaluation increments are credited directly to the asset revaluation reserve, unless they are reversing a previous decrement charged to the statement of financial performance, in which case the increment is credited to the statement of financial performance.

Revaluation decrements are recognised as expenses in the statement of financial performance, unless they are reversing a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve in respect of that same class of assets, in which case they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Potential capital gains tax is not taken into account in determining revaluation amounts unless it is expected that a liability for such tax will crystallise.

(f) Depreciation of Plant and Equipment

Depreciation is calculated on a straight line basis to write off the net cost of each item of plant and equipment over its expected useful life to the company and consolidated entity.

Estimates of remaining useful lives are reviewed on a regular basis for all assets.

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

	2005	2004
Plant and Equipment	27 – 50%	27 – 50%

(g) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset.

Operating lease payments are charged to the statement of financial performance in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(h) Leasehold Improvements

The cost of improvements to or on leasehold properties is depreciated over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is shorter. Leasehold improvements are depreciated at a rate of 17%. (2004: 33%)

(i) Maintenance and Repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

(j) Receivables, Payables, Provisions and Borrowings

Trade debtors are generally settled within 60 days and are carried at amounts owing.

Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision is raised where some doubt exists.

Trade creditors represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 45 days.

Loans and borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due.

(k) Revenue Recognition

Revenues from the sale of goods are recognised at the time goods are dispatched to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventory

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.

(m) Research and Development Costs

All research and development costs are charged to expenses as incurred, except for significant items of expenditure where future benefits are expected, beyond any reasonable doubt, to exceed those costs. At balance date no costs had been capitalised (2004: \$ Nil)

(n) Goodwill

The consolidated entity and the parent entity disclose Goodwill as a result of the acquisition of the business assets of Mike Boorne Electronics Pty Limited being the excess of the fair value of the net assets acquired over their cost. The goodwill is being amortised over 5 years. Refer note 32 for treatment under AIFRS.

(o) Foreign Currency Translation

Foreign currency transactions are initially translated into Australian currency at a standard rate of exchange which approximates the spot rate at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Exchange differences are recognised in the Statement of Financial Performance.

(p) Employee Benefits

Provision is made for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

(q) Investments

Investments in related entities are stated at the lower of cost and recoverable amount. Dividends are brought to account in the statement of financial performance when received.

(r) Warranties

Product Warranties exist for products sold by the consolidated entity.

Costs incurred in respect of product warranties are recognised on an accruals basis.

(s) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of any overdrafts, call deposits with banks or financial institutions, and investments in money market instruments maturing within less than three months from the date of acquisition.

(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

Provision is made 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 balance date.

(v) Equity-based compensation benefits

Equity-based compensation benefits are provided to employees via the Employee Option Plan. Information relating to this scheme is set out in note 27.

No accounting entries are made in relation to the Employee Option Plan until options are exercised, at which time the amounts receivable from employees are recognised in the statement of financial position as share capital. The amounts disclosed for remuneration of directors and executives in Note 24 include the assessed fair values of options at the date they were granted. Refer note 32 for treatment under AIFRS.

(w) Comparative Amounts

Where necessary, prior year comparatives have been reclassified in order to facilitate more meaningful comparisons.

(x) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$

2. REVENUE FROM ORDINARY ACTIVITIES

Revenue from Operating Activities

Sales Revenue	20,662,345	23,504,751	19,964,448	20,487,196
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Revenue from Outside the Operating Activities

Interest received or receivable	111,205	78,992	111,205	78,992
Foreign exchange gains (net)	4,380	134,702	4,380	134,702
Management Fee	-	-	187,262	552,034
Other income	87,553	131,296	87,553	131,296
	203,138	344,990	390,400	897,024

Total Revenue	20,865,483	23,849,741	20,354,848	21,384,220
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3. EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS

Nature:

Purchase of Goods & Components and changes in inventories	13,503,329	14,698,981	13,013,500	12,293,555
Employee benefits expense	3,111,411	3,071,685	3,111,411	3,071,685
Depreciation/amortisation expense and write offs	251,122	294,762	251,122	294,762
Advertising and Promotion	806,887	1,188,006	806,887	1,188,006
Insurance	102,852	138,407	102,852	138,407
Legal & Professional Fees	279,980	241,691	279,980	241,691
Property Expenses	413,582	422,060	413,582	422,060
Other	1,475,909	1,879,099	1,463,344	1,837,207
	19,947,072	21,934,691	19,442,678	19,487,373

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
4. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE					
(a) Net Gains and Expenses					
Profit from ordinary activities before income tax includes the following specific net gains and expenses:					
Borrowing Costs					
Interest expense – other		-	-	-	-
Net Gains					
Foreign exchange gains		4,380	134,702	4,380	134,702
Net gain		4,380	134,702	4,380	134,702
Expenses					
Cost of Goods Sold		13,503,329	14,698,981	13,013,500	12,293,555
Amortisation					
Goodwill		60,000	61,051	60,000	61,051
Leasehold improvements		18,117	17,339	18,117	17,339
Depreciation of plant and equipment		173,005	216,372	173,005	216,372
Other charges against assets					
Bad and doubtful debts – trade debtors		53,065	62,500	53,065	62,500
Other provisions					
Employee benefits		(4,350)	21,324	(4,350)	21,324
Provision for Sales returns & discounts		5,001	33,257	5,001	33,257
Operating lease rental		354,815	367,934	354,815	367,934
Research costs		18,072	146,552	18,072	146,552
(b) Bad and Doubtful Debts					
Bad debts written off to statement of financial performance					
Trade debtors		-	-	-	-
Transfer to provisions for doubtful debts					
Trade debtors		53,065	62,500	53,065	62,500
		53,065	62,500	53,065	62,500

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
(c) Auditors' Remuneration				
Remuneration of the auditor of the parent entity for:				
Auditing or reviewing the financial statements	59,500	56,922	59,550	56,922
Other services	6,750	6,332	6,750	6,332
	<u>66,250</u>	<u>63,254</u>	<u>66,250</u>	<u>63,254</u>
Other Overseas Horwath Practices				
Auditing or reviewing the financial statements	2,000	2,000	2,000	2,000
Other services	1,430	1,430	1,430	1,430
	<u>3,430</u>	<u>3,430</u>	<u>3,430</u>	<u>3,430</u>
	<u>69,680</u>	<u>66,684</u>	<u>69,680</u>	<u>66,684</u>

5. INCOME TAX

The prima facie tax on profit from ordinary activities differs from the income tax provided in the financial statements as follows:

Prima facie tax on Profit from ordinary activities before income tax at 30% (2004:30%)	275,523	574,515	273,651	569,054
Tax effect of permanent differences:				
Goodwill write off and amortisation	18,000	18,315	18,000	18,315
	<u>292,523</u>	<u>592,830</u>	<u>291,651</u>	<u>587,369</u>
Utilisation of prior year losses	(292,523)	(592,830)	(291,651)	(587,369)
Income tax attributable to profit from ordinary activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Future income tax benefits arising from tax losses not brought to account at balance date as realisation of the benefit is not regarded as virtually certain:				
Tax Losses at 30% (2004: 30%)	<u>3,128,949</u>	<u>3,422,472</u>	<u>3,128,949</u>	<u>3,422,472</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

The future income tax benefit will only be obtained when:

- (a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised.
- (b) The conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) No changes in tax legislation adversely affect the consolidated entity in realising the benefit.

6. DIVIDENDS

There was no interim dividend paid during the year.

(2004: 0.5 cents per share, franked at 0.1 cents per share) - 351,034

Directors resolved, subsequent to the year-end to pay a final dividend in respect of the financial year ended 30 June 2005 of 0.75 cents per share unfranked (2004: 0.8 cents). The dividend has not been provided in the financial statements at 30 June 2005.

The dividend is payable on 3 October 2005. - 561,768
912,802

Balance of the franking account as at the end of the financial year adjusted for franking credits and debits that will arise from the receipt of dividends recognised as receivables at the end of the financial year, the payment of income tax payable and dividends proposed, and for franking credits that may be prevented from being distributed in the subsequent year.

-	-	-	-
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7. CASH ASSETS

Cash at bank and on hand	<u>2,157,585</u>	<u>2,344,987</u>	<u>2,157,585</u>	<u>2,344,987</u>
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These funds are bearing floating interest rates of between 1.85% and 4.45%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
8. RECEIVABLES (CURRENT)					
Trade debtors		3,420,306	3,592,945	3,420,306	3,550,938
Provision for doubtful debts		(45,021)	(45,975)	(45,021)	(45,975)
Provision for sales returns & discounts		(43,257)	(83,257)	(43,257)	(83,257)
Total Receivables		<u>3,332,028</u>	<u>3,463,713</u>	<u>3,332,028</u>	<u>3,421,706</u>
Australian dollar equivalent of amounts receivable in foreign currencies not effectively hedged (US\$)		<u>45,542</u>	<u>45,618</u>	<u>45,542</u>	<u>45,618</u>
9. INVENTORIES					
Raw materials and stores – at cost		58,336	88,315	58,336	88,315
Finished goods – at cost		3,291,746	1,849,691	3,291,746	1,849,691
Provision for obsolescence		(29,366)	(54,014)	(29,366)	(54,014)
Total inventories		<u>3,320,716</u>	<u>1,883,992</u>	<u>3,320,716</u>	<u>1,883,992</u>
10. INVESTMENTS					
Investments in Wholly Owned Entities:	Country of Incorporation	\$	%	\$	%
Banksia Technology Pty Limited	Australia	2	100	2	100
Mike Boorne Electronics Pty Ltd	Australia	1	100	1	100
Spirit Technology (HK) Ltd.	Hong Kong	<u>1,935</u>	100	<u>1,935</u>	100
		<u>1,938</u>		<u>1,938</u>	
11. OTHER CURRENT ASSETS					
Prepayments		282,814	152,828	282,814	152,828
		<u>282,814</u>	<u>152,828</u>	<u>282,814</u>	<u>152,828</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
12. PLANT AND EQUIPMENT					
(a) Plant and Equipment					
At cost		1,528,692	1,195,071	1,528,692	1,195,071
Accumulated depreciation		(973,426)	(800,421)	(973,426)	(800,421)
Total Owned Plant and Equipment		555,266	394,650	555,266	394,650
(b) Leasehold Improvements					
At cost		118,529	59,839	118,529	59,839
Accumulated amortisation		(63,501)	(45,384)	(63,501)	(45,384)
Total Owned Leasehold Improvements		55,028	14,455	55,028	14,455
Total Plant & Equipment		610,294	409,105	610,294	409,105
(c) Movements in Carrying Amounts 2005					
		Leasehold Improvements \$	Plant and Equipment \$	Total \$	
Consolidated Entity and Parent Entity:					
Balance at the beginning of the year		14,455	394,650	409,105	
Additions		58,691	333,621	392,312	
Amortisation/Depreciation expense		(18,118)	(173,005)	(191,123)	
Carrying amount at the end of the year		55,028	555,266	610,294	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
13. INTANGIBLES					
Goodwill at cost		309,452	309,452	309,452	309,452
Accumulated Amortisation		(225,452)	(165,452)	(225,452)	(165,452)
		<u>84,000</u>	<u>144,000</u>	<u>84,000</u>	<u>144,000</u>
14. PAYABLES (CURRENT)					
Trade creditors		1,725,785	750,962	1,725,785	750,962
Employee benefits		151,276	171,181	151,276	171,181
Other creditors		709,653	670,842	765,103	678,044
		<u>2,586,714</u>	<u>1,592,985</u>	<u>2,642,164</u>	<u>1,600,187</u>
Australian dollar equivalent of amounts payable in foreign currencies not effectively hedged (US\$)		826,204	267,952	826,204	267,952
15. PROVISIONS (CURRENT)					
Provision for Dividend	6	33,686	576,007	33,686	576,007
Employee benefits		122,850	98,165	122,850	98,165
		<u>156,536</u>	<u>674,172</u>	<u>156,536</u>	<u>674,172</u>
16. PROVISIONS (NON-CURRENT)					
Employee benefits		<u>15,719</u>	<u>44,754</u>	<u>15,719</u>	<u>44,754</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
17. CONTRIBUTED EQUITY				
Share capital				
75,208,491 issued and fully paid up ordinary shares (2004 – 70,220,991)	6,062,786	29,533,575	6,062,786	29,533,575

Movements in issued and paid up ordinary share capital of the company during the past two years were as follows:

Date	Details	Note	Number of Shares	Issue Price	\$
1 July 2003	Opening Balance		70,145,991		29,528,103
1 March 2004	Exercise of Options		52,500	\$0.07	3,672
28 June 2004	Exercise of Options		22,500	\$0.08	1,800
27 July 2004	Exercise of Options		10,000	\$0.07	700
30 August 2004	Exercise of Options		75,000	\$0.14	10,500
23 September 2004	Exercise of Options		10,000	\$0.08	800
14 October 2004	Exercise of Options		4,750,000	\$0.25	1,187,500
21 October 2004	Capital Restructure	18a			(23,494,132)
25 October 2004	Exercise of Options		15,000	\$0.14	2,100
25 October 2004	Exercise of Options		50,000	\$0.08	4,000
25 October 2004	Exercise of Options		25,000	\$0.07	1,750
25 October 2004	Exercise of Options		37,500	\$0.08	3,000
12 November 2004	Capital Return to Shareholders				(1,188,057)
11 March 2005	Exercise of Options		15,000	\$0.07	1,050
30 June 2005	Closing Balance		75,208,491		6,062,786

Options over unissued shares at 30 June 2005

There are 1,422,500 options to acquire shares (2004: 1,470,000) held by 24 employees (2004: 18) that have not been exercised. There were 7,500 options exercised on 15 July 2005 and an amount of \$525.00 was received by the Group in respect of those options.

There have been no options issued to employees or directors since 30 June 2005.

Options are granted for no consideration. The amount received on the exercise of options is recognised as issued capital at the date of issue of the shares.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

18. RETAINED PROFITS/ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(23,446,861)	(24,449,109)	(23,494,132)	(24,478,177)
Capital reduction - refer note a)	23,494,132	-	23,494,132	-
Net profit for the year	918,411	1,915,050	912,170	1,896,847
Dividends provided for or paid	-	(912,802)	-	(912,802)
Retained Profits (Accumulated losses) at the end of the financial year	<u>965,682</u>	<u>(23,446,861)</u>	<u>912,170</u>	<u>(23,494,132)</u>

a) in accordance with Section 256B of the Corporations Act 2001, approval was given at the Company's AGM for the share capital of NetComm Ltd to be reduced by \$23,494,132 being the amount of the accumulated losses of the Company up to 30 June 2004.

19. EQUITY

Total equity at the beginning of the financial year	6,086,714	5,078,994	6,039,443	5,049,926
Total changes in equity recognised in the Statement of Financial Performance	918,411	1,915,050	912,170	1,896,847
Dividends provided for or paid	-	(912,802)	-	(912,802)
Transactions with owners as owners:				
Return of capital	(1,188,057)	-	(1,188,057)	-
Contributions of equity net of transaction costs (Note 17) – exercise of options	<u>1,211,400</u>	<u>5,472</u>	<u>1,211,400</u>	<u>5,472</u>
Total equity at the end of the financial year	<u>7,028,468</u>	<u>6,086,714</u>	<u>6,974,956</u>	<u>6,039,443</u>

20. CONTINGENT LIABILITIES

There is a contingent liability in respect of the service contract of 2 executives totalling \$398,750 (2004: \$398,750).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
21. EXPENDITURE COMMITMENTS					
Lease expenditure commitments:					
Operating leases (non-cancellable)					
- Not later than one year		260,695	279,803	260,695	279,803
- Later than one year and not later than 5 years		475,946	-	475,946	-
Aggregate lease expenditure contracted for at balance date but not provided for		736,641	279,803	736,641	279,803
The consolidated entity leases certain assets under operating leases expiring from one to five years. 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 consumer price index, or market reviews.					
22. STATEMENT OF CASH FLOWS					
(a) Reconciliation of Cash					
Cash balance comprises:					
- Cash on hand	7.	2,157,585	2,344,987	2,157,585	2,344,987
(b) Reconciliation of the Profit from ordinary activities after Tax to the Net Cash Flows from Operation					
Operating result after tax		918,411	1,915,050	912,170	1,896,847
Depreciation and amortisation					
- Property, plant and equipment		191,122	233,711	191,122	233,711
- Goodwill		60,000	61,051	60,000	61,051
Provision for doubtful debts		(954)	17,639	(954)	17,639
Provision for sales returns		(40,000)	33,257	(40,000)	33,257
Changes in assets and liabilities					
- Trade receivables		172,640	70,742	130,633	112,749
- Other receivables		-	178	-	178
- Inventory		(1,436,724)	396,011	(1,436,724)	396,011
- Prepayments		(129,986)	85,789	(129,986)	85,789
- Creditors and accruals		993,730	(549,001)	1,041,978	(570,870)
- Provisions		(2,418)	21,324	(2,418)	21,324
Net cash flow from operating activities		725,821	2,285,751	725,821	2,287,686

	Consolidated		Parent Entity	
	2005	2004	2005	2004
Notes	\$	\$	\$	\$

23. RELATED PARTY DISCLOSURES

Directors

The names of the persons who were directors of NetComm Limited at any time during the financial year are as follows:

D P J Stewart
T R Winters
J A Brennan
J M Burton
M J Boorne

Remuneration

Information on remuneration of directors is disclosed in Note 24.

No retirement benefits were paid to directors during the financial year.

Transaction with Directors and Director Related Entities concerning shares or Share Options

The aggregate shares held by Directors or Director related entities at 30 June 2005 were 26,804,294 (2004: 26,285,364), refer note 24.

There were 4,750,000 (2004: Nil) shares issued to one Director on exercise of his options during the year.

Options held by Directors:

Options held by Directors at 30 June 2005 amount to Nil (2004: 7,009,568). There were 4,750,000 options exercised during 2005 (2004: nil).

There were no options issued to directors during the year. (2004: Nil)

Other Transactions with Directors and Director Related Entities

During the year, transactions and the provision of services occurred between related and associated parties. These transactions took place on normal commercial terms and conditions as noted below:

(a) *Brad Industries Pty Ltd*

An entity associated with Mr D Stewart has guaranteed the rental bond of \$167,000 for the office premises at Unit 1 2-6 Orion Rd Lane Cove. The entity receives a fee for the provision of this guarantee amounting to \$8,857. (2004: \$8,857)

(b) *Boorne Management Pty Limited*

An entity associated with Mr M Boorne charged Management Fees for his services of \$250,000 (2004: \$250,000). The amount has been disclosed under Directors' Remuneration.

Wholly Owned Group

The wholly owned group consists of NetComm Limited and its wholly owned controlled entities listed below:

Banksia Technology Pty Limited
Mike Boorne Electronics Pty Ltd
Spirit Technology (HK) Ltd

Loans from and to Wholly owned Entities.

There was an interest free loan of \$29,068 from Mike Boorne Electronics Pty Ltd to NetComm Limited payable on demand. (2004: \$29,068)

There was an interest free loan of \$41,083 (2004: \$20,023) from Spirit Technology (HK) Ltd to NetComm Limited payable on demand.

Other Transactions with Wholly Owned Entities

NetComm Limited charged a fee of \$187,262 (2004: \$552,034) to Spirit Technology (HK) Limited, in respect of administrative services including purchasing, sales & marketing, accounting, product design and research and development.

This fee eliminates on consolidation.

24. REMUNERATION OF DIRECTORS AND EXECUTIVES

The company has applied the exemption under Corporations Amendments Regulation 2005 which exempts listed companies from providing remuneration disclosures in relation to their specified directors and specified executives in their annual financial reports by Accounting Standard AASB 1046 "Director and Executive Disclosures by Disclosing Entities". These remuneration disclosures are provided in the remuneration report within the Directors' Report designated as audited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

Option holdings

The number of options held during the financial year by each director of NetComm Limited and each of the specified executives of the consolidated entity, including their personally related entities are set out below.

Name	Balance at start of year	Granted during the year as Remuneration	Other changes	Balance at end of year	Vested and exercisable
Directors					
T R Winters	-	-	-	-	-
D P J Stewart	-	-	-	-	-
M J Boorne	4,750,000	-	(4,750,000)	-	-
J A Brennan	1,129,784	-	(1,129,784)	-	-
J M Burton	1,129,784	-	(1,129,784)	-	-
Executives					
M C Jones	250,000	-	(250,000)*	-	-
S M Piry	200,000	-	(15,000)	185,000	45,000

*75,000 options were exercised and 175,000 options expired upon termination of his employment.

Shareholdings

The number of shares held during the financial year by each director of NetComm Limited and each of the specified executives of the consolidated entity, including their personally related entities are set out below

Name	Balance at start of year	Other changes during the year	Balance at end of year
Directors			
T R Winters	206,250	-	206,250
D P J Stewart	20,029,745	-	20,029,754
M J Boorne	5,403,770	618,930	6,022,700
J A Brennan	322,795	(100,000)	222,795
J M Burton	322,795	-	322,795
Executives			
S M Piry	50,258	15,000	65,258

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$

Options exercised during the year

	Number Of Options	Grant Date	Exercise Date	Expiry Date	Exercise price \$	Proceeds from Shares Issued	Number of shares issued	Issue date	Fair value of shares Issued \$
2005	15,000	22/8/03	14/10/04	22/8/08	0.14	2,100	15,000	18/10/04	0.093
	75,000	22/8/03	22/08/04	22/8/08	0.14	10,500	75,000	26/08/04	0.093

No directors or executives exercised any options during 2004.

25. EMPLOYEE NUMBERS

Employees at balance date	48	41	48	41
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26. SEGMENT INFORMATION

NetComm Limited and its controlled entities operate predominantly in Australia and in the one industry, being Communication and Information Technology Distribution.

27. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

(a) Aggregate Employee Liability

Accrued Employee Benefits	151,276	171,181	151,276	171,181
Provisions (current)	122,850	98,165	122,850	98,165
Provisions (non-current)	15,719	44,754	15,719	44,754
	<u>289,845</u>	<u>314,100</u>	<u>289,845</u>	<u>314,100</u>

(b) 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:

- a) each employee's length of service;
- b) the contribution to the company which has been made by the employee;
- c) the potential contribution of the employee to the company; and
- d) any other matters which the board considers relevant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Entitlement

Each option entitles the holder to subscribe for and be allotted one share in the capital of the company at an exercise price per share of the greater of the par value and the market value of a share on the date of grant of the option in respect of that 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

Any option issued to an employee in a particular year will vest in the following time periods:

- i At the end of year 1 from the date of the relevant option issue, 30% of the option issued will vest in the employee
- ii At the end of year 2 from the date of the relevant option issue, 20% of the option issued will vest in the employee
- iii At the end of year 3 from the date of the relevant option issue, 30% of the option issued will vest in the employee
- iv At the end of year 4 from the date of the relevant option issue, 20% of the option issued will vest in the employee

Exercise of Options

An option may be exercised:

- i. After an option has vested in accordance with the rules outlined above, but before 5 years from the date of issue of the option, provided the participant is at the time of exercise an employee or director of the consolidated entity.
- ii. 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.
- iii. If the Board otherwise permits it
- iv. If any person or that person's associate has acquired or become entitled to 40% or more of the company's voting shares

At the date of this report, there are a 1,415,500 options (2004: 1,385,000) issued to 24 employees (2004: 18) to acquire ordinary shares. These options progressively vest on an annual basis commencing 12 months from the date of issue, details as follows:

Number of Options	Exercise Price	Expiry Date
150,000	\$0.18	26 April 2006
365,000	\$0.07	21 February 2007
130,000	\$0.08	29 August 2007
35,000	\$0.14	22 August 2008
150,000	\$0.26	23 January 2009
10,000	\$0.28	24 June 2009
325,000	\$0.20	13 December 2009
<u>250,000</u>	<u>\$0.14</u>	<u>24 June 2010</u>
<u><u>1,415,000</u></u>		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

460,000 options issued to employees expired during the financial year in accordance with the rules of the Shares Option Plan.

650,000 new options were issued in accordance with the rules of the Share Option Plan during the year.

Number of Options	Exercise Price	Expiry Date
400,000	\$0.20	13 December 2009
<u>250,000</u>	\$0.14	24 June 2010
<u>650,000</u>		

237,500 options issued to employees were exercised during the financial year.

7,500 options were exercised subsequent to year end on 15 July 2005.

At the date of this report, unissued shares under the above options totalled 1,415,000 ordinary shares. No person entitled to exercise these options had or has any right, by virtue of the options, to participate in any share issue of any other body corporate.

The names of all holders of options are entered in the Company's Register of Option Holders, inspection of which may be made free of charge.

(c) Superannuation Commitments

The consolidated entity provides employees with access to external superannuation plans that provide benefits on retirement, resignation, disability or death.

28. EARNINGS PER SHARE

The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share 73,754,324 (2004: 70,163,518).

Net Profit	\$918,411	\$1,915,050
Basic Earnings Per Share – cents	1.25	2.73

DILUTED EARNINGS PER SHARE

The weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share 74,127,824 (2004: 75,320,518).

Net Profit	\$918,411	\$1,915,050
Diluted Earnings Per Share – cents	1.24	2.54

Information concerning the classification of securities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

28. EARNINGS PER SHARE (CONTINUED)

Options

Options granted to employees under the NetComm employee option plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to options are set out in note 27.

29. FINANCIAL INSTRUMENTS

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest maturing in		Non- Interest Bearing	Total
			1 Year or Less	Over 1 to 5 Years		
30th June 2005		\$	\$	\$	\$	\$
Financial Assets						
Cash	3.8	2,157,585	-	-	-	2,157,585
Receivables	0	-	-	-	3,332,028	3,332,028
		<u>2,157,585</u>	<u>-</u>	<u>-</u>	<u>3,332,028</u>	<u>5,489,613</u>
Financial Liabilities						
Trade and Other Creditors	0	-	-	-	2,586,714	2,586,714
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,586,714</u>	<u>2,586,714</u>
Net Financial Assets		<u>2,157,585</u>	<u>-</u>	<u>-</u>	<u>745,314</u>	<u>2,902,899</u>
30th June 2004						
Financial Assets						
Cash	3.8	2,344,987	-	-	-	2,344,987
Receivables	0	-	-	-	3,463,713	3,463,713
		<u>2,344,987</u>	<u>-</u>	<u>-</u>	<u>3,463,713</u>	<u>5,808,700</u>
Financial Liabilities						
Trade and Other Creditors	0	-	-	-	1,591,052	1,591,052
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,591,052</u>	<u>1,591,052</u>
Net Financial Assets		<u>2,344,987</u>		<u>-</u>	<u>1,872,661</u>	<u>4,217,648</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of net financial assets to net assets

	2005	2004
	\$	\$
Net Financial assets per above	2,902,899	4,217,648
Inventories	3,320,716	1,883,992
Prepayments	282,814	152,828
Plant & Equipment	610,294	409,105
Intangibles	84,000	144,000
Provisions	(172,255)	(720,859)
	<hr/>	<hr/>
	7,028,468	6,086,714

(a) Credit Risk Exposures

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts - as disclosed in note 8.

(b) Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest for each class of financial assets and financial liabilities is set out above.

(c) Net Fair Value

The net fair value of cash and non-interest bearing financial assets and financial liabilities of the consolidated entity approximates their carrying values.

30. ACQUISITION OF BUSINESSES DURING THE YEAR

There were no businesses acquired during the year.

31. EVENTS OCCURRING AFTER REPORTING DATE

The directors resolved to pay a final dividend in respect of the financial year ended 30 June 2005 of 0.75 cents per share unfranked. The dividend is payable on 3 October 2005.

32. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

NetComm Limited is in the process of preparing, and transitioning, its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS), which is effective for financial years commencing on or after 1 January 2005. The adoption of AIFRS will be reflected for the first time in the consolidated and parent entity's financial statements for the year ending 30 June 2006.

On first time adoption of AIFRS, comparatives (amounts reported for the financial year ended 30 June 2005) are required to be restated on the basis that AIFRS had always applied, with certain limited exceptions (which will be specified). Part of the adjustments required to comply with AIFRS will be made retrospectively against retained earnings at 1 July 2004.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS, and our best estimate of the quantitative impact of these changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

- (a) potential amendments to AIFRS's and Interpretations being issued by the standard setters; and
- (b) emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

(i) Goodwill

Under AASB 3 "Business Combinations" amortisation of goodwill is prohibited. It has been replaced with annual impairment testing focusing on the recoverable amount of the related cash generating unit (or subsidiary). The recoverable amount is the higher of the future expected cash flows, discounted at an appropriate rate, and the estimated fair value (if applicable) less costs to sell. This is a change from current accounting policy whereby goodwill is amortised on a straight line basis over 5 years, and the recoverable amount being computed on a non-discounted basis.

The entity has elected not to apply AASB 3 to business combinations which had effect before date of transition to AIFRS (1 July 2004). This is in compliance with the transitional exceptions as allowed by AASB 1 'First Time Adoption of Australian Equivalents of International Financial Reporting Standards'.

(ii) Recoverable amounts of non-current assets

Presently, the expected cash flows used in determining the recoverable amounts of non-current assets are not discounted to their present values. AASB 136 "Impairment of Assets" requires that future cash flows used in determining recoverable amount be discounted to present value using a risk adjusted pre-tax discount rate. The economic entity has reassessed its impairment testing policy, and tested all assets for impairment at 1 July 2005. It is not expect that any of the non-current assets (including the carrying amount of goodwill at that date) will be impaired.

(iii) Equity-based compensation benefits

Under AASB 2 "Share-Based Payments", equity-based compensation to employees will be recognised as an expense in respect of the services received, over the expected period of that service. The related cost in respect of the employees' service is based on the fair value of the benefit received (such as an option to purchase shares).

This will result in a change to the current accounting policy. No expense is currently recognised for equity-based compensation which conforms to existing Australian accounting standards.

AASB 2 'Share Based Payment' has been applied retrospectively to all options granted after 7 November 2002 before date of transition to AIFRS (1 July 2004).

(iv) Income Tax

The economic entity currently adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for permanent differences. Timing differences are currently brought to account through deferred taxation. Future income benefits are only recognised when the benefit is "virtually certain". Therefore tax losses in this economic entity have not been recognised. Under AASB 112 "Income Taxes", the "virtual certainty" test is replaced by a "probability" of future benefit test. At 1 July 2005 it is still uncertain whether these losses will result in a benefit, and therefore no deferred tax asset has been included in the expected changes on adoption of AIFRS.

In addition, the entity will be required to adopt a balance sheet approach of calculating deferred taxation, under which temporary differences are identified for each asset and liability, rather than based on timing differences between taxable income and accounting profit. The change in methodology of calculating deferred taxation is not expected to result in any changes to amounts currently recognised.

On transition to AIFRS, the estimated cumulative effect of the reliably known differences on the parent and consolidated entity's reported net profit and equity at 30 June 2005 is summarised below. As noted above, these amounts represent management's best estimates, and could differ from reported amounts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(a) Reconciliation of Equity (as presented under AGAAP to that under AIFRS)

		Consolidated		Parent Entity	
		30 June 2005	1 July 2004	30 June 2005	1 July 2004
Total equity under AGAAP		7,028,468	6,086,714	7,004,02	6,039,443
Write-back of goodwill	(i)	60,000	-	60,000	-
Amortisation					
Impairment (no effect)	(ii)				
Share based compensation (no effect)***	(iii)				
Income tax (no effect)	(iv)				
Total Equity under AIFRS		<u>7,088,468</u>	<u>6,086,714</u>	<u>7,064,023</u>	<u>6,039,443</u>

*** The recognition of amounts in respect of share based compensation has affected both retained earnings and another component of equity, with the net result being a nil impact.

(b) Reconciliation of Net Profit (under AGAAP to that under AIFRS)

The Statement of Financial Performance for the year ended 30 June 2005 will be restated as follows:

		Consolidated	Parent Entity
Net Profit as reported under AGAAP		918,411	912,170
Amortisation of goodwill	(i)	60,000	60,000
Share based payments expense	(iii)	<u>(10,048)</u>	<u>(10,048)</u>
Net Profit under AIFRS		<u>968,363</u>	<u>962,122</u>

There is no expected changes arising from the changes (as detailed in the notes above) in respect of impairment and income taxes.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005.

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

DIRECTOR'S DECLARATION

The directors declare that the financial report and notes set out on pages 14 to 56:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

On behalf of the board.



T R Winters
Chairman



D P J Stewart
Managing Director

Dated the 15th day of September 2005.

INDEPENDENT AUDIT REPORT

HORWATH SYDNEY PARTNERSHIP

Chartered Accountants

A member of Horwath International

1 Market Street Sydney NSW 2000

GPO Box 1455 Sydney NSW 1041

Independent audit report to members of NetComm Limited

Scope

THE FINANCIAL REPORT AND DIRECTORS' RESPONSIBILITY

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, and accompanying notes to the financial statements for both NetComm Limited (the company) and the consolidated entity, and the directors' declaration for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities, under the heading "remuneration report" in the directors' report, as permitted by the Corporations Regulations 2001. These remuneration disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit, which has been identified as such.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

INDEPENDENT AUDIT REPORT

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

We are independent of the company and group, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

In accordance with ASIC Class Order 05/83 we declare that, to the best of our knowledge and belief, the auditor's independence declaration set out on page 11 of the financial report has not changed as at the date of providing this audit opinion.

Audit opinion

In our opinion:

1. the financial report of NetComm Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

2. the remuneration disclosures that are contained in the directors' report and identified as being subject to audit, comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

Dated the 15th day of September 2005.



HORWATH SYDNEY PARTNERSHIP
Chartered Accountants

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is compiled to 17 August 2005.

(a) Statement of Shareholdings

Names of the 20 largest shareholders:

	No. of Shares
Brad Industries Pty Limited	20,029,754
Boorne Management Pty Limited/Earglow Pty Ltd	6,022,700
A & J Anderson Management Pty Ltd	2,400,000
Portel Pty Ltd	2,000,000
Rocklea Estate Pty Ltd	1,379,000
Boorne Gregg Investments Pty Ltd	1,200,000
Mr Christopher John Ayres	1,000,000
Mr. John Boorne & Mrs Jeannene Boorne	1,000,000
Mr. Christopher Edwin Howells	858,209
Mrs Cher Suey Cheah	800,000
Mr Bryan Dennis Huntley (The Huntley Super Fund A/c)	600,000
Dahele Pty Ltd	600,000
Crillon Pty Ltd	450,000
Bond Street Nominees	380,000
Mr Laurie John Page	360,000
Warwick John Williams & Susan Christine Williams	350,000
Retriever Investments Pty Ltd	345,700
Bian S. Lee Pty Ltd (Super Fund A/c)	325,000
Mr John Mason Burton & Rae Burton	322,795
Mr. Carlos Cocaro & Mrs. Sirley Cocaro	322,795
	<hr/>
	40,745,953

Proportion held by 20 largest shareholders is 54.2%.

Number of shareholders with less than a marketable parcel is 368.

(b) Shareholding Range

	No. of Holders	No. of Shares
1 – 1,000	114	68,635
1,001 – 5,000	580	1,824,946
5,001 – 10,000	342	2,883,486
10,001 – 100,000	646	20,343,218
100,001 and over	76	50,095,706
	<hr/>	
	1,758	75,215,991

(c) Voting Rights

All ordinary shares carry one vote per share without restriction.

(d) Substantial Shareholders

David P J Stewart	20,029,754
Michael J Boorne	6,022,700

NetComm Products Unleash the Power of Broadband

NetComm is Australia's leading designer of solutions that unleash the power of broadband – high-speed Internet access via telephone line or wireless. Users can quickly and conveniently surf the net; upload and download at very high speeds and take advantage of new applications and services such as Voice over Internet Protocol (VoIP) telephony. NetComm's product range is outlined below, by categories and technologies.

Digital Subscriber Line (DSL)

DSL broadband technology allows users to deploy and share high-speed networks over standard telephone lines. NetComm provides a wide range of award-winning DSL products especially designed for Australian conditions and able to support either wireline or wireless communications. These products are easy to install and come equipped with advanced security technology to protect customers' data and networks. The company also offers a range of Super High-Speed or Symmetric DSL (SHDSL) products for use when equal, fast, two-way (upload and download) speeds are required.

Wireless

Wireless broadband users can create fully functioning networks that share connections, data and devices at speeds between 11 and 108 Mbps. Users with a wireless adapter in their notebook computer can free themselves from the need for cables and access network and Internet services anywhere within range of a wireless hotspot. NetComm offers a range of wireless hardware including access points, cards, routers and all-in-one wireless products.

Wireless Hotspots

NetComm Wireless Hotspot solutions allow the managers of public spaces, companies, office complexes, hotels, restaurants and meeting venues to develop profitable, secure wireless Internet services for their customers and visitors. These solutions range from small up to large-scale wireless hotspot footprints and are easy to deploy.

IP Surveillance

Internet Protocol (IP) surveillance is now within the reach of

even small businesses with NetComm's intelligent IP cameras that connect to any Ethernet network, sending streaming motion JPEG images over a Local Area Network (LAN) or the Internet. NetComm cameras are intelligent enough not to require the services of a PC.

Networking

NetComm's networking products include advanced Fast Ethernet and Gigabit Ethernet switches, USB, Ethernet and parallel port print servers, and a range of network interface cards that offer plug-and-play simplicity coupled with outstanding performance. The company also offers a range of router products that connect local networks to the Internet – including firewalls to protect PCs on the network, Virtual Private Networks (VPNs) to allow users to log onto their network from outside the home or office, and wireless devices that allow users to connect without cables.

Voice over Internet Protocol (VoIP)

Voice over Internet Protocol (VoIP) technology offers a powerful, low-cost alternative to traditional telephony. It allows fax and phone calls to be made over the Internet and permits voice and data traffic to share the same network. The faster speeds offered by broadband are creating demand for devices such as desktop and handheld VoIP phones and VoIP gateways for businesses and homes.

Analogue (Dial-up) Modems

NetComm is the Australian market leader in analogue modems. It provides serial, USB, rack and internal modems, as well as customised solutions for industrial applications – particularly in the manufacturing and processing sectors where analogue modems are critical for maintenance, remote monitoring and inventory management applications.

Banksia Digital

NetComm also operates a dedicated consumer electronics division branded Banksia Digital. It develops and markets a range of consumer products including multimedia players, cameras, TV cards and other peripherals.

