Appendix 4D

Half year report

NetComm Wireless Limited
Appendix 4D
For The Half Year Ended 31 December 2015

1. Company details

Name of entity

NetComm Wireless Limited

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
85 002 490 486	31 December 2015	31 December 2014

2. Results for announcement to the market

$A'000's

2.1	Revenues from ordinary activities	Up	53.7%	to	46,393
2.2	EBITDA	Up	123.5%	to	5,124
2.3	Profit from ordinary activities after tax attributable to members	Up	538.9%	to	2,319
2.4	Net Profit for the period attributable to members	Up	538.9%	to	2,319

2.5 **Dividends**	Amount per security	Franked amount per security
	N/a	N/a

2.6 the +Record date for determining entitlements to the dividend.	N/a

2.7 Brief explanation

Revenue for the six months ended 31 December 2015 (1H16) was $46.4 million, 53.7% higher than 1H15. The composition of revenue has continued to evolve, with a substantial increase in revenue from the Company's Ericsson NBN contract as penetration of rural and regional households ramps up.

Reflecting the growing revenues from the Company's Ericsson NBN contract, the M2M business accounted for 67% of total 1H16 sales (1H15: 44%).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was up 123.5% to $5.1 million. This result was achieved even after $2.0 million of business reinvestment into additional workforce and infrastructure to further enhance global capabilities as the Company pursues a number of substantial global opportunities in relation to Fixed Wireless Regional Broadband and M2M.

NetComm Wireless also early adopted AASB15 *Revenue from Contracts with Customers*. This resulted in the capitalisation of $2.1 million of people related costs associated with the Company's recent major USA Fixed Wireless Regional Broadband contract win. This capitalisation of $2.1 million is in addition to the $2.0 million business reinvestment referred to above.

Net profit after tax grew 538.9% to $2.3 million. Rather than declare an interim dividend for 1H16, given the substantial global growth opportunities available, the Company is investing in its people and engineering capability in order to reap substantial revenue and profitability growth in the medium term.

3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per +ordinary security	10.53 cents	10.62 cents

4. Control gain over entities/Loss of control over entities

4.1 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

4.2 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).	N/a
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).	N/a

5 Dividends

Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Interim Dividend:	N/a	N/a	N/a	N/a

6 Dividend Reinvestment Plans

The +dividend or distribution plans shown below are in operation.

N/a

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

7 Details of associates and joint venture entities

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

7 Details of associates and joint venture entities (continued)

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):	Current period $A'000	Previous corresponding period $A'000
Profit/(loss) from ordinary activities before tax Income tax on ordinary activities	N/a	N/a
Profit/(loss) from ordinary activities after tax Extraordinary items net of tax	N/a	N/a
Net profit/(loss) Adjustments	N/a	N/a
Share of net profit/(loss) of associates and joint venture entities	N/a	N/a

8 Foreign entities

For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International etc.)
Not applicable.

9 Dispute or qualification if audited or not yet audited

Not applicable.

Sign here: (Managing Director)

Date: 19 February 2016

Print name: David P.J. Stewart

NETCOMM WIRELESS LIMITED

ACN 002 490 486

HALF YEAR FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

CONTENTS

CORPORATE INFORMATION

Directors	**Position held**
Justin Milne	(Non-Executive Director & Chairman)
Ken Boundy	(Non-Executive Director)
Stuart Black AM	(Non-Executive Director)
David P J Stewart	(CEO & Managing Director)
Kenneth J P Sheridan	(CFO & Executive Director)

Company Secretary
Mr Kenneth J P Sheridan

Registered Office
Level 2, 18-20 Orion Rd, Lane Cove NSW 2066

Bankers
HSBC Bank Australia Limited
Level 31, HSBC Centre,
580 George Street, Sydney, NSW 2000

Share Registry
Link Market Services Limited
Level 12, 680 George St
Sydney, NSW 2000

Auditor
Grant Thornton Audit Pty Limited
Chartered Accountants
Level 17, 383 Kent Street
Sydney NSW 2000

Solicitors
Maddocks
Angel Place
123 Pitt St, Sydney NSW 2000

DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entities for the half-year ended 31 December 2015.

1. DIRECTORS

The following persons were Directors of NetComm Wireless Limited during the whole of the half year and up to the date of this report unless stated otherwise:

Justin Milne	(Non-Executive Director & Chairman)
Ken Boundy	(Non-Executive Director)
Stuart Black AM	(Non-Executive Director)
David P J Stewart	(CEO & Managing Director)
Kenneth J P Sheridan	(CFO & Executive Director)

2. PRINCIPAL ACTIVITIES

NetComm Wireless Limited is a leading developer of innovative broadband products sold globally to major telecommunications carriers, core network providers and system integrators. For 34 years NetComm Wireless has developed a portfolio of world first data communication products and is a respected global provider of 3G and 4G wireless devices servicing the major telecommunications carriers, Machine to Machine (M2M) and Rural Broadband markets. NetComm's products are designed to meet the growing needs of today's diverse home, business and industrial broadband applications and designed to optimise the performance of global network advancements. Headquartered in Sydney, Australia, NetComm has offices in the US, UK and Europe, New Zealand, the Middle East and Japan.

3. REVIEW AND RESULTS OF OPERATIONS

Revenue for the six months ended 31 December 2015 (1H16) was $46.4 million, 53.7% higher than 1H15. The composition of revenue has continued to evolve, with a substantial increase in revenue from the Company's Ericsson NBN contract as penetration of rural and regional households ramps up.

Reflecting the growing revenues from the Company's Ericsson NBN contract, the M2M business accounted for 67% of total 1H16 sales (1H15: 44%).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was up 123.5% to $5.1 million. This result was achieved even after $2.0 million of business reinvestment into additional workforce and infrastructure to further enhance global capabilities as the Company pursues a number of substantial global opportunities in relation to Fixed Wireless Regional Broadband and M2M.

NetComm Wireless also early adopted AASB15 *Revenue from Contracts with Customers*. This resulted in the capitalisation of $2.1 million of people related costs associated with the Company's recent major USA Fixed Wireless Regional Broadband contract win. This capitalisation of $2.1 million is in addition to the $2.0 million business reinvestment referred to above.

Net profit after tax grew 538.9% to $2.3 million. Rather than declare an interim dividend for 1H16, given the substantial global growth opportunities available, the Company is investing in its people and engineering capability in order to reap substantial revenue and profitability growth in the medium term.

4. AUDITOR'S INDEPENDENCE DECLARATION

We have received from our auditors an independence declaration as required under Section 307C of the Corporations Act 2001. A copy of the declaration is attached on page 3 and forms part of this report.

This report is made in accordance with a Resolution of the Directors.

DPJ Stewart

Managing Director
Sydney, 19 February 2016

Grant Thornton

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of NetComm Wireless Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 19 February 2016

Consolidated Statement of Profit or Loss & Other Comprehensive Income
For the half year ended 31 December 2015

	Note	Consolidated Half-year ended 31 December 2015 $	Half-year ended 31 December 2014 $
Revenue from the sale of goods		46,393,190	30,187,324
Other income		270	30,287
Change in inventories of finished goods and work in progress		5,411,200	1,807,481
Raw materials consumed		(37,048,934)	(22,099,700)
Employee benefits		(5,459,295)	(4,371,878)
Administrative expenses	**3a**	(2,454,526)	(2,018,042)
Other expenses	**3b**	(1,718,163)	(1,243,393)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**5,123,742**	**2,292,079**
Depreciation and amortisation expense		(1,865,529)	(1,801,569)
Finance costs		(101,447)	(302,147)
Profit before income tax		3,156,766	188,363
Income tax (expense)/benefit		(837,557)	174,640
Profit after income tax		**2,319,209**	**363,003**
Attributable to equity holders of the parent		**2,319,209**	**363,003**
Other comprehensive income			
Exchange differences arising on translation of foreign operations		149,869	55,622
Net change in the fair value of cash flow hedges recognised in equity		(43,224)	20,983
Income tax relating to components of other comprehensive income		12,967	(6,295)
Other comprehensive income for the period (net of tax)		**119,612**	**70,310**
Total comprehensive income for the period		**2,438,821**	**433,313**
Attributable to equity holders of the parent		2,438,821	433,313
		2,438,821	**433,313**
Earnings per share:			
Basic profit per share (cents per share)		1.80	0.28
Diluted profit per share (cents per share)		1.80	0.28

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

Consolidated Statement of Financial Position
As at 31 December 2015

	Note	Consolidated 31 December 2015 $	30 June 2015 $
ASSETS			
Current assets			
Cash and cash equivalents		1,959,998	3,400,344
Trade and other receivables		11,573,847	13,647,620
Inventories		15,535,281	10,124,081
Other assets		1,910,038	1,304,503
Total current assets		**30,979,164**	**28,476,548**
Non-current assets			
Property, plant and equipment		3,636,345	1,798,290
Contract assets	**4(c)**	2,069,537	-
Deferred tax assets		3,924,663	4,573,185
Goodwill		895,999	895,999
Other intangible assets		10,552,562	8,694,400
Total non-current assets		**21,079,106**	**15,961,874**
TOTAL ASSETS		**52,058,270**	**44,438,422**
LIABILITIES			
Current liabilities			
Trade and other payables		11,063,263	14,496,109
Contract liabilities	**4(c)**	334,045	278,244
Borrowings		11,487,786	2,806,705
Provisions		1,119,556	951,250
Income tax liability		18,618	174,856
Other current liabilities		281,727	301,837
Total current liabilities		**24,304,995**	**19,009,001**
Non-current liabilities			
Borrowings		275,930	538,122
Provisions		371,255	296,030
Total non-current liabilities		**647,185**	**834,152**
TOTAL LIABILITIES		**24,952,180**	**19,843,153**
NET ASSETS		**27,106,090**	**24,595,269**
EQUITY			
Issued capital	**6**	15,432,272	15,432,272
Reserves		776,430	584,818
Retained earnings		10,897,388	8,578,179
TOTAL EQUITY		**27,106,090**	**24,595,269**

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

Consolidated Statement of Changes in Equity
For the half year ended 31 December 2015

	Note	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Foreign Exchange Hedging Reserve	Options and Share Rights Reserve	Total
		$	$	$	$	$	$
Balance at 1 July 2015		**15,432,272**	**8,578,179**	**189,010**	**-**	**395,808**	**24,595,269**
Profit for the period		-	2,319,209	-	-	-	2,319,209
Exchange difference on translation of foreign operations		-	-	149,869	-	-	149,869
Foreign exchange hedging (Net of tax)		-	-	-	(30,257)	-	(30,257)
Total comprehensive income for the period		**-**	**2,319,209**	**149,869**	**(30,257)**	**-**	**2,438,821**
Recognition of issuance of Share Appreciation Rights		-	-	-	-	72,000	72,000
Balance at 31 December 2015		**15,432,272**	**10,897,388**	**338,879**	**(30,257)**	**467,808**	**27,106,090**
Balance at 1 July 2014		**15,349,022**	**6,113,922**	**335,600**	**(3,583)**	**395,808**	**22,190,769**
Profit for the period		-	363,003	-	-	-	363,003
Exchange difference on translation of foreign operations		-	-	55,622	-	-	55,622
Foreign exchange hedging (Net of tax)		-	-	-	14,688	-	14,688
Total comprehensive income for the period		**-**	**363,003**	**55,622**	**14,688**	**-**	**433,313**
Issue of ordinary shares (Net of transaction costs and tax)		-	-	-	-	-	-
Recognition of share based payments		83,250	-	-	-	-	83,250
Payment of dividends		-	-	-	-	-	-
Exercise of options		-	-	-	-	-	-
Balance at 31 December 2014		**15,432,272**	**6,476,925**	**391,222**	**11,105**	**395,808**	**22,707,332**

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

Consolidated Statement of Cash Flows
For the half year ended 31 December 2015

	Note	Consolidated Half-year ended 31 December 2015 $	 Half-year ended 31 December 2014 $
Cash flows from operating activities:			
Receipts from customers		53,263,341	33,748,436
Payments to suppliers and employees		(55,218,558)	(32,989,507)
Costs to obtain and fulfil contracts		(2,069,537)	-
Finance costs		(101,447)	(302,147)
Income taxes paid		(149,092)	(83,257)
Net cash (used in)/provided by operating activities	**11**	**(4,275,293)**	**373,525**
Cash flows from investing activities:			
Interest received		270	30,287
Acquisition of property, plant and equipment		(2,237,764)	(221,258)
Acquisition of intangible assets		(3,346,447)	(2,314,631)
Net cash used in investing activities		**(5,583,941)**	**(2,505,602)**
Cash flows from financing activities:			
Proceeds from borrowings		43,985,903	18,807,408
Repayment of borrowings		(35,567,015)	(16,205,411)
Net cash provided by financing activities		**8,418,888**	**2,601,997**
Net (decrease)/increase in cash and cash equivalents held		(1,440,346)	469,920
Cash and cash equivalents at beginning of financial period		3,400,344	4,307,490
Cash and cash equivalents at end of financial period		**1,959,998**	**4,777,410**

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

Notes to the Consolidated Financial Statements

Note 1 – Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the financial year ended 30 June 2015 other than as disclosed below. The accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

Early adoption of Accounting Standard

NetComm Wireless Limited has early adopted AASB 15 *Revenue from Contracts with Customers* issued by the Australian Accounting Standards Board (AASB). Disclosures required by the standard that are deemed material have been included in this financial report on the basis that they represent a significant change in accounting policy.

The Group has elected to early adopt AASB standard AASB 15 for the annual reporting period commencing 1 July 2015. In accordance with the transition provisions in AASB 15 the standard has been applied retrospectively and by recognising the cumulative effect of initially applying the standard at the date of initial application (1 July 2015) in retained earnings.

Change in Accounting Policy

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

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

This has resulted in a change in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are explained below and the impact on the financial statements of first time adoption and other disclosures are set out in note 4. The new accounting policies apply to the period commencing 1 July 2015 and the policies in the 30 June 2015 annual financial statements apply to the comparative periods.

Notes to the Consolidated Financial Statements

Note 1 – Significant Accounting Policies (continued)

Revenue Recognition

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

Revenue from a contract to provide services is recognised when the service is provided to the customer.

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

The group provides a warranty to most of its customers that products will comply with agreed-upon specifications and a provision for warranty is recorded based on previous experience. In instances where a customer purchases a warranty separately or when a warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the warranty is accounted for as a performance obligation and a portion of the transaction price is allocated to that performance obligation.

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

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

Customer Contract Acquisition and Fulfilment Costs

Incremental costs incurred in obtaining a contract with a customer and the costs to fulfil a contract are recognised as contract assets when it is probable that the group would recover those costs, the costs incurred would not have been incurred if the contract had not been obtained and the costs incurred directly relate to a contract or an anticipated contract that the group can specifically identify.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained is recognised as an expense when incurred.

Contract assets are amortised on a straight line basis over the period from which revenues are expected to be generated from the contracts.

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

Contract liabilities

Goods are sold to certain customers with volume discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

Note 2 – Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the chief decision maker for the purposes of resource allocation and assessment of segment performance are categorised as follows:

• Broadband Business

• M2M Business

Notes to the Consolidated Financial Statements

Note 2 – Segment Information (continued)

The Broadband business segment supplies communication devices, including, but not limited to, ADSL/VDSL routers, internet gateways, powerline devices and ADSL filters, designed and manufactured for use primarily by consumer and small medium enterprises (SME) in the Australian and New Zealand market.

The M2M business segment specialises in the development of advanced industrial-grade and commercial 3G /4G wireless broadband products and fixed wireless regional broadband devices, mobile broadband and remote M2M connectivity. NetComm Wireless' M2M products, solutions and services are designed to support applications in areas such as transport, smart metering, security, surveillance, banking, health, mining and rural/regional broadband.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue		**Segment Profit**	
	Half-year ended 31 December 2015 $	**Half-year ended 31 December 2014 $**	**Half-year ended 31 December 2015 $**	**Half-year ended 31 December 2014 $**
Total segment revenue				
Broadband business	15,834,624	17,449,410	577,202	959,069
M2M business	32,383,648	13,939,065	4,546,270	1,302,723
	48,218,272	**31,388,475**	**5,123,472**	**2,261,792**
Intersegment revenue				
Broadband business	(659,897)	(744,107)	-	-
M2M business	(1,165,185)	(457,044)	-	-
	(1,825,082)	**(1,201,151)**	-	-
Segment result				
Broadband business	15,174,727	16,705,303	577,202	959,069
M2M business	31,218,463	13,482,021	4,546,270	1,302,723
Revenue from external customers	**46,393,190**	**30,187,324**	**5,123,472**	**2,261,792**
Other income			270	30,287
EBITDA			**5,123,742**	**2,292,079**
Depreciation and amortisation expense			(1,865,529)	(1,801,569)
Finance costs			(101,447)	(302,147)
Group profit before income tax			**3,156,766**	**188,363**
Income tax (expense)/benefit			(837,557)	174,640
Consolidated segment revenue and profit for the period	**46,393,190**	**30,187,324**	**2,391,209**	**363,003**

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

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

Notes to the Consolidated Financial Statements

Note 3 –Expenses

Included in expenses are the following specific items.

(a) Administrative expenses

	Half year ended 31 December 2015 $	Half year ended 31 December 2014 $
Distribution and selling costs	398,921	343,914
Insurance expenses	225,502	236,748
Legal and professional fees	549,996	389,052
Travel expenses	928,268	690,704
Contractor costs	351,839	357,624
Total administrative expenses	**2,454,526**	**2,018,042**

(b) Other expenses

Advertising and marketing	266,088	207,301
Property expenses	628,018	493,900
Other expense	824,057	542,192
Total other expenses	**1,718,163**	**1,243,393**

Note 4 – Revenue from contracts with customers

(a) Impact of first time adoption of AASB 15

The group has assessed the impact of first time adoption of AASB 15 in accordance with para C3(b) and no cumulative adjustments were required to the opening retained earnings at 1 July 2015.

For comparative purposes, the contract liabilities relating to volume discounts as at the end of the comparative period 30 June 2015 have been reclassified from Trade and Other Payables and recorded on the balance sheet as Contract Liabilities.

The quantification and explanation of the effect on the line items in the 31 December 2015 financial statements is reflected in the summary table below.

	Amount under AASB 118	Amount under AASB 15	Increase/ (Decrease) in Total Assets and Equity
Consolidated Statement of Financial Position as at 31 December 2015			
Contract assets	-	2,069,537	**2,069,537**
Contract liabilities	-	(334,045)	**(334,045)**
Trade and other payables	(334,045)	-	**334,045**
Consolidated Statement of Profit or Loss & Other Comprehensive Income for the period ended 31 December 2015			
	Amount under AASB 118	**Amount under AASB 15**	**Increase/ (Decrease) in Operating Expenses**
Employee benefits expenses	(2,069,537)	-	**(2,069,537)**

Notes to the Consolidated Financial Statements

Note 4 – Revenue from contracts with customers (continued)

(a) Impact of first time adoption of AASB 15 (continued)

In adopting AASB 15, the group recognised an asset in relation to the costs it incurred in obtaining and fulfilling customer contracts during the period ended 31 December 2015. These costs otherwise would have been recorded in operating expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. No such costs that meet the criteria for recognition as a contract asset under AASB 15 were incurred in prior years.

(b) Disaggregation of revenues

The group derives revenues from the transfer of goods and services at a point in time mainly from the following segments and geographical regions:

Segment revenues:

	Broadband Business	M2M Business		Total Revenues
	Australia & NZ	Australia	Overseas	
31-Dec-15				
Timing of revenue recognition				
At a Point in time revenues	15,174,727	26,905,779	4,312,684	**46,393,190**
Over Time	-	-	-	**-**
31-Dec-14				
Timing of revenue recognition				
At a Point in time revenues	16,705,303	12,512,044	969,977	**30,187,324**
Over Time	-	-	-	**-**

(c) Contract assets and liabilities

In accordance with AASB 15 paragraphs 91 and 95, the group recognises as an asset the eligible costs of obtaining and fulfilling contracts with customers.

The following is an analysis of the costs that the Group has recognised as an asset at 31 December 2015. The costs mainly consist of employee costs. These costs would not have been incurred if the contract(s) had not been obtained. Prior to the adoption of AASB 15 such costs were recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income. There were no material costs of obtaining and fulfilling contracts with customers that were eligible for recognition as contract assets at 1 July 2015.

	Consolidated	
	31 December 2015 $	**30 June 2015 $**
Contract assets		
Cost incurred to obtain a contract (i)	1,566,031	-
Costs incurred to fulfil contracts (ii)	503,506	-
Total contract assets	**2,069,537**	**-**

Notes to the Consolidated Financial Statements

Note 4 – Revenue from contracts with customers (continued)

(i) Costs incurred to obtain a contract

	Consolidated	
	31 December 2015 $	**30 June 2015 $**
Asset recognised in relation to incremental costs incurred to obtain a contract	1,566,031	-
Amortisation and impairment loss recognised as cost of providing services during the period	-	-
Total costs incurred to obtain a contract	**1,566,031**	**-**

(ii) Costs incurred to fulfil a contract

	Consolidated	
	31 December 2015 $	**30 June 2015 $**
Asset recognised in relation to incremental costs incurred to fulfil a contract	503,506	-
Amortisation and impairment loss recognised as cost of providing services during the period	-	-
Total costs incurred to fulfil a contract	**503,506**	**-**

The contract assets are amortised on a straight-line basis over the term of the specific contract the costs relate to, consistent with the pattern of recognition of the associated revenue.

	Consolidated	
	31 December 2015 $	**30 June 2015 $**
Contract liabilities		
Expected volume discount and rebates	334,045	278,244
Total contract liabilities	**334,045**	**278,244**

On target volume discounts and rebates are offered to certain customers in the Company's broadband business.

Note 5 – Dividends

	Half Year Ended 31 December 2015		Half Year Ended 31 December 2014	
	Cents per Share	**Total $'000**	**Cents per Share**	**Total $'000**
Fully paid ordinary shares				
Interim dividend	-	-	-	-

No dividends were paid, recommended for payment nor declared during the reporting period.

Notes to the Consolidated Financial Statements

Note 6 – Issuances, Repurchases and Repayments of Equity Securities

Issued capital at 31 December 2015 amounted to $15,432,272 (129,049,890 ordinary shares). There were no issues, repurchases and repayments of debt securities or equity securities in the half year.

Note 7 – Events Occurring After Reporting Date

NetComm Wireless Limited has had no significant events occurring after the period end up to the date of this report.

Note 8 – Contingent Liabilities

There were no contingent liabilities as at 31 December 2015.

Note 9 – Acquisition of Subsidiary

There were no acquisitions of controlled entities during the period.

Note 10 - Fair Value Hierarchy

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

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015 (31 December 2014: $15,864) on a recurring basis are as follows:

Forward contracts (net of tax) $30,257.

Measurement of fair value of forward contracts

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2015.

Notes to the Consolidated Financial Statements

Note 11 – Cash Flow Information

Reconciliation of cash flow from operations with profit after income tax.

	31 December 2015 $	31 December 2014 $
Profit for the year	**2,319,209**	**363,003**
Non-cash flows in profit:		
Depreciation and amortisation	1,865,529	1,801,569
Interest received	(270)	(30,287)
Change in the fair value of cash flow hedges	(30,257)	14,688
Foreign exchange translation differences	149,869	55,622
Share-based payments	72,000	83,250
Changes in operating assets and liabilities:		
Decrease in trade and other receivables	2,073,773	468,648
(Increase) in inventories	(5,411,200)	(1,807,481)
(Increase)/Decrease in contract and other assets	(2,675,072)	189,764
Decrease/(Increase) in deferred tax assets	648,522	(390,224)
(Decrease) in trade and other payables	(3,377,045)	(4,52,234)
Increase/(Decrease) in other liabilities	2,356	(76,839)
(Decrease)/Increase in income tax liability	(156,239)	90,788
Increase in provisions	243,532	63,258
Net cash from operating activities	**(4,275,293)**	**373,525**

Note 12 – Reclassification of volume discounts

The Group has reclassified volume discounts from raw materials consumed to revenue from the sales of goods. This reclassification had no effect on the reported EBITDA. Comparative information has also be reclassified to conform with presentation in the current period.

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

David Stewart
Managing Director

Sydney, 19 February 2016

Grant Thornton

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

We have reviewed the accompanying half-year financial report of NetComm Wireless Limited ("Company"), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of NetComm Wireless Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of NetComm Wireless Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NetComm Wireless Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 19 February 2016