

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 2016	30 June 2015

2. Results for announcement to the market

				\$A'000's
2.1	Revenue	Up	14.8%	to 85,305
2.2	Profit after tax	Down	17.7%	to 2,027
2.3	Net profit for the period attributable to members	Down	17.7%	to 2,027
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.

Over the 12 months ended 30 June 2016 (FY16) NetComm Wireless generated revenue of \$85.3 million, up 14.8% from FY15. Earnings before interest, tax and depreciation (EBITDA) of \$6.2 million was 14.6% lower than FY15.

These financial results were in line with the FY16 guidance provided to the market in April 2016.

The growth in revenues was due to continued growth in the Group's M2M business offset by lower revenues in its base broadband business.

M2M revenue was up 74.0% to \$58.7 million reflecting substantial growth in the Ericsson/nbn fixed wireless project as its roll-out continued to ramp up, and several new M2M projects.

The broadband business delivered a steady base level of revenues of \$26.4 million. The FY15 result, which was \$14.1 million higher, benefited from increased sales of powerline devices to a key customer, following that customer undertaking a major marketing initiative.

The EBITDA result of \$6.2 million was down slightly on FY15 reflecting:

- \$4.3 million investment in staff, skills and infrastructure to deliver already won contracts and further enhance the Company's global capabilities as it pursues substantial attractive global opportunities in M2M, Fixed Wireless and Network Terminating Devices
- \$0.7 million non-cash accounting expense associated with Share Appreciation Rights approved at the Company's November 2015 AGM.

The Company's underlying EBITDA – before investment in staff, skills and infrastructure (\$4.3m) and non-cash Share Appreciation Rights expense (\$0.7m) – of \$11.2 million, was up 23.4% on FY15's underlying EBITDA result of \$9.1 million.

NetComm Wireless also early adopted AASB15 Revenue from Contracts with Customers. This resulted in the capitalisation of \$2.9 million of people related costs associated with the Company's recent major USA Fixed Wireless contract win. This capitalisation of \$2.9 million is in addition to the \$4.3 million business investment referred to above.

3. NTA backing

	30 June 2016	30 June 2015
Net tangible asset backing per ordinary Security	41.34 cents	11.63 cents

4. Commentary on results for the period

\$A'000's	1H 2016	2H 2016
Revenue	46,393	38,912
EBITDA	5,124	1,110
Net profit/(loss) after tax	2,319	(292)
Total profit attributable to members	2,319	(292)

Both Broadband and M2M reporting segments reported lower revenues in the second half of the year. Revenues in M2M were circa \$3.7 million lower compared to first half mainly because of the timing of revenues from Ericsson/NBN contract and lower overseas M2M sales.

Sales in broadband business were circa \$3.4 million lower compared to the first half. The sales were lower because of slowdown in orders in Group's ISP and filter business units in the second half.

EBITDA was significantly lower in the second half directly as a result of lower sales and the Group's continued investment in people and resources. The gross margin impact of the lower sales was approximately \$2.3 million and the Group's operational expenditure was \$1.7 million higher compared to first half.

The Loss After Tax position in the second half is directly a result of the lower EBITDA combined with slightly higher interest expense, depreciation and amortisation, offset by a net higher related tax benefit, mainly due to additional R&D expenses.

5. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

6. Attachments

The Annual Report of NetComm Wireless Limited for the year ended 30 June 2016 is attached.

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

(Tick one)

- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input checked="" 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 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: 29 August 2016

Print name:

David P J Stewart