

Appendix 4E

Preliminary final report

1. Company details

NETCOMM WIRELESS LIMITED		
ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
85 002 490 486	30 June 2015	30 June 2014

2. Results for announcement to the market

				\$A'000's
2.1	Revenue	Up	15.1%	to 74,327
2.2	Profit after tax	Up	142.0%	to 2,464
2.3	Net profit for the period attributable to members	Up	142.0%	to 2,464
2.4 Dividends				
		Amount per security	Franked amount per security	
Final dividend proposed		Nil ¢	Nil ¢	
Interim dividend		Nil ¢	Nil ¢	
Record date for determining entitlements to the final dividend		NA	NA	

2.5 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

Consistent with NetComm's focused strategy to sustainably grow in the global Machine-2-Machine (M2M) market, the Group generated substantial growth during FY15 with:

- Revenues up 15.1% to \$74.3 million (FY14: \$64.6 million)
- EBITDA up 39.8% to \$7.3 million (FY14: \$5.2 million)
- NPAT up 142.0% to \$2.5 million (FY14: \$1.0 million).

This result was slightly above the FY15 guidance previously provided to the market of revenues of \$73.0 million and EBITDA of \$7.0 million.

The strong EBITDA result of \$7.3 million was achieved after business reinvestment of \$1.8 million that will underpin future growth. This reinvestment related to people and infrastructure costs required to further enhance the Company's global capabilities as it pursues substantial attractive global M2M opportunities.

The increasing revenues in NetComm's M2M business reflected continued growth in the Ericsson/NBN fixed wireless rural broadband project, particularly in the second half of FY15. These growing revenues more than offset the revenues generated in FY14 by the Ericsson AusNet Services contract and the Cubic Transportation contract. Based on indications to date, substantial ongoing growth in revenues from the Ericsson/NBN project is expected.

NetComm's Broadband business continued to exceed expectations, driven by higher sales of powerline devices as well as ADSL/VDSL products to internet service providers.

3. Consolidated Statement of Profit or Loss and Comprehensive Income

	Note	30 June 2015 \$A'000	30 June 2014 \$A'000
Revenues from operations	3.1	74,327	64,593
Expenses from operations	3.2	(67,026)	(59,372)
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)		7,301	5,221
Depreciation & amortisation	3.3	(3,815)	(3,668)
Finance costs	3.3	(605)	(726)
Profit before income tax		2,881	827
Income tax (expense)/benefit	3.4	(417)	191
Profit after income tax		2,464	1,018
Net Profit for the financial year attributable to members of NetComm Wireless Limited		2,464	1,018
Other comprehensive Income/(Loss)			
Exchange differences arising on translation of foreign operations		(147)	242
Reclassification of cash flow hedging to profit and loss		5	984
Foreign exchange hedging		-	(5)
Income tax relating to components of other comprehensive income		(1)	(294)
Total comprehensive Income attributable to members of NetComm Wireless Limited		2,321	1,945

Earnings per share		
Basic EPS – cents	1.91	0.79
Diluted EPS - Cents	1.91	0.79

Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

3.1 Revenue from continuing operations

	30 June 2015 \$A'000	30 June 2014 \$A'000
Revenue		
Sales Revenue	74,263	64,527
Interest Received	64	66
Total	74,327	64,593

3.2 Expenses from continuing operations

	30 June 2015 \$A'000	30 June 2014 \$A'000
Cost of sales	51,062	45,190
Distribution and selling costs	713	904
Employee benefits expense	8,953	8,035
Contractor costs	749	665
Advertising & marketing	488	343
Property expenses	1,014	928
Legal & professional fees	867	603
Travel expenses	1,392	1,136
Insurance	418	355
Other	1,370	1,213
Total	67,026	59,372

3.3 Profit before income tax from continuing operations includes the following specific expenses

	30 June 2015 \$A'000	30 June 2014 \$A'000
Depreciation and amortisation of Property, Plant and equipment (including Leasehold Improvements)	(828)	(965)
Amortisation of intangible assets (including capitalised development costs, software and other intangible assets)	(2,987)	(2,703)
Total	(3,815)	(3,668)
Finance Costs paid or payable on :		
Finance leases	(16)	(9)
Borrowings	(589)	(717)
Total	(605)	(726)

3.4 Income tax (expense)/benefit from continuing operations

	30 June 2015 \$A'000	30 June 2014 \$A'000
Profit before income tax	2,881	827
Income tax (expense)/benefit at the Australian tax rate 30% (2014: 30%)	(864)	(248)
Differential in overseas tax rates	18	2
Non-deductible expenses	(33)	(24)
Estimated R&D claim	448	480
(Under)/over provision of income tax in prior years	(39)	(19)
Other	53	-
Total income tax (expense)/benefit	(417)	191

4. Consolidated Statement of Financial Position

	30 June 2015 \$A'000	30 June 2014 \$A'000
Current assets		
Cash and cash equivalents	3,400	4,307
Trade and other receivables	13,648	10,665
Inventories	10,124	7,402
Other current assets	1,305	1,320
Total current assets	28,477	23,694
Non-current assets		
Other non-current assets	-	332
Property, plant and equipment	1,798	1,179
Deferred tax assets	4,573	4,515
Goodwill	896	896
Other intangible assets	8,694	7,174
Total non-current assets	15,961	14,096
Total assets	44,438	37,790
Current liabilities		
Trade and other payables	14,774	9,299
Borrowings	2,807	4,733
Provisions	951	911
Income tax liability	175	-
Other liabilities	302	393
Total current liabilities	19,009	15,336
Non-current liabilities		
Borrowings	542	25
Provisions	296	238
Total non-current liabilities	838	263
Total liabilities	19,843	15,599
Net assets	24,595	22,191
Equity		
Issued capital	15,432	15,349
Reserves	585	728
Retained earnings	8,578	6,114
Total equity	24,595	22,191

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Foreign Exchange Hedging Reserve	Option Reserve	Total
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
Balance at 1 July 2014	15,349	6,114	336	(4)	396	22,191
Profit for the year	-	2,464	-	-	-	2,464
Exchange difference on translation of foreign operations	-	-	(147)	-	-	(147)
Foreign exchange hedging (Net of tax)						
- Reclassified to profit and loss account	-	-	-	4	-	4
Total comprehensive income for the period	-	2,464	(147)	4	-	2,321
Recognition of share based payments	83	-	-	-	-	83
Balance at 30 June 2015	15,432	8,578	189	-	396	24,595

Issued Capital	2015	2014
	No. of Shares	No of Shares
At the beginning of the reporting period	128,899,890	124,339,890
Shares issued during the year	150,000	4,000,000
Exercise of options	-	560,000
At reporting date	129,049,890	128,899,890

For the year ended 30 June 2014

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Foreign Exchange Hedging Reserve	Option Reserve	Total
	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000	\$A'000
Balance at 1 July 2013	14,332	5,096	94	(689)	396	19,229
Profit for the year	-	1,018	-	-	-	1,018
Exchange difference on translation of foreign operations	-	-	242	-	-	242
Foreign exchange hedging (Net of tax)						
- Current year loss	-	-	-	(4)	-	(4)
- Reclassified to profit and loss account	-	-	-	689	-	689
Total comprehensive income for the period	-	1,018	242	685	-	1,945
Issue of ordinary shares (net of transaction costs)	931	-	-	-	-	931
Exercise of options	86	-	-	-	-	86
Balance at 30 June 2014	15,349	6,114	336	(4)	396	22,191

5. Consolidated Statement of Cash Flows

	30 June 2015 \$A'000	30 June 2014 \$A'000
Cash flows related to operating activities		
Receipts from customers	78,403	64,385
Payments to suppliers and employees	(71,165)	(57,895)
Finance costs	(605)	(726)
Income taxes paid	(254)	(107)
Net cash inflow from continuing operations	6,379	5,657
Cash flows related to investing activities		
Interest received	64	66
Acquisition of property, plant and equipment	(1,025)	(266)
Acquisition of intangible assets	(4,548)	(3,660)
Net cash (used in) investing activities	(5,509)	(3,860)
Cash flows related to financing activities		
Proceeds from issues of shares & options (net of transaction costs & tax)	-	1,017
Proceeds from borrowings	43,257	39,917
Repayment of borrowings	(45,034)	(42,306)
Net cash (used in) financing activities	(1,777)	(1,372)
Net (decrease)/increase in cash and cash equivalents	(907)	425
Cash and cash equivalents at beginning of financial year	4,307	3,882
Cash and cash equivalents at end of financial year	3,400	4,307

6.1 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

N/A

6.2 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the condensed consolidated cash flow statement) to the related items in the accounts is as follows.

	30 June 2015 \$A'000	30 June 2014 \$A'000
Cash on hand and at bank	3,400	4,307
Total cash at end of financial year	3,400	4,307

6.3 Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2015 \$A'000	30 June 2014 \$A'000
Profit after income tax	2,464	1,018
Depreciation & amortisation	3,815	3,668
Interest received	(64)	(66)
Share based payments	83	-
Change in the fair value of cash flow hedges	4	685
Foreign exchange translation differences	(147)	242
Changes in operating assets & liabilities		
Receivables	(2,983)	(5,965)
Inventories	(2,722)	2,680
Other assets	347	(97)
Deferred taxes	(58)	(74)
Trade and other payables	5,475	3,400
Other liabilities	67	(35)
Provisions	98	201
Net cash inflow from operating activities	6,379	5,657

7. Dividends

7.1 Individual dividends per security

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

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

	30 June 2015 \$A'000	30 June 2014 \$A'000
Ordinary securities	0	0

7.3 Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation.

The Company's Dividend Reinvestment Plan ("DRP") provides holders of ordinary shares of the Company with the choice of re-investing dividends paid or declared by the Company on ordinary shares instead of receiving cash dividends.

Eligible shareholders may elect to participate in the Plan in respect of all or part of their holding and, subject to the terms of the Plan, may vary the level of participation or withdraw from the Plan at any time.

Participating shareholders are entitled on each dividend payment to which the DRP applies to be allotted the nearest whole number of ordinary shares (rounded down) which the cash dividend on the relevant Plan shares in the relevant shareholding account would purchase at the issue price.

Shares allotted under the DRP are issued at a discount of 5% from the weighted average market price of ordinary shares of the Company sold on the Australian Stock Exchange Automated Trading System on the first day on which those shares are quoted ex dividend.

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

8. Consolidated retained profits

	30 June 2015 \$A'000	30 June 2014 \$A'000
Retained profits at the beginning of the financial period	6,114	5,096
Net profit attributable to members	2,464	1,018
Dividends paid or payable	-	-
Retained earnings at end of financial period	8,578	6,114

9. NTA backing

	30 June 2015	30 June 2014
Net tangible asset backing per ordinary security	11.63 cents	10.96 cents

10. Control gained over entities

Name of entity (or group of entities)	N/A	
Date Control gained		
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material).	N/A	
Profit/ (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A	

10.1 Loss of control over entities

Name of entity (or group of entities)	N/A	
Date control lost		
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material).	\$	
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	\$	

11. Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period	Previous corresponding period
N/A				

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):	30 June 2015 \$A'000	30 June 2014 \$A'000
Profit/(loss) from ordinary activities before tax		
Income tax on ordinary activities		
Profit/(loss) from ordinary activities after tax		
Extraordinary items net of tax		
Net profit/(loss)		
Adjustments		
Share of net profit/(loss) of associates and joint venture entities		

12. Commentary on results for the period

\$A'000's	1H 2015	2H 2015
Revenue	30,515	43,812
EBITDA	2,292	5,009
Net profit after tax	363	2,101
Total profit attributable to members	363	2,101

Revenues in the second half of the year reflected a continued increase in sales in both the M2M and Broadband businesses. Growth in revenue from the Ericsson/NBN project was particularly notable.

EBITDA was better in the second half which was a result of the operating leverage in our business model. The gross margin impact of the increase in revenue in the second half substantially flows through to EBITDA, even after accounting for a \$1.8 million increase in our fixed cost base.

The improvement in Net Profit After Tax is as a result of the higher EBITDA offset by slightly higher depreciation and amortisation and income tax expense in 2H.

This report is based on accounts to which one of the following applies.

(Tick one)

- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/> | The +accounts have been audited. | <input type="checkbox"/> | The +accounts have been subject to review. |
| | | <input type="checkbox"/> | The +accounts are in the process of being reviewed. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited. | <input type="checkbox"/> | The +accounts have <i>not</i> yet been audited or reviewed. |

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

N/A

If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

N/A

Sign here:



Managing Director

Date: 14 August 2015

Print name:

David P J Stewart