NetComm Wireless Limited
Appendix 4E
For The Year Ended 30 June 2017

1. Company details

Name of entity

NetComm Wireless Limited

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
85 002 490 486	30 June 2017	30 June 2016

2. Results for announcement to the market

$A'000's

2.1	Revenues from ordinary activities	Up	26.3%	to	107,579
2.2	EBITDA	Down	41.1%	to	3,587
2.3	(Loss) from ordinary activities after tax attributable to members	Down	188.5%	to	(1,794)
2.4	Net (Loss) for the period attributable to members	Down	188.5%	to	(1,794)

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

Details can be found under NetComm Wireless Limited Year End Report for the period ended 30 June 2017.

3. Net tangible assets per share

	30 June 2017	30 June 2016
Net tangible assets per share (cents)	34.29 cents	41.34 cents

4. Dividends

No dividend has been paid or provided for during the period or the prior financial period by the Parent Entity.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

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

6. Attachments

Details of attachments (if any):

The Financial Report of NetComm Wireless Limited for the year ended June 2017 is attached.

Additional Appendix 4E disclosure requirements can be found in the NetComm Wireless Limited Financial Report for the year ended 30 June 2017.

The Appendix 4E is based on the 2017 NetComm Wireless Limited Financial Report which has been audited by Grant Thornton Audit Pty Limited.

Sign here: Date: 28 August 2017

Print name: Kenneth J P Sheridan

CEO & Executive Director

NetCommWireless

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2017

2017 | Listen. Innovate. Solve.

Financial Report

For the Year Ended 30 June 2017

NETCOMM WIRELESS LIMITED

FINANCIAL REPORT

For the year ended 30 June 2017

ACN 002 490 486

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2017.

Directors' Report

For the Year Ended 30 June 2017

1. General Information

(a) Directors

The names of the directors in office at any time during, or since the end of, the year are:

J Milne .... Non-Executive Director & Chairman

K Boundy .... Non-Executive Director

S Black AM .... Non-Executive Director

D Spence[1] .... Non-Executive Director

D P J Stewart[2] .... CEO & Managing Director

K J P Sheridan[3] .... CEO & Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

1 *David Spence appointed as Non-Executive Director on 22nd May 2017.*

2 *David Stewart retired as CEO & Managing Director on 23rd December 2016.*

3 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*

(b) Company Secretary

Mr Chris Last, the company's CFO, was appointed as Company Secretary on 28th November 2016.

Mr Peter Beveridge, the company's Commercial Manager, was appointed as Company Secretary on 2nd December 2016.

Mr Ken Sheridan resigned from the position of Company Secretary on 2 December 2016.

(c) Principal Activities

NetComm Wireless Limited (ASX: NTC) is a leading developer of Fixed Wireless broadband, wireless Machine to Machine (M2M)/Industrial Internet of Things (IoT) and Fibre and Cable to the distribution point (FTTdp / CTTdp) technologies that underpin an increasingly connected world. Our Listen. Innovate. Solve. methodology supports the unique requirements of leading telecommunications carriers, core network providers, system integrators, government and enterprise customers worldwide.

For over 35 years, NetComm Wireless has engineered new generations of world first data communication products and is now a globally recognised communications technology innovator. Headquartered in Sydney (Australia), NetComm Wireless has offices in the US, Europe/UK, New Zealand and Japan.

Directors' Report

For the Year Ended 30 June 2017

2. Review of Operations and Financial Results

(a) Operating Results

The consolidated loss of the Group after providing for income tax amounted to $1,794k (2016: $2,027k profit).

	Consolidated	
RESULTS AND DIVIDENDS	2017	2016
	$000	$000
Total revenue & other income	107,579	85,160
EBITDA	3,587	6,089
(Loss)/profit before income tax	(4,229)	2,132
Income tax benefit / (expense)	2,435	(104)
Net (loss)/profit for the year	(1,794)	2,027
Dividends per share (cents)	0.0	0.0

For the year ended 30 June 2017 (FY17) the Group delivered revenues of $107.6 million, up 26.3% from FY16. Earnings before interest, tax and depreciation (EBITDA) of $3.6 million was 41.1% lower than FY16.

The growth in revenues was due to continued growth in the Group's M2M business (which includes fixed wireless and distribution point technologies) offset by lower revenues in its broadband business.

M2M revenue was up 46.9% and generated $86.3 million in revenues (FY16 $58.7) which represented 80% of the total Group revenue. Key revenue growth in the M2M business related to the commencement of deliveries of the Group's Fibre-to-the-Curb technologies (FTTC)/Distribution Point Units (DPU) to the nbn™ and the Group also experienced growth in its overseas M2M business alongside continued sales from the Ericsson/nbn fixed wireless project as its roll-out continued. During the year the Group generated small revenues from initial deliveries for its Fixed Wireless project in the USA.

The broadband business delivered a base level of revenues of $21.3 million down 19.4% compared to last year. The revenues were lower mainly as a result of slowdown in sales of powerline devices to a key Australian customer. The broadband business had steady growth in New Zealand market.

As previously flagged, FY17 was an investment year for NetComm Wireless. A focused, strategic investment was being made over FY17 in people and infrastructure to ensure the Company is best placed to deliver on the substantial global growth opportunities available. The awarding by the nbn of its Fibre to the Curb project to NetComm Wireless is a direct result of the investment made in FY16 and FY17 that has allowed the Company to innovate and develop the only product of its kind worldwide. The continued investment in people and infrastructure also supports the Group's strategic initiative to aggressively pursue opportunities to supply its Fixed Wireless and FTTC/DPU technology globally.

The EBITDA result of $3.6 million was down 41% on FY16 reflecting an additional $12.6 million investment in staff, skills and infrastructure to deliver already won contracts and further enhance the Company's capabilities as it pursues substantial attractive global opportunities in M2M, Fixed Wireless and Network Terminating Devices.

(b) Significant Changes in State of Affairs

During the year the Group;

- Won and announced significant opportunities with the nbn's Fibre to the Curb Project and commenced initial deliveries; and
- Commenced initial deliveries to AT&T for small scale controlled roll out of their fixed wireless project.

There were no significant changes in the Company's state of affairs occurred during the financial year.

(c) Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years.

(d) Environmental Regulations

The Group is not subject to significant environmental regulation.

(e) Financial Position

The Company has no debt on its balance sheet and $22 million cash held at bank and on deposit as at 30 June 2017. The debt free position enhances the cash conservation with no interest payments and no mandated capital repayment requirements.

The Group also has access to pre-arranged but currently un-utilised finance facilities of $15 million established with HSBC.

These provide a mixture of secured bank loans totalling $7 million alongside debtor finance facilities of a further A$1 million and US$ 7.2 million.

Over 2017 NetComm Wireless grew net operating cash inflows from an outflow of $2.0 million in FY16 to positive inflows of $8.2 million in FY17. Management of trade creditors underpinned the improved cash flows partially offset by an increase in inventories and debtors commensurate with the increasing scale of the Group's activities.

Alongside the focused investment in people, NetComm Wireless undertook significant Capital investments in the areas of Plant and Equipment ($10.2 million) and in Engineering and Customer Development ($13.1 million) to support its growth agenda. For example by way of increasing the scale of its research and development facilities in Victoria and New South Wales, Australia and also in Sunrise, Florida, United States.

(f) Likely Developments, Business Strategies and Prospects

FY17 has been a year of growth in Revenue alongside significant "wins" for the Group. The outlook for future years remains very strong. In addition to the ongoing deliveries in the Company's Ericsson/nbn fixed wireless contract, the Group has started to make initial deliveries on its USA fixed wireless contract and has won and announced a contract with nbn in respect of its Fibre to the Curb Project.

The Group anticipates FY18 to be a year of strong growth both in terms of revenues as well as EBITDA. Substantial investments were made during FY17 in line with our strategy. FY17 should be regarded as an "investment year", after which substantial revenue growth will flow in FY18.

The nbn FTTC/DPU contract is a key contract 'win'. Initial deliveries were completed in line with plan during June, July and August 2017. We believe this contract will deliver further substantial value to the Company during FY18 as the pace of the planned rollout increases.

During the FY17 year the Group made initial deliveries to AT&T for a small scale controlled roll out of their fixed wireless project. Full ramp up and deployment is expected in the following years starting with a build up during FY18.

Furthermore the Group continues to pursue growth opportunities in the following areas:

- Fixed Wireless – globally;
- Fibre to the Distribution Point (FTTdp) – globally;
- Machine to Machine (M2M), globally with a focus on customer "pain points"; and
- Growing our Australian and NZ fixed broadband business.

The Company is well placed to leverage our capability to design customised solutions to meet the specific needs of our customers. This approach allows us to develop tight customer relationships with a high degree of longevity and stickiness.

We have embarked on an engagement model with new and existing customers predicated on a philosophy of "Listen. Innovate. Solve." This allows us to deliver bespoke solutions to our customers to exactly meet their needs whether they need a fixed wireless, FTTdp or specialised "pain point" M2M solution.

The Group has made significant investment in enhancing its R&D capabilities and is committed to innovate world class products that will allow it to win further opportunities on a global scale and move from a medium size business to a true enterprise capable of meeting the needs of sophisticated Tier 1 global customers.

The cycle time to deliver a new customised product can take between 12 to 24 months and so considerable investment, mainly of people time, is required before revenues begin to flow. This investment can be seen in the level of capitalised development carried on the balance sheet.

All of our manufacturing occurs in the USA and Asia. By using contract manufacturers we have the ability to scale our business rapidly with low incremental capital expenditure in manufacturing assets.

(g) Group Risks

NetComm Wireless is dependent on and subject to the rapid pace of change in the technology that people and machines use to communicate with each other. This environment gives rise to significant new growth opportunities as well as certain risks inherent to the industry in which the Company operates.

The Audit and Risk Committee regularly reviews all material business risks and ensures that the Company implements strategies to mitigate those risks.

The material risks that could impact NetComm Wireless achieving future financial performance and outcomes are as follows and further details of these risks can be found on www.netcommwireless.com:

- Industry Risk – competition from new and existing players
- Technology & IT Risks – fast changing and evolving industry sector
- Supply Chain – dependency on a variety of contract manufacturers and component suppliers
- Reliance on Customers – concentration risk of material Tier 1 customers and potential for the customers to experience delays in their roll out of technology that impacts a contract becoming revenue generating
- Financial/Treasury – exposure to foreign exchange
- People Risk – retention of key staff and recruitment of emerging talent

Directors' Report

For the Year Ended 30 June 2017

3. Directors' Information

(a) Information on Directors

Mr Justin Milne
Non-Executive Independent Director & Chairman since 7 March 2012

Mr Milne has substantial telecommunications industry experience and is an experienced company director having served in diverse industry sectors with a multinational focus. He had an executive career in telecommunications, marketing and media. From 2002 to 2010 he was Group Managing Director of Telstra's broadband and media businesses and led Telstra's New Media businesses in China. Prior to that he was CEO of OzEmail and of MSN Australia. He is currently Chairman of MYOB, a Non-Executive Director of NBN Co Limited, Tabcorp Holdings Limited, SMS Management & Technology Limited and Members Equity Bank Limited and was appointed Chairman of Australian Broadcasting Corporation in 2017.

Mr Ken Boundy
Non-Executive Independent Director since 24 August 2012

Mr Boundy has significant marketing, distribution and international business experience across a diverse range of industry sectors. He is currently Chairman and/or Non-Executive Director on five boards and part owner of two businesses. He has held a number of prominent positions over the past thirty years including: Managing Director of Tourism Australia; Executive General Manager, International, of James Hardie Industries Limited; Group General Manager, Corporate Development, of Goodman Fielder Limited; CEO, of Goodman Fielder Asia, Singapore and Director, Industry Development, of the Victorian Department of Industry Commerce and Technology.

Mr Stuart Black AM
Non-Executive Independent Director since 21 March 2013

Mr Black is a prominent Chartered Accountant and experienced Company Director. A former Managing Partner of a chartered accounting firm and a Past President of the Institute of Chartered Accountants in Australia, he has extensive experience in professional services, agribusiness, financial services, manufacturing, import, distribution, IT and biotechnology.

Mr Black is currently a Non-Executive Director of Australian Agricultural Company Limited, TPI Enterprises Limited and was previously a Non-Executive Director of Coffey International Limited. He Chairs the Chartered Accountants Benevolent Foundation Ltd and is a Non-Executive Director of The Country Education Foundation of Australia Ltd. He is a former Chair and Director of the Accounting Professional and Ethical Standards Board Ltd and a past member of the International Federation of Accountants SMP Committee.

Mr David Spence[1]
Non-Executive Independent Director since 22 May 2017

Mr Spence has extensive network communications technology experience in building satellite, wireless and fibre networking businesses as well as working with large global networking and carrier companies. He is currently the non-Executive Chairman of Vocus Group Limited, the leading business-only telecommunications provider in Australia and New Zealand; Chairman of Paypal Australia and founder and Chairman of the National Narrowband Network. Mr Spence was the CEO of Unwired Limited from 2003 to 2009, the Company that pioneered wireless broadband to households in Australia.

Directors' Report

For the Year Ended 30 June 2017

Mr David P J Stewart[2]
Retired as CEO & Managing Director, 23 December 2016[1]

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 Wireless Limited, which was completed in November 1997. Mr Stewart assumed the role of Managing Director of the merged entity and retired from the Board in December 2016 upon stepping down as CEO. Mr Stewart remains the single largest shareholder of NetComm Wireless.

Mr Ken Sheridan[3]
Director since 20 December 2010, appointed Interim CEO 23 December 2016 and CEO since 24 February 20173

Mr Sheridan is a Chartered Accountant with over 35 years' experience in senior management in major corporations in Australia and Asia. He spent 11 years with KPMG before he moved into the commercial sector where he held several CFO roles with large multinational companies in Australia and Asia including three years as Finance Director of a top 10 Malaysian listed consumer goods company. Mr Sheridan was the Group CFO for Tenix, one of Australia's largest private companies. In the 6 years prior to joining NetComm Wireless, Mr Sheridan was Managing Director and major shareholder of Acelero Pty Ltd, a human resources software company. Mr Sheridan initially commenced with NetComm Wireless as a Non-Executive Director before his appointment as CFO and subsequently to Chief Strategy Officer and now CEO.

At the date of this report, the interest of the Directors in the ordinary shares of the Company are:

	Ordinary Shares
J Milne	756,651
K Boundy	650,000
S Black AM	200,000
D Spence	-
K J P Sheridan	680,000

1 *David Spence appointed as Non-Executive Director on 22nd May 2017.*
2 *David Stewart retired as CEO and Managing Director on 23rd December 2016.*
3 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*

Directors' Report

For the Year Ended 30 June 2017

(b) Meetings of Directors

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director during the year were as follows:

Director	Board Meetings		Audit and Risk Committee		Nominations and Remuneration Committee	
	A	B	A	B	A	B
J Milne	9	9	5	5	3	3
K Boundy	9	9	5	5	3	3
S Black AM	9	9	5	5	3	3
D P J Stewart[1]	5	5	3	3	2	2
D Spence[2]	1	1	-	-	-	-
K J P Sheridan[3]	9	9	5	5	3	3

A is the number of meetings the Director was entitled to attend.
B is the number of meetings the Director attended.

J Milne, K Boundy, S Black AM and D Spence are the members of Audit & Risk Committee & Nominations and Remuneration Committee.

1 *David Stewart retired as CEO and Managing Director on 23rd December 2016.*

2 *David Spence appointed as Non-Executive Director on 22nd May 2017.*

3 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*

4. Share Options

At the date of this report, there are no options outstanding. During the year no options were exercised or granted.

5. Share Appreciation Rights

At the Company's Annual General Meeting on 18 November 2015, the shareholders approved the implementation of a Long Term Incentive Plan based on the issuance of Share Appreciation Rights ("SAR's").

A Share Appreciation Right has the potential to provide an economic benefit similar to a share option. Upon exercise the Participant realises a gain equal to the amount by which the underlying share price has appreciated since the right was granted. If the Company's share price does not appreciate over the relevant period, a Participant's entitlement on vesting and exercise of their Share Appreciation Rights will be nil.

Vesting & Exercise Conditions

The SAR's automatically vest on the date which is 3 years from their date of issue. The only vesting condition is that the recipients have to remain an employee of the Company for the vesting period of three years.

Share Appreciation Rights may be exercised within 12 months from their Vesting Date, if on their exercise date:

- the Share Appreciation Right has vested in accordance with the Rules;
- the Exercise Reference Price exceeds the Base Price; and
- the Share Appreciation Right has not lapsed under the Rules, where:

Base Price means, in respect of a share, the Market Value of the Share on the date of an Offer;

Exercise Reference Price means the Market Value of the Shares on the exercise date.

Lapsing and forfeiture of Share Appreciation Rights

Subject to the absolute discretion of the Board and to the terms of the Offer made to a Participant, and unless the Rules on death, permanent disability or bona fide redundancy apply (summarised below), the Participant's rights in relation to any Share Appreciation Rights issued to that Participant will lapse immediately and all rights in respect of those Share Appreciation Rights will thereupon be lost if:

a. Participant ceases to be an Eligible Employee (including, without limitation, resignation or redundancy);
b. one or more Conditions in an Offer of Share Appreciation Rights is not satisfied or waived by the Board in its absolute discretion or otherwise cannot be satisfied by the relevant Vesting Date;
c. the Share Appreciation Rights are forfeited pursuant to the Plan Rules; or
d. The Share Appreciation Rights are not exercised by 11:59pm (AEST) on the last date of the Exercise Period.

Notwithstanding any other provision of the Rules, unless otherwise determined by the Board, a Participant (and any person claiming through him or her) will forfeit any Share Appreciation Rights they hold if:

a. the Participant is dismissed by a company in the Group for cause, including unlawful or serious misconduct, as determined by the Board in its absolute discretion;
b. in the Board's reasonable opinion the Participant acts fraudulently or dishonestly, is in serious breach of duty (under a contract or otherwise) to the Company or Group, or commits any act of harassment or discrimination;
c. in the Board's reasonable opinion, the Participant has brought the Company into serious disrepute; or
d. The Participant is in material breach of the Rules.

Share Appreciation Rights in issue

Details of Share Appreciation Rights (SAR's) held directly, indirectly or beneficially by Key Management Personnel and their related parties are as follows:

	Position	Balance on 1 July 2016	Fair Value of SAR's on date of grant	SAR's granted during the year	SAR's Exercised	SAR's Lapsed	Remaining Fair Value of SAR's as at date of grant	Balance at 30 June 2017	% Vested at 30 June 2017
D P J Stewart[1]	CEO[1]	1,000,000	$1,628,898	-	-	(1,000,000)	-	-	-
K J P Sheridan[2]	CEO[2]	500,000	$814,449	-	-	-	$814,449	500,000	0%
S Collins	CTO	500,000	$814,449	-	-	-	$814,449	500,000	0%
M Cornelius	R&D Director	100,000	$162,890	-	-	-	$162,890	100,000	0%
Total		**2,100,000**	**$3,420,686**	**-**	**-**	**(1,000,000)**	**$1,791,788**	**1,100,000**	

1 *David Stewart retired on 23rd December 2016 and the SAR's issued to him lapsed.*

2 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*

The Fair Value of the SAR's on Date of Grant represents a non-cash accounting expense that is recognised on a straight line basis over the vesting period of three years, subject to the recipients satisfaction of performance conditions.

Directors' Report

For the Year Ended 30 June 2017

Remuneration Report

Dear Shareholder,

On behalf of the Board, I am pleased to present the NetComm Wireless FY17 Remuneration Report. This report provides remuneration information for the Chief Executive Officer (CEO), Key Senior Leadership and Non-Executive Directors. This group forms the NetComm Wireless Key Management Personnel (KMP).

The Remuneration Framework and Remuneration Policy 6 (b), is designed to responsibly reward through the components of Fixed Remuneration, Short Term Incentives (STI) and Long Term Incentives (LTI). We benchmark with like companies with fixed remuneration being around the midpoint.

STI's are based on achievement of the financial target and the key strategic objectives for the company. In FY17, no STI's were paid to executives based on achievement of financial targets, however achievement of our transformation and delivery objectives were rewarded according to individual Key Performance Indicators. These included increasing capability throughout the business, delivery of DPU technology to the nbn and a small-scale rollout of fixed wireless devices and eco system testing for AT&T.

Over the next 12 months we expect to see the benefits of the investments made in FY17. To further reinforce our alignment between business performance and reward, an EBITDA gateway will be introduced as part of the FY18 STI such that threshold Group financial measures must be met in order for any STI to become payable. This change reflects the fact that NetComm Wireless is now in delivery mode.

The LTI scheme using Share Appreciation Rights (SARs) will continue to drive alignment of Share price growth, Shareholder value and KMP long term reward.

Ken Boundy

Chair of the Nomination and Remuneration Committee

6. Remuneration Report - Audited

This remuneration report, which forms part of the Directors' Report, sets out the information about the remuneration of NetComm Wireless Limited's directors and its senior management for the financial year ended 30 June 2017.

The following persons were Key Management Personnel of NetComm Wireless Limited during the financial year:

J Milne .... Non-Executive Director & Chairman

K Boundy .... Non-Executive Director

S Black AM .... Non-Executive Director

D Spence[1] .... Non-Executive Director

D P J Stewart[2] .... CEO & Managing Director

K J P Sheridan[3] .... CEO & Executive Director

C Last[4] .... Chief Financial Officer

S Collins .... Chief Technology Officer

S Berriz[5] .... SVP Engineering

T Brouwer[6] .... Chief Operating Officer

G Davie[7] .... Chief People Officer

M Cornelius .... R&D Director

1 *David Spence appointed as Non-Executive Director on 22nd May 2017.*
2 *David Stewart retired on 23rd December 2016.*
3 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*
4 *Chris Last appointed as CFO on 31st October 2016.*
5 *Sergio Berriz appointed as SVP Engineering on 14th November 2016.*
6 *Timo Brouwer appointed as COO on 5th October 2016.*
7 *Gillian Davie appointed as CPO on 26th June 2017.*

(a) Remuneration Philosophy

NetComm's remuneration philosophy is to attract, motivate and retain highly capable executives by offering market competitive remuneration. Remuneration outcomes are aligned with business performance and creation of shareholder value. This philosophy is underpinned by the Remuneration Policy as set out below.

(b) Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management personnel for the Group is as follows:

- The Nominations & Remuneration Committee assume responsibility for making recommendations to the Board in respect of remuneration policies and practices generally and making recommendations to the Board on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.
- The Board reviews the remuneration packages of all directors and other key management personnel on an annual basis. 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 nature and amount of the Executives' and Executive Directors' and other Key Management Personnel's emoluments is linked to the Group's financial and operational performance, as determined by the Board.
- Any shares that are issued as part of remuneration are issued at market price. Recipients are not permitted to enter in to transactions which limit the economic risk of participating in any share based scheme.

For FY17 the Chairman of the company received an annual fee of $140,924 with all other non-executive directors receiving $70,779 per annum.

Use of remuneration consultants

The Board's policy for determining the nature and amount of remuneration for KMP's of the consolidated group is to have the remuneration policy developed by the Board after professional advice is sought, where appropriate, from independent external consultants. External services in this regard were not utilised during the current financial year.

Voting and comments made at the company's 2016 Annual General Meeting ("AGM")

At the 2016 AGM, 90.34% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

(c) Relationship between the remuneration policy and company performance

The following tables set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2017:

	30 June 2017 $000	30 June 2016 $000	30 June 2015 $000	30 June 2014 $000	30 June 2013 $000
Revenue	107,579	85,304	74,263	64,593	42,858
Net Profit/(loss) before tax	(4,229)	2,132	2,882	826	(2,681)
Profit/(loss) for the year	(1,794)	2,027	2,464	1,018	(542)
Share price at start of the year	2.52	0.74	0.74	0.26	0.12
Share price at end of the year	1.72	2.52	0.74	0.74	0.26
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Basic earnings per share (cents)	(1.23)	1.54	1.91	0.79	(0.51)
Diluted earnings per share (cents)	(1.23)	1.54	1.91	0.79	(0.51)

As previously advised FY17 was an "investment" year for the Group during which the Group made a total cash investment of $23 million as predicted and significant transformational milestones were achieved. There was specific emphasis during the year on transformational activities with corresponding KPIs set by the Board. The Board is of the opinion that the remuneration policy and Company performance are closely aligned.

(d) Details of Remuneration for Year Ended 30 June 2017.

Details of each element of the remuneration of Key Management Personnel of NetComm Wireless Limited are set out in the following tables:

		Short Term Employee Benefits			Post-Employment Benefits	Long Term benefits	Total Excluding Charge for Share based allocations	Share Based Payments	Other Benefits	Total	% of Remuneration that is performance based	% of Remuneration that consists of Shares
	Year	Salary & Fees	Short Term Incentive Plan	Non-Monetary Benefits	Super-annuation	Long Service Leave		Shares Appreciation Rights Expense	Termination Benefits			
Independent Non-Executive Directors												
J Milne Chairman	**2017**	**127,537**	**-**	**-**	**13,388**	**-**	**140,925**	**-**	**-**	**140,925**	**-**	**-**
	2016	88,557	-	-	9,296	-	97,853	-	-	97,853	-	-
K Boundy Non-executive director	**2017**	**64,055**	**-**	**-**	**6,724**	**-**	**70,779**	**-**	**-**	**70,779**	**-**	**-**
	2016	52,450	-	-	5,506	-	57,956	-	-	57,956	-	-
S Black AM Non-executive director	**2017**	**64,055**	**-**	**-**	**6,724**	**-**	**70,779**	**-**	**-**	**70,779**	**-**	**-**
	2016	52,450	-	-	5,506	-	57,956	-	-	57,956	-	-
D Spence[1] Non-executive director	**2017**	**7,152**	**-**	**-**	**751**	**-**	**7,903**	**-**	**-**	**7,903**	**-**	**-**
	2016	-	-	-	-	-	-	-	-	-	-	-
Executive Directors												
D P J Stewart[2] Chief Executive Officer and Managing Director	**2017**	**291,851**	**45,000**	**-**	**17,500**	**20,767**	**375,118**	**-**	**-**	**375,118**	**12%**	**-**
	2016	430,000	662,000	-	70,000	28,083	1,190,083	305,053	-	1,495,136	44%	20%
K J P Sheridan[3] Chief Executive Officer and Executive director	**2017**	**471,941**	**252,000**	**-**	**31,233**	**32,002**	**787,176**	**271,483**	**-**	**1,058,659**	**24%**	**26%**
	2016	301,440	370,000	-	28,560	27,120	727,120	152,527	-	879,647	42%	17%
Executive Officers												
C Last[4] Chief Financial Officer	**2017**	**224,308**	**70,000**	**-**	**21,022**	**-**	**315,330**	**-**	**-**	**315,330**	**22%**	**-**
	2016	-	-	-	-	-	-	-	-	-	-	-
S Berriz[5] SVP Engineering	**2017**	**262,943**	**105,000**	**-**	**15,490**	**-**	**383,433**	**-**	**-**	**383,433**	**27%**	**-**
	2016	-	-	-	-	-	-	-	-	-	-	-
T Brouwer[6] Chief Operating Officer	**2017**	**244,913**	**63,000**	**-**	**23,184**	**-**	**331,097**	**-**	**-**	**331,097**	**19%**	**-**
	2016	-	-	-	-	-	-	-	-	-	-	-

Directors' Report

For the Year Ended 30 June 2017

Details of each element of the remuneration of Key Management Personnel and other executives of NetComm Wireless Limited are set out in the following tables:

Year ended 30 June 2017:

		Short Term Employee Benefits			Post-Employment Benefits	Long Term benefits	Total Excluding Charge for Share based allocations	Share Based Payments	Other Benefits	Total	% of Remuneration that is performance based	% of Remuneration that consists of Shares
	Year	Salary & Fees	Short Term Incentive Plan	Non-Monetary Benefits	Super-annuation	Long Service Leave		Shares Appreciation Rights Expense	Termination Benefits			
G Davie[7] Chief People Officer	**2017**	**6,784**	**-**	**-**	**637**	**-**	**7,421**	**-**	**-**	**7,421**	**-**	**-**
	2016	-	-	-	-	-	-	-	-	-	-	-
S Collins Chief Technology Officer	**2017**	**350,174**	**140,000**	**-**	**30,902**	**16,834**	**537,910**	**271,483**	**-**	**809,393**	**17%**	**34%**
	2016	231,347	350,000	-	18,653	6,895	606,895	152,527	-	759,422	46%	20%
M Cornelius Product Development Director	**2017**	**258,776**	**70,000**	**-**	**23,425**	**18,793**	**370,994**	**54,297**	**-**	**425,291**	**16%**	**13%**
	2016	183,998	182,000	-	16,002	6,610	388,610	30,505	-	419,115	43%	7%
Total Key Management Personnel Compensation	**2017**	**2,374,489**	**745,000**	**-**	**190,980**	**88,396**	**3,398,865**	**597,263**	**-**	**3,996,128**		
	2016	1,340,242	1,564,000	-	153,523	68,708	3,126,473	640,612	-	3,767,085		

1 *David Spence commenced as Non-Executive Director on 22nd May 2017*
2 *David Stewart retired on 23rd December 2016*
3 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*
4 *Chris Last commenced as Chief Financial Officer on 31st October 2016*
5 *Sergio Berriz appointed as SVP Engineering on 14th November 2016*
6 *Timo Brouwer commenced as Chief Operating Officer on 5th October 2016*
7 *Gillian Davie commenced as Chief People Officer on 26th June 2017*

(e) Short Term Incentive Plan - Cash Bonuses

Key Management Personnel and other executives are entitled to a short-term cash incentive based on performance criteria which is defined and granted at the discretion of the Board. Where performance criteria are not met in the current year the bonus is forfeited and may not be carried forward to a future year.

In order to enhance retention of key personnel, one third (33.3%) of any earned "base" incentive is deferred for one year and is payable if the person remains an employee at the time of the payment which occurs in September of the following year.

Short term incentive plans are based on the achievement of a specified EBITDA target and board approved KPIs. For the year ended 30 June 2017, EBITDA target component was not achieved, however transformational KPIs were achieved. For the year ended 30 June 2017, the following table discloses the total entitlement and the amount achieved.

Participants	Role	"Base" Incentive	Total "Base" Incentive Achieved	% Achieved	Amount Payable in August 2017	Amount Deferred to August 2018	Amount Deferred from August 2016
K Sheridan[1]	CEO & Executive Director	$450,000	$252,000	56%	$168,000	$84,000	$26,000
D Stewart[2]	CEO & Managing Director	$90,000	$45,000	50%	$45,000	-	$54,000[2]
S Collins	CTO	$200,000	$140,000	70%	$93,333	$46,667	$20,000
S Berriz	SVP Engineering	$150,000	$105,000	70%	$70,000	$35,000	-
G Davie	Chief People Officer	-	-	-	-	-	-
T Brouwer[3]	COO	$112,500	$63,000	56%	$63,000	-	-
C Last	CFO	$100,000	$70,000	70%	$46,667	$23,333	-
M Cornelius	Research & Development Director	$100,000	$70,000	70%	$46,667	$23,333	$16,666
Total		**$1,202,500**	**$745,000**		**$487,667**	**$212,333**	**$62,666**

1 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*

2 *David Stewart retired on 23rd December 2016, his bonus entitlements for current year and the bonus amount deferred from last year was paid during the year and no amounts are withheld or payable as at the date of this report.*

3 *Timo Brouwer contract excluded a 1st year of employment deferment of STI.*

Rationale for Determination of Incentive Payments

The 2017 short term incentive plan provides the Board with the discretion of applying an adjustment multiplier of between 0 and 1.5 to the incentive entitlement based on the overall performance of each individual included in the incentive plan.

For FY17, the Board applied a multiplying factor of 1.0 times to the incentive entitlements of eligible participating Key Management Personnel. This means that there was no increase or decrease in the incentive entitlement as originally calculated.

(f) Share Appreciation Rights (SAR's)

Details of the Company's Share Appreciation Rights Plan can be found in Section 5 of this Directors' Report.

On December 8, 2015 the Company issued a total of 2,200,000 Share Appreciation Rights (SAR's) to Key Management Personnel and other employees at a "Base" price of $2.98.

Details of Share Appreciation Rights (SAR) held directly, indirectly or beneficially by Key Management Personnel and their related parties are as follows:

	Position	Balance on 1 July 2016	SAR's Granted During the year	SAR's Exercised	SAR's Lapsed	Remaining Fair Value of SAR's as at date of grant	Balance at 30 June 2017	% Vested at 30 June 2017
D P J Stewart[1]	CEO[1]	1,000,000	-	-	(1,000,000)	-	-	-
K J P Sheridan[2]	CEO[2]	500,000	-	-	-	$814,449	500,000	0%
S Collins	CTO	500,000	-	-	-	$814,449	500,000	0%
M Cornelius	R&D Director	100,000	-	-	-	$162,890	100,000	0%
Total		**2,100,000**	**-**	**-**	**(1,000,000)**	**$1,791,788**	**1,100,000**	

1 *David Stewart retired on 23rd December 2016 and the SAR's issued to him were lapsed.*

2 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*

The Fair Value of the SAR's on Date of Grant are non-cash items and are recognised as an expense in the Profit and Loss based on the period of time elapsed in the financial year compared to the 3 year vesting period, subject to recipients satisfaction of performance conditions.

(g) Service Contracts

The following table provides employment details of persons who were, during the financial year, the executive directors and executive officers of the consolidated group receiving the highest remuneration.

	Position held as at 30 June 2017	Contract details (duration & termination)
D P J Stewart[1]	CEO & Managing Director	Standard employment agreement. 12 months' notice required to terminate. Entitled to 12 months gross salary upon termination.
K J P Sheridan[2]	CEO & Executive Director	Standard employment agreement. 12 months' notice required to terminate. Entitled to 12 months gross salary upon termination.
S Collins	Chief Technology Officer	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
C Last	Chief Financial Officer	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
T Brouwer	Chief Operating Officer	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
S Berriz	SVP Engineering	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
G Davie	Chief People Officer	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
M Cornelius	Research & Development Director	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.

1 *David Stewart retired as CEO & Managing Director on 23rd December 2016.*

2 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*

(h) Shares Held by Key Management Personnel

Fully paid ordinary shares as at 30 June 2017:

	Balance 1 July, 2016	Movement during the Year	Balance 30 June, 2017
	No.	No.	No.
J Milne	735,651	21,000	756,651
K Boundy	650,000	-	650,000
S Black	185,085	14,915	200,000
D Spence	-	-	-
D P J Stewart[1]	23,000,000	-	23,000,000
K J P Sheridan	594,531	85,469	680,000
S Collins	105,085	12,231	117,316
M Cornelius	1,406,170	150,000	1,606,170
C Last	-	10,800	10,800
T Brouwer	-	-	-
S Berriz	-	-	-
G Davie	-	-	-
Total	**26,676,522**	**294,415**	**27,020,937**

1 *David Stewart's shareholding is as at 23rd December 2016 when he ceased to be a Key Management Personnel. The 23,000,000 shares were held by D P J Stewart's related entities.*

Note: All changes during the year arose from private purchases by the Key Management Personnel and none were from grants, share options & Share Appreciation Rights.

Fully paid ordinary shares as at 30 June 2016:

	Balance 1 July, 2015	Movement during the Year	Balance 30 June, 2016
	No.	No.	No.
J Milne	710,588	25,063	735,651
K Boundy	650,000	-	650,000
S Black	180,000	5,085	185,085
D P J Stewart[1]	23,000,000	-	23,000,000
K J P Sheridan	566,946	27,585	594,531
S Collins	100,000	5,085	105,085
M Cornelius	1,806,170	(400,000)	1,406,170
Total	**27,013,704**	**(337,182)**	**26,676,522**

1 *The 23,000,000 shares held by D P J Stewart's related entities.*

END OF AUDITED REMUNERATION REPORT

7. Other Information

(a) Indemnification and Insurance of Directors and Auditors

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 secretaries 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.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred by such an officer or auditor.

(b) Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

(c) Rounding of Amounts

NetComm is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

(d) Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 21 of the financial report.

(e) Non Audit Services

The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, because the nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Fees for non-audit services which were paid/payable to the external auditors (Grant Thornton Audit Pty Ltd) during the year ended 30 June 2017 are disclosed at Note 3(d).

(f) Corporate Governance

The Directors of NetComm Wireless 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 Wireless Limited reaffirm their support for the principles of corporate governance and transparency and have reviewed their policies with regard to current best practice. The Corporate Governance Report is available on the Company's website at www.netcommwireless.com under the Investors/Corporate Governance section.

(g) Dividends

No dividends were paid during the financial year 2017 (2016: Nil).

Directors' Report

For the Year Ended 30 June 2017

The Directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Justin Milne
Chairman

28 August 2017

Ken Sheridan
CEO & Executive Director

28 August 2017

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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 audit of NetComm Wireless Limited for the year ended 30 June 2017, 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 audit; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 28 August 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 $000	2016 $000
Revenue from the sale of goods	2	107,579	85,135
Other revenue	2	-	25
Change in inventories		5,716	1,396
Raw materials consumed		(76,168)	(59,527)
Employee benefits		(21,580)	(12,217)
Other expenses	3	(11,960)	(8,723)
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)		**3,587**	**6,089**
Depreciation and amortisation expense	3	(8,446)	(3,828)
EARNINGS BEFORE INTEREST AND TAX (EBIT)		**(4,859)**	**2,261**
Finance income		639	145
Finance costs	3	(9)	(274)
(LOSS)/PROFIT BEFORE INCOME TAX		**(4,229)**	**2,132**
Income tax benefit/(expense)	4	2,435	(105)
(LOSS)/PROFIT FOR THE YEAR		**(1,794)**	**2,027**
Attributable to equity holders of the parent		**(1,794)**	**2,027**
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Exchange differences arising on translation of foreign operations		(268)	398
Net change in the fair value of cash flow hedges recognised in equity		35	(35)
Income tax relating to components of other comprehensive income	4	(11)	11
Other comprehensive (loss)/income for the period (net of tax)		**(243)**	**374**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(2,038)**	**2,401**
Attributable to equity holders of the parent		**(2,038)**	**2,401**
EARNINGS PER SHARE			
Basic earnings per share (cents per share)	27	**(1.23)**	**1.54**
Diluted earnings per share (cents per share)	27	**(1.23)**	**1.54**

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 30 June 2017

	Note	2017 $000	2016 $000
ASSETS			
Current assets			
Cash and cash equivalents	6	22,125	36,514
Trade and other receivables	7	22,710	14,531
Inventories	8	17,237	11,520
Other assets	9	5,075	2,170
Total current assets		**67,147**	**64,735**
Non-current assets			
Property, plant and equipment	10	11,859	4,479
Contract assets	11(c)	3,957	2,900
Deferred tax assets	4 (c)	7,953	5,414
Goodwill	12	896	896
Other intangible assets	13	20,551	13,004
Total non-current assets		**45,216**	**26,693**
TOTAL ASSETS		**112,363**	**91,428**
LIABILITIES			
Current liabilities			
Trade and other payables	14	33,593	12,122
Borrowings	15	55	25
Employee benefits	16	2,195	1,280
Income tax liability		101	15
Other current liabilities	17	388	212
Total current liabilities		**36,332**	**13,654**
Non-current liabilities			
Borrowings	15	-	55
Employee benefits	16	453	425
Total non-current liabilities		**453**	**480**
TOTAL LIABILITIES		**36,785**	**14,134**
NET ASSETS		**75,578**	**77,294**
EQUITY			
Issued capital	18	65,059	65,059
Reserves	19	1,708	1,630
Retained earnings		8,811	10,605
TOTAL EQUITY		**75,578**	**77,294**

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Note	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Foreign Exchange Hedging Reserve	Options and Share Rights Reserve	Total
		$000	$000	$000	$000	$000	$000
BALANCE AT 1 JULY 2016		**65,059**	**10,605**	**587**	**(24)**	**1,067**	**77,294**
Loss for the period		-	(1,794)	-	-	-	(1,794)
Exchange difference on translation of foreign operations	19 (b)	-	-	(268)	-	-	(268)
Foreign exchange hedging (Net of tax)	19 (c)	-	-	-	24	-	24
Total comprehensive income for the period		**-**	**(1,794)**	**(268)**	**24**	**-**	**(2,038)**
Transaction with owners in their capacity as owners							
Share based payments expense		-	-	-	-	322	322
Issue of ordinary shares (net of transactions costs and tax)	18 (a)	-	-	-	-	-	-
BALANCE AT 30 JUNE 2017		**65,059**	**8,811**	**319**	**-**	**1,389**	**75,578**
BALANCE AT 1 JULY 2015		**15,432**	**8,578**	**189**	**-**	**396**	**24,595**
Profit for the period		-	2,027	-	-	-	2,027
Exchange difference on translation of foreign operations	19 (b)	-	-	398	-	-	398
Foreign exchange hedging (Net of tax)	19 (c)	-	-	-	(24)	-	(24)
Total comprehensive income for the period		**-**	**2,027**	**398**	**(24)**	**-**	**2,401**
Transaction with owners in their capacity as owners							
Share based payments expense		-	-	-	-	671	671
Issue of ordinary shares (net of transactions costs and tax)	18 (a)	49,627	-	-	-	-	49,627
BALANCE AT 30 JUNE 2016		**65,059**	**10,605**	**587**	**(24)**	**1,067**	**77,294**

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 $000	2016 $000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		109,430	92,631
Payments to suppliers and employees		(99,867)	(90,958)
Costs to obtain and fulfil contracts		(1,057)	(2,900)
Finance costs		(9)	(274)
Income taxes paid		(249)	(491)
NET CASH PROVIDED BY / (USED IN) BY OPERATING ACTIVITIES	**23**	**8,248**	**(1,992)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	120
Interest received		639	145
Acquisition of property, plant and equipment		(10,158)	(3,755)
Acquisition of intangible assets		(13,093)	(7,188)
NET CASH USED IN INVESTING ACTIVITIES		**(22,612)**	**(10,678)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of ordinary shares	18(a)	-	50,976
Share issue costs		-	(1,928)
Proceeds from borrowings		-	62,007
Repayment of borrowings		(25)	(65,272)
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		**(25)**	**45,783**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		**(14,389)**	**33,113**
Cash and cash equivalents at beginning of financial period		36,514	3,401
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	**6**	**22,125**	**36,514**

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

Notes to the financial statements

For the Year Ended 30 June 2017

1 Statement of Significant Accounting Policies

General Information

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the consolidated Group of NetComm Wireless Limited ("the Group" or the "consolidated entity"). NetComm Wireless Limited is a listed public company, incorporated and domiciled in Australia, and is a for-profit entity for the purpose of preparing financial statements.

Compliance with Australian Accounting Standards results in the compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on 28 August 2017.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

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.

Clarification of terminology used in the Statement of Comprehensive Income

Under the requirements of AASB 101: "Presentation of Financials Statements", the Group must classify all of its expenses (apart from any finance costs) according to either the nature (type) of the expense or the function (activity to which the expense relates). The Group has chosen to classify our expenses using the nature classification as it more accurately reflects the type of operations undertaken.

Earnings before interest, income tax, depreciation and amortisation (EBITDA) reflects our profit for the year prior to including the effect of net finance costs, income taxes, depreciation and amortisation. Depreciation and amortisation are calculated in accordance with AASB 116: "Property, Plant and Equipment" and AASB 138: "Intangible Assets" respectively. The Directors believe that EBITDA is a relevant and useful financial measure used by management to measure the Company's operating performance.

Our management uses EBITDA in combination with other financials measures, primarily to evaluate the Group's operating performance before financing, income tax and non-cash capital related expenses. In addition, we believe EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a key and widely recognised measure of operating performance.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

None of the new standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Critical accounting judgements and key sources of uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects current and future periods. Refer to Note 1(y) for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NetComm Wireless Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended.

A subsidiary is an entity over which NetComm Wireless Limited has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

A list of subsidiaries is contained in Note 31(d) to the financial statements. All subsidiaries have a 30 June financial year end.

All intercompany balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Subsidiaries are fully consolidated from the date which control is transferred to the Group. They are deconsolidated from the date control ceases.

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(c) Foreign Currency Transactions and Balances & Policy on Hedge Accounting for Foreign Exchange Exposures

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss in the period in which they arise.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised in other comprehensive income and as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed. Goodwill and fair value adjustments arising on the acquisition of a foreign entity treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for as financial assets or liabilities at fair value through profit or loss (FVTPL) except for derivatives designated as hedging instruments in foreign exchange hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments are recognised in other comprehensive income and included within the foreign exchange hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority or it is recognised as part of the cost of acquisition of an asset or part of an item of expenses.

Receivables and payables in the statement of financial position are shown inclusive of GST and the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Income Tax

The charge for current income tax expense/(benefit) is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

NetComm Wireless Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group under the tax consolidation regime. The Group notified the Australian Tax Office that it had formed an income tax consolidated Group to apply from 20 August 2006.

The stand-alone taxpayer within a Group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated Group. Each entity in the group recognises its own current and deferred tax assets and liabilities, as if they continue to be a separate taxable entity in their own right, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each Group entity is then subsequently assumed by the parent entity.

NetComm Wireless Limited is entitled to claim R&D tax incentive. The R&D tax incentive is calculated using the estimated R&D expenditure multiplied by a 40% non-refundable tax offset. The Group accounts for this tax incentive as tax credits which means that it will reduce income tax payable and current tax expense. A deferred tax asset is recognised for any unclaimed tax credits that are carried forward as deferred tax assets.

(f) Revenue Recognition

The Group early adopted AASB 15: "Revenue from Contracts with Customers" from 1 July 2015.

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).

(i) 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 are recognised as an expense when incurred.

Contract assets are amortised on a straight line basis over the period of three years during which material 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.

(ii) 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.

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For the Year Ended 30 June 2017

(g) Share-based Payments

Equity settled compensation benefits are provided to employees via the Long Term Incentive Plan based on the issuance of "Share Appreciation Rights". Information relating to this plan is set out in Note 25. The fair value of rights granted is recognised as an employee benefit expense with a corresponding increase in equity.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

The carrying amount of property, plant and equipment is reviewed annually by Directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

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

Class of Asset	Useful Life
Plant and equipment	3-6 years
Leasehold improvements	Over the term of the lease
Development assets	3-6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss.

(i) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Impairment of goodwill is not reversed. Refer also to Note 1(o) on goodwill.

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

The interest expense is recognised in the profit or loss so as to achieve a constant periodic rate of interest on the remaining balance of the liability outstanding.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are recognised in profit or loss on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease.

(k) Derivative Financial Instruments

The fair value of all derivative financial instruments outstanding at reporting date are recognised in the statement of financial position as either financial assets or financial liabilities. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity, with any ineffective portion being recognised in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments, or other non-financial host contracts, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

(l) Financial Assets

Financial assets are classified into the following specified category: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, deposits held at call with banks and financial institutions, investments in money market instruments with maturities of three months or less from the date of acquisition, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(n) Inventories

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 and any other costs directly attributable to acquisition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Inventory is recognised on a weighted average cost basis.

(o) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units, or Groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The impairment testing is performed at least annually.

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(p) Intangible Assets

Development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will generate future benefits considering its commercial and technical feasibility and its cost can be measured reliably. The expenditure capitalised consists of all directly attributable costs. Capitalised development costs are amortised from the point at which the product is ready for use and for no longer than 3 years.

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

Computer software

Computer software is measured on a cost basis less amortisation and impairment losses. Computer software is amortised on a straight line basis over 3 years, commencing from the time the software is ready for use.

(q) Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date, including wages and salaries, annual leave and long service leave. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Contributions are made by the Group to employee superannuation funds which are of the defined contribution type. Contributions to these defined contribution superannuation schemes are recognised as an expense in the period they are payable.

(s) Financial Instruments

(i) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(ii) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(iii) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

(t) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised. Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

(u) 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.

(v) Dividends

A liability is recorded 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 reporting date.

(w) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of transaction costs and tax, from the proceeds.

(x) Standards and Interpretations Issued not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The Group's assessment of the impact of these new standards and Interpretations are set out below.

(i) AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a. Financial assets that are debt instruments will be classified based on:
    - the objective of the entity's business model for managing the financial assets; and
    - the characteristics of the contractual cash flows.
b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
    - the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI'),
    - the remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and derecognition requirements for financial assets and liabilities.

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AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 (i.e. the Group's 30 June 2019 year-end). Management are yet to undertake a detailed assessment of the impact of AASB 9. However, if it were to have been applied on the Group's position as the end of FY17 it would have had no impact on the Group's transactions or balances recognised in the financial statements.

(ii) AASB 16 Leases

AASB 16 replaces AASB 117 Leases, AASB 117 Leases and some lease-related interpretations:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases,
- provides new guidance on the application of the definition of lease and on sale and lease back accounting,
- largely retains the existing lessor accounting requirements in AASB 117,
- requires new and different disclosures about leases.

AASB 16 will be applicable to reporting periods beginning on or after 1 January 2019 (i.e. the Group's 30 June 2020 year end). Included in Note 22(b) of the financial accounts is the Group's Non-cancellable operating lease commitments which amounts to $6.8 million over the life of the leases. Management have yet to undertake a detailed assessment of the impact of AASB 16. However, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 potentially includes:

- An increase in lease assets and financial liabilities recognised on the balance sheet;
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities;
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses; and
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

(iii) AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

(iv) AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

(v) AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Sharebased Payment Transactions

This Standard amends AASB 2 Share-based Payment to address:

a. The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

(y) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Group.

The following are the critical judgements (apart from those involving estimations, which are dealt with below) that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Inventories

Note 8 sets out the categories of inventories carried. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the estimated costs to sell and expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold.

Impairment of Assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Refer Note 12(b). The impairment testing is performed at least annually.

Deferred Tax Asset

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

Internally generated intangible assets – research and development expenditure

Distinguishing the research and development phases of a new customised product and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

R&D Tax Incentive

NetComm Wireless Limited is entitled to claim R&D tax incentive in Australia & United States. The R&D tax incentive is calculated using the estimated R&D expenditure multiplied by a 38.5% (Australia) and 7% (United States) non-refundable tax offset. The Group accounts for this tax incentive as tax credits which means that it will reduce income tax payable and current tax expense. A deferred tax asset is recognised for any unclaimed tax credits that are carried forward as deferred tax assets.

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(z) Segment Reporting

The Group has two reporting segments: Machine to Machine (M2M) and Broadband business. In identifying its operating segments, management generally follows the Group's product mix, which represent the main products and services provided by the Group and the manner consistent with the internal reporting provided to the chief operating decision maker.

Following the commencement of rolling out the Network Termination Device Business, the information reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance, is separate financial information on each operating segment, being the Broadband business, the M2M business and the Network Termination Device Business. In accordance with AASB 8, for financial statements presentation purposes, the M2M business and the Network Termination Device Business operating segments have been aggregated into a single reportable segment of M2M taking into account the following factors:

- these operating segments have similar economic characteristics;
- the nature of the products and their production process is similar;
- the type of customer for these services is similar;
- the methods used to distribute the products are similar;
- the long-term gross profit margins are similar; and
- the regulatory environment is similar.

As a result of the above, the Directors have determined there are two reportable segments, being the Broadband business and the M2M business.

(aa) Parent Entity Financial Information

The financial information for the parent entity, NetComm Wireless Limited ("NetComm"), disclosed in Note 31 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of NetComm. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

2 Revenue and other income from operations

	2017	2016
	$000	$000
REVENUE		
Sales revenue	107,579	85,135
	107,579	85,135
OTHER REVENUE		
Other revenue	-	25
	-	25
TOTAL REVENUE	**107,579**	**85,160**

3 Expenses

Included in expenses are the following specific items:

(a) Administrative expenses

	2017	2016
	$000	$000
Distribution and selling costs	1,347	874
Insurance expenses	728	469
Legal and professional fees	1,448	1,183
Travel expenses	2,154	1,773
Contractor costs	906	752
TOTAL ADMINISTRATIVE EXPENSES	**6,583**	**5,051**

(b) Other expenses

	2017	2016
	$000	$000
Advertising and marketing	467	516
Property expenses	2,535	1,315
Other expense	2,375	1,842
TOTAL OTHER EXPENSES	**5,377**	**3,673**

c) Depreciation, amortisation and impairments

	2017	2016
	$000	$000
Depreciation of property, plant and equipment (Note 10(b))	2,782	955
Amortisation of intangible assets (Note 13(b))	5,551	2,873
Amortisation of contract assets (Note 11(b))	113	-
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENTS	**8,446**	**3,828**

Notes to the financial statements

For the Year Ended 30 June 2017

d) Auditor's remuneration

Grant Thornton is the auditor of the Group. Amounts received or due and receivable by Grant Thornton are detailed below:

	2017	2016
	$	$
Auditing or reviewing the financial statements	131,270	114,750
Taxation services	81,782	25,879
Leadership, Talent and Cultural roll out services	197,010	-
Advisory services	55,001	25,044
TOTAL AUDITORS' REMUNERATION	**465,063**	**165,673**

e) Rental expenses on operating leases

	2017	2016
	$000	$000
Minimum lease payments	2,151	1,097

f) Finance costs

	2017	2016
	$000	$000
Bank borrowings	6	270
Finance leases	3	4
TOTAL FINANCE COSTS	**9**	**274**

4 Income Tax Expense

(a) Income tax recognised in profit or loss

	2017	2016
	$000	$000
I) TAX EXPENSE COMPRISES:		
Current tax benefit	(5,019)	(576)
Deferred tax expense relating to the origination and reversal of temporary differences	2,820	794
(Over)/under provision for tax in prior year	(236)	(113)
INCOME TAX (BENEFIT)/EXPENSE	**(2,435)**	**105**
II) INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Income tax relating to components of other comprehensive income	11	(11)
TOTAL INCOME TAX (BENEFIT)/EXPENSE	**(2,424)**	**94**

(b) The prima facie income tax expense on pre-tax accounting profit from continuing operations and other comprehensive income reconciles to the income tax expense in the financial statements as follows:

	2017	2016
	$000	$000
I) AMOUNTS RECOGNISED IN PROFIT OR LOSS		
Net (loss)/profit before tax	**(4,229)**	**2,132**
Tax at the Australian tax rate of 30%	**(1,269)**	**640**
- Non-deductible expenses	22	12
- Share appreciation rights	97	201
- Differential in overseas tax rates	13	6
- Other items	2	53
- (Over)/Under provision for tax in prior years	(236)	(113)
- Research & Development tax concession	(1,064)	(694)
INCOME TAX (BENEFIT)/EXPENSE	**(2,435)**	**105**
II) AMOUNTS RECOGNISED IN EQUITY		
Net change in the fair value of cash flow hedges	35	(35)
	35	**(35)**
Tax at the Australian tax rate of 30%	11	(11)
TOTAL AMOUNTS RECOGNISED IN EQUITY	**11**	**(11)**

(c) Deferred tax assets/(liabilities) arise from the following:

	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
2017	**$000**	**$000**	**$000**	**$000**
Unused tax losses/credit	7,949	5,370	-	13,319
Temporary differences				
Accrued expenses	105	94	-	199
Provisions	498	181	-	679
Inventory & Warranty	303	222	-	525
Intangibles and Other	(3,452)	(3,317)	-	(6,769)
Cash flow hedges	11	-	(11)	-
Total deferred tax assets	**5,414**	**2,550**	**(11)**	**7,953**

Notes to the financial statements

For the Year Ended 30 June 2017

	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
2016	**$000**	**$000**	**$000**	**$000**
Unused tax losses/credit	6,325	1,624	-	7,949
Temporary differences				
Accrued expenses	183	(78)	-	105
Provisions	292	207	-	499
Inventory & Warranty	148	155	-	303
Intangibles and Other	(2,375)	(1,078)	-	(3,453)
Cash flow hedges	-	-	11	11
Total deferred tax assets	**4,573**	**830**	**11**	**5,414**

5 Dividends

No dividends were paid during the year-ended 30 June 2017 (2016: Nil).

	2017	2016
	$000	$000
Balance of franking account	**592**	**592**

Balance of franking account at period end adjusted for franking credits arising from dividends recognised as receivables, and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years.

6 Cash and Cash Equivalents

a) Cash on hand

	2017	2016
	$000	$000
Cash on hand	1	2
Cash at bank	22,124	36,512
	22,125	**36,514**

b) Effective interest rate

These funds are bearing floating interest rates of between 0.05% and 3.05% (2016: 0.05% to 3.05%).

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2017	2016
	$000	$000
Cash and bank balances	7,929	4,514
Short-term bank deposits	14,196	32,000
	22,125	**36,514**

7 Trade and Other Receivables

	2017	2016
	$000	$000
Trade receivables (i)	22,717	14,588
Allowance for doubtful debts	(7)	(57)
	22,710	**14,531**

(i) The average credit period on sales of goods and rendering of services is 45 days, although a few customers have End of Month 45 day terms. No interest is charged on overdue receivables. An allowance has been made for estimated unrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. The Group will also consider any change in the quality of the trade receivable from the date credit was initially granted up to the reporting date. Before accepting any new customers, the Group obtains third party references to assess the potential customer's credit quality and define the credit limits by customer.

	2017	2016
	$000	$000
AGING OF PAST DUE BUT NOT IMPAIRED		
30-60 Days	6	19
60-90 Days	13	42
90+ Days	5	-
	24	61

The Group's trade receivables that are past due but not impaired were $24,007 (2016: $61,444) as at the reporting date. The Group has not recognised an impairment provision as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these past due receivables is 78 days (2016: 65 days).

	2017	2016
	$000	$000
MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS		
Balance at the beginning of the year	57	71
(Decrease) in allowance for impairment	(50)	(14)
Balance at the end of the year	**7**	**57**

	2017	2016
	$000	$000
AGING OF IMPAIRED RECEIVABLES		
0-30 Days	-	-
30-60 Days	-	-
60+ Days	7	57
	7	57

Notes to the financial statements

For the Year Ended 30 June 2017

8 Inventories

	2017 $000	2016 $000
CURRENT		
Raw materials and stores	4,479	2,210
Communication modules	2,005	2,074
Finished goods	8,160	6,357
Goods in transit	4,395	1,925
Provision for Stock Obsolescence	(1,802)	(1,046)
Total Inventories	**17,237**	**11,520**

9 Other Assets

	2017 $000	2016 $000
CURRENT		
Prepayments	4,911	2,006
Deposits and bonds	164	164
	5,075	**2,170**

10 Property, Plant and Equipment

(a) Summary of property, plant and equipment

	2017 $000	2016 $000
PLANT AND EQUIPMENT		
At cost	9,651	7,642
Less accumulated depreciation	(5,558)	(4,756)
Total plant and equipment	**4,093**	**2,886**
LEASED PLANT AND EQUIPMENT		
At cost	1,028	1,028
Less accumulated amortisation	(911)	(888)
Total leased plant and equipment	**117**	**140**
LEASEHOLD IMPROVEMENTS		
At cost	2,865	1,136
Less accumulated amortisation	(704)	(313)
Total leasehold improvements	**2,161**	**823**
DEVELOPMENT ASSETS		
At cost	8,263	1,839
Less accumulated amortisation	(2,775)	(1,209)
Total development assets	**5,488**	**630**
Total property, plant and equipment	**11,859**	**4,479**

(b) Movements in carrying amounts

	Plant and equipment	Leased plant and equipment	Leasehold improvements	Development assets	Total
	$000	$000	$000	$000	$000
2017					
Balance at the beginning of the year	**2,886**	**140**	**823**	**630**	**4,479**
Additions	2,005	-	1,729	6,424	10,158
Net foreign currency translation	4	-	-	-	4
Depreciation expense	(802)	(23)	(391)	(1,566)	(2,782)
Carrying amount at the end of the year	**4,093**	**117**	**2,161**	**5,488**	**11,859**
2016					
Balance at the beginning of the year	**1,231**	**163**	**10**	**394**	**1,798**
Additions	2,107	-	907	741	3,755
Disposals	-	-	-	(119)	(119)
Depreciation expense	(452)	(23)	(94)	(386)	(955)
Carrying amount at the end of the year	**2,886**	**140**	**823**	**630**	**4,479**

11 Revenue from Contracts with Customers

(a) 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	Overseas	Australia	Overseas	
	$000	$000	$000	$000	$000
2017 TIMING OF REVENUE RECOGNITION					
At a Point in time revenues	21,273	-	69,371	16,935	107,579
Over Time	-	-	-	-	-
2016 TIMING OF REVENUE RECOGNITION					
At a Point in time revenues	26,406	-	52,732	5,997	85,135
Over Time	-	-	-	-	-

(b) 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 30 June 2017. The costs mainly consist of employee costs. These costs would not have been incurred if the contract(s) had not been obtained and have been incurred in order to satisfy the performance obligations of the contracts. Prior to the adoption of AASB 15 such costs were recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income.

	2017	2016
	$000	$000
I) CONTRACT ASSETS		
Costs incurred to obtain a contract (i)	1,748	1,798
Costs incurred to fulfil contracts (ii)	2,209	1,102
TOTAL CONTRACT ASSETS	**3,957**	**2,900**

The Group has a total capitalised value of $3,957,000 for the year ended 30 June 2017 as contracts assets, the assets value has increased by approximately $1,057,000 compared to the year ended 30 June 2016 and the increase is mainly in relation to the costs further incurred to fulfil the contract. The contract has gone live and the Group has started generating and recognised revenues during the year in relation to the assets capitalised.

(i) Costs incurred to obtain a contract

	2017	2016
	$000	$000
Asset recognised in relation to incremental costs incurred to obtain a contract	1,798	1,798
Amortisation and impairment loss recognised as cost of providing services during the period	(50)	-
TOTAL COSTS INCURRED TO OBTAIN A CONTRACT	**1,748**	**1,798**

(ii) Costs incurred to fulfil contracts

	2017	2016
	$000	$000
Asset recognised from costs incurred to fulfil a contract	2,272	1,102
Amortisation and impairment loss recognised as cost of providing services during the period	(63)	-
TOTAL COSTS INCURRED TO FULFIL A CONTRACT	**2,209**	**1,102**

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.

On target volume discounts and rebates are offered to certain customers in the Company's broadband business, for the year ended 30 June 2017 there were no contract liabilities as the Group has discontinued the practice of offering rebates and have settled rebates accrued in the previous periods.

Accounting Policies and significant judgements

The Group early adopted AASB 15 from July 1 2015 and started to recognise assets in relation to costs it incurs in obtaining and fulfilling material contracts. These costs would have been expensed as incurred prior to the adoption of the standard.

The Group manufactures and sells a range of broadband, fixed wireless and M2M products and recognises the revenue at a point in time when the goods are shipped to the customers. The average credit period on sales of goods and rendering of services is 45 days, although a few customers have EOM 45 day terms. No interest is charged on overdue receivables. Once the Group commences to generate material revenues from the contract it is at this point the contract assets will become unconditional and the Group will start to amortise the assets on a straight line basis, consistent with the pattern of recognising the associated revenues.

For the period ending 30 June 2017, the Group has assessed the value of the recognised assets for impairment and is of the view that the associated contract is of significant value and that the value of the assets will be completely recovered based on forecast revenues and net cash flows from the contract. There are no impairments required.

Notes to the financial statements

For the Year Ended 30 June 2017

12 Goodwill

	2017	2016
	$000	$000
GROSS CARRYING AMOUNT		
Balance at beginning of financial year	896	896
Balance at end of financial year	**896**	**896**

NET BOOK VALUE		
At the beginning of the financial year	896	896
At the end of the financial year	**896**	**896**

(a) Impairment testing

All Goodwill has arisen from acquisitions made during prior financial years.

The Group assessed the recoverable amount of goodwill by applying a value in use ("VIU") model for each identified cash-generating unit. The recoverable amounts of the cash-generating units were determined based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends.

For the purpose of annual impairment testing, goodwill has been allocated for impairment testing purposes to the following cash-generating units (CGU's) representing the goodwill that arose in the acquisition of each business:

	2017	2016
	$000	$000
M2M business	766	766
Broadband business	130	130
Network Termination Devices (NTD)	-	-
	896	**896**

(b) Key assumptions used

The following describes the key assumptions on which the Group has based its cash flow projections when determining VIU relating to the cash-generating units.

M2M Business

Cash flows:

The VIU calculations use after tax cash flow projections based on actual operating results and financial forecasts for the next four years which have been approved by management. These forecasts are based on management's best estimates to determine income, expenditure and cash flow for the M2M business. The present value of the expected cash flows of each CGU is determined by applying a discount rate.

Growth rates:

The primary assumptions underlying the cash flow projections for impairment testing include revenue growth in excess of 40% based on company's financial budgets and outlook for FY19 and significant forecast growth in FY20 and flat growth in FY20 (FY17 actual growth greater than 40%). The increase against the prior year is due to increased focus on Company's international M2M business.

Discount rates:

Discount rates used are the pre-tax weighted average cost of capital ("WACC") with appropriate adjustments for the risk profile relating to each CGU. Having assessed the risk specific to each CGU, management has applied a WACC of 10.0% (2016: 10%) to each CGU on the basis that the risk will fall within a similar range across all CGUs.

Broadband Business

Cash flows:

The VIU calculations use after tax cash flow projections based on actual operating results and financial forecasts for the next four years which have been approved by management. These forecasts are based on management's best estimates to determine income, expenditure and cash flow for the broadband business.

Growth rates:

The primary assumptions underlying the cash flow projections for impairment testing include steady run rate revenues with a growth in excess of 10% budgeted in FY18 and similar revenues projections are applied during FY19-FY21. FY17 had a decrease in revenues of 19% compared to last year due to slowdown in sales of powerline devices to a key Australian customer. The broadband business had steady growth in New Zealand market

Discount rates:

Discount rates used are the post-tax WACC with appropriate adjustments for the risk profile relating to each CGU. Having assessed the risk specific to each CGU, management has applied a WACC of 10.0% (2016: 10%) to each CGU on the basis that the risk will fall within a similar range across all CGUs.

Network Termination Devices (NTD)

The Group has no Goodwill allocated to its NTD business.

(c) Impairment of goodwill

Management believes that any reasonably possible change in the above key assumptions on which recoverable amounts are based would not cause the aggregate amount to exceed the recoverable amount of the CGUs.

There was no impairment of goodwill during the year (2016: Nil).

Notes to the financial statements

For the Year Ended 30 June 2017

13 Other Intangible Assets

(a) Summary of intangible assets

	2017	2016
	$000	$000
PRODUCT DEVELOPMENT COSTS		
Cost	38,863	26,429
Accumulated amortisation	(18,940)	(13,678)
Net carrying value	**19,923**	**12,751**
COMPUTER SOFTWARE		
Cost	1,844	1,181
Accumulated amortisation	(1,216)	(932)
Net carrying amount	**628**	**249**
OTHER INTANGIBLES		
Cost	2,470	2,470
Accumulated amortisation	(2,470)	(2,466)
Net carrying amount	**-**	**4**
TOTAL	**20,551**	**13,004**

(b) Movements in carrying amounts

	Product development costs	Computer software	Other intangibles	Total
	$000	$000	$000	$000
2017				
Balance at the beginning of the year	**12,751**	**249**	**4**	**13,004**
Additions	12,435	658	-	13,093
Net foreign currency translation differences	-	5	-	5
Amortisation	(5,263)	(284)	(4)	(5,551)
Carrying amount at year end	**19,923**	**628**	**-**	**20,551**
2016				
Balance at the beginning of the year	**8,600**	**84**	**10**	**8,694**
Additions	6,936	247	-	7,183
Amortisation	(2,785)	(82)	(6)	(2,873)
Carrying amount at year end	**12,751**	**249**	**4**	**13,004**

14 Trade and Other Payables

	2017	2016
	$000	$000
CURRENT UNSECURED LIABILITIES		
Trade payables (i)	27,744	9,066
Sundry payables and accrued expenses	5,849	3,056
Total current trade and other payables	**33,593**	**12,122**

(i) The average credit period on purchases of certain goods from various Asian countries is between 45-60 days, although some request payment in advance of shipment. No interest is charged on overdue payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15 Borrowings

	2017	2016
	$000	$000
CURRENT - SECURED		
Finance lease (i)	55	25
Bank loan (ii)	-	-
Total current borrowings	**55**	**25**
NON-CURRENT - SECURED		
Finance lease	-	55
Bank loan (ii)	-	-
Total non-current borrowings	**-**	**55**
Total borrowings	**55**	**80**

(i) The finance lease is secured against the underlying finance lease asset. Refer to Note 22 b(ii) for further details of this borrowing.

(ii) As at 30 June 2017, the Company had facilities with HSBC as outlined below. These facilities are secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited.

- AUD 7 Million bank loan. Interest is charged at 4.77% per annum.
- USD 7.2 Million Debtor Finance. Interest is charged at a base rate plus margin.
- AUD 1 Million Debtor Finance. Interest is charged at a base rate plus margin.

Notes to the financial statements

For the Year Ended 30 June 2017

16 Employee Benefits

	2017	2016
	$000	$000
CURRENT		
Employee entitlements	2,195	1,280
NON - CURRENT		
Employee entitlements	453	425
Total provisions	**2,648**	**1,705**

17 Other Liabilities

	2017	2016
	$000	$000
CURRENT		
Other	388	212
	388	**212**

18 Issued Capital

	2017	2016
	$000	$000
146,329,906 (2016: 146,329,906) Ordinary shares - paid up no par value	65,059	65,059

(a) Movements in issued and paid up ordinary share capital of the company

	2017	2016	2017	2016
	No.	No.	$000	$000
At the beginning of the reporting period	**146,329,906**	**129,049,890**	**65,059**	**15,432**
Shares issued 28/4/2016	-	16,949,152	-	48,651
Shares issued 27/5/2016	-	330,864	-	976
At reporting date	**146,329,906**	**146,329,906**	**65,059**	**65,059**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value. Ordinary shares confer on their holders the right to participate in dividends and/or capital returns declared by the board and an entitlement to vote at any general meeting of the Company.

19 Reserves

(a) Movements in options & share rights reserve

	2017	2016
	$000	$000
Balance at the beginning of the year	**1,067**	**396**
Transfer to share rights reserve	322	671
Balance at the end of the year	**1,389**	**1,067**

(b) Movements in foreign currency translation reserve

	2017	2016
	$000	$000
Balance at the beginning of the year	**587**	**189**
Exchange difference on translation of foreign operations	(268)	398
Balance at the end of the year	**319**	**587**

(c) Movements in foreign exchange hedging reserve

	2017	2016
	$000	$000
Balance at the beginning of the year	**(24)**	**-**
Net change in the fair value of cash flow hedges	35	(35)
Reclassified to profit and loss account	-	-
Tax expense	(11)	11
Balance at the end of the year	**-**	**(24)**

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of tax, related to hedged transactions that have not yet occurred.

The cumulative deferred gain or loss on the hedge is recognised in other comprehensive income and included within the cash flow hedge reserve in equity.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit and loss.

20 Fair Value Measurement

The Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2017 on a recurring basis are as follows:

- Forward contracts as at 30 June 2017: Nil (2016: 440,000).

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).

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 30 June 2017 (2016: Nil).

21 Contingent Liabilities

The Group has provided certain guarantees totalling $1,260,972 for performance bonds as at 30 June 2017 (2016: $647,639).

There were no other contingent liabilities in existence at 30 June 2017 requiring disclosure in the financial statements.

22 Commitments

(a) Capital expenditure commitments

As at 30 June 2017, the Group is committed to purchase plant and equipment of $777,031 (2016: $4,096,230)

(b) Expenditure commitments

i) Non-cancellable operating lease commitments

	2017	2016
	$000	$000
Not longer than 1 year	2,610	1,546
Longer than 1 year and not longer than 5 years	4,218	2,788
	6,828	**4,334**

The Group leases its offices in Australia and other countries under operating leases. 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 CPI or market reviews.

ii) Finance lease commitments

	2017	2016
	$000	$000
Not longer than 1 year	57	28
Longer than 1 year and not longer than 5 years	-	57
Minimum future lease payments	**57**	**85**
Less future finance charges	**(2)**	**(5)**
Present value of minimum lease payments	**55**	**80**

INCLUDED IN THE FINANCIAL STATEMENTS:		
Current borrowings (Note 15)	55	25
Non - current borrowings (Note 15)	-	55
	55	**80**

Finance leases relate to a motor vehicle. The Group has the option to purchase the motor vehicle at the conclusion of the lease arrangements. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

23 Cash Flow Information

Reconciliation of cash flow from operations with profit after income tax

	2017	2016
	$000	$000
(LOSS) / PROFIT FOR THE YEAR	(1,794)	2,027
NON-CASH FLOWS IN (LOSS)/PROFIT:		
Depreciation and amortisation	8,446	3,828
Interest received	(639)	(145)
Change in the fair value of cash flow hedges	24	(24)
Foreign exchange translation differences	(268)	398
Share rights reserve	322	671
	7,885	4,728
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
(Increase) in trade and other receivables	(8,179)	(884)
(Increase) in inventories	(5,717)	(1,396)
(Increase) in other assets	(3,962)	(3,765)
(Increase) in deferred tax assets	(2,539)	(263)
Increase/(Decrease) in trade and other payables	21,471	(2,652)
Increase/(Decrease) in other liabilities	140	(245)
Increase in provisions	943	458
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	8,248	(1,992)

24 Related Party Transactions

There were no related party transactions other than transactions with Key Management Personnel.

	2017	2016
	$	$
Short term benefits	3,119,489	2,904,242
Post-employment benefits	190,980	153,522
Other long term benefits	88,396	68,708
Share-based payments	597,263	640,612
Termination benefits	-	-
TOTAL	3,996,128	3,767,085

Further information on remuneration of key management personnel can be found in the remuneration report within the Directors' Report.

During the period NetComm Wireless Limited executed an agreement with nbn for the supply of Distribution Point Units (DPUs) in the nbn FTTC network. Mr Justin Milne is the Chairman of NetComm Wireless Limited and a Director of the nbn. Mr Milne recused himself from the Board meeting for the period of time whereby the Directors approved the section of this contract.

25 Share-Based Payments

(a) Share Appreciation Rights

At the Company's Annual General Meeting on 18 November 2015, the shareholders approved the implementation of a Long Term Incentive Plan based on the issuance of Share Appreciation Rights ("SAR's").

A Share Appreciation Right has the potential to provide an economic benefit similar to a share option. Upon exercise the Participant realises a gain equal to the amount by which the underlying share price has appreciated since the right was granted. If, the Company's share price does not appreciate over the relevant period, a Participant's entitlement on vesting and exercise of their Share Appreciation Rights will be nil.

Vesting & Exercise Conditions:

The SAR's automatically vest on the date which is 3 years from their date of issue. The only vesting condition is that the recipients have to remain an employee of the Company for the vesting period of three years.

Share Appreciation Rights may be exercised within 12 months from their Vesting Date, if on their exercise date:

- the Share Appreciation Right has vested in accordance with the Rules;
- the Exercise Reference Price exceeds the Base Price; and
- the Share Appreciation Right has not lapsed under the Rules, where:

Base Price means, in respect of a share, the Market Value of the Share on the date of an Offer; and

Exercise Reference Price means the Market Value of the Shares on the exercise date.

Lapsing and forfeiture of Share Appreciation Rights

Subject to the absolute discretion of the Board and to the terms of the Offer made to a Participant, and unless the Rules on death, permanent disability or bona fide redundancy apply (summarised below), the Participant's rights in relation to any Share Appreciation Rights issued to that Participant will lapse immediately and all rights in respect of those Share Appreciation Rights will thereupon be lost if:

a. Participant ceases to be an Eligible Employee (including, without limitation, resignation or redundancy);
b. one or more Conditions in an Offer of Share Appreciation Rights is not satisfied or waived by the Board in its absolute discretion or otherwise cannot be satisfied by the relevant Vesting Date;
c. the Share Appreciation Rights are forfeited pursuant to the Plan Rules; or
d. The Share Appreciation Rights are not exercised by 11:59pm (AEST) on the last date of the Exercise Period.

Notwithstanding any other provision of the Rules, unless otherwise determined by the Board, a Participant (and any person claiming through him or her) will forfeit any Share Appreciation Rights they hold if:

a. the Participant is dismissed by a company in the Group for cause, including unlawful or serious misconduct, as determined by the Board in its absolute discretion;
b. in the Board's reasonable opinion the Participant acts fraudulently or dishonestly, is in serious breach of duty (under a contract or otherwise) to the Company or Group, or commits any act of harassment or discrimination;
c. in the Board's reasonable opinion, the Participant has brought the Company into serious disrepute; or
d. The Participant is in material breach of the Rules.

Issuance of SAR's

On December 8, 2015 the Company issued a total of 2,200,000 Share Appreciation Rights (SAR's) to Key Management Personnel and other employees at a "Base" price of $2.98.

Details of Share Appreciation Rights (SAR) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Position	Balance on 1 July 2016	Fair Value of SAR's on date of grant	SAR's granted during the year	SAR's Exercised	SAR's Lapsed	Remaining Fair Value of SAR's as at grant date	Balance at 30 June 2017	% Vested at 30 June 2017
D Stewart[1]	CEO[1]	1,000,000	$1,628,898	-	-	(1,000,000)	-	-	0%
K Sheridan[2]	CEO[2]	500,000	$814,449	-	-	-	$814,449	500,000	0%
S Collins	CTO	500,000	$814,449	-	-	-	$814,449	500,000	0%
M Cornelius	R&D Director	100,000	$162,890	-	-	-	$162,890	100,000	0%
Total		**2,100,000**	**$3,420,686**	**-**	**-**	**(1,000,000)**	**$1,791,788**	**1,100,000**	

1 *David Stewart retired on 23rd December 2016 and the SAR's issued to him were lapsed.*

2 *Ken Sheridan appointed as Interim CEO on 23rd December 2016 and CEO on 24th February 2017.*

The Fair Value of the SAR's on Date of Grant is a non-cash accounting expense that will be recognised on a straight line basis over the vesting period of three years. An expense of $321,951 (2016: $671,118) was recorded during the year.

26 Retirement Benefit Obligations

Superannuation commitments:

The Group provides employees with access to external superannuation plans that provide benefits on retirement, resignation, disability or death. This is a defined contribution plan.

27 Earnings per Share

	2017	2016
	$000	$000
EARNINGS RECONCILIATION		
Net (loss)/profit for the year	(1,794)	2,027
Basic and diluted earnings	(1,794)	2,027

	2017	2016
Weighted average number of ordinary shares used as the denominator	No.	No.
Number for basic earnings per share	146,329,906	132,045,216
Number for diluted earnings per share	**146,329,906**	**132,045,316**

	2017	2016
Earnings per share	Cents	Cents
Basic earnings per share	**(1.23)**	**1.54**
Diluted earnings per share	**(1.23)**	**1.54**

Notes to the financial statements

For the Year Ended 30 June 2017

28 Financial Instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy is to focus on the ANZ Broadband and global M2M sector.

The Group has continued to be debt free and has more than $22 million in Cash balances at the end of financial year. The Group has banking facilities in place to fund any opportunity that might require significant and immediate appropriate debt finance. The current capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses. Operating cash flows are used to maintain and expand the Group's assets as well as to pay for operating expenses, including tax liabilities.

(b) Financial Risk Management Objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency and interest rate risk), credit risk, liquidity risk including counter-party risk. The Group's overall risk management program focuses on the unpredictability of financial and exchange rate markets and seeks to minimise potential adverse effects on the Group's performance.

Risk management is carried out by the Board of Directors through the Audit and Risk Management Committee and during the last financial year Group incorporated an "Investment Policy" defining the framework for investing the surplus funds. The objective of the policy is to:

a. Enhance the return on surplus cash within acceptable levels of risk/return exposure.

b. Mitigate the credit and liquidity risks that Group is exposed to through investment activities.

The policy defines:

A) Counterparty Credit Framework

Group has to comply with the credit guidelines based on the S&P ratings for each counterparty. Exposure to an individual counterparty is restricted, in terms of the credit limit tables detailed below, by their S&P rating so that single entity exposure is limited. The individual counterparty credit limit structure is as follows:

Short Term Rating	Maximum Exposure
A-1+	AUD $10 million
A-1	AUD $5 million

B) Portfolio Management & Approved Instruments

The Group portfolio has the following structural constraints and securities purchased on behalf of Group will be based on the investment framework and comprise the following asset classes only:

Investment Terms	Approved Instruments
Maximum 90 Days	• 11am Cash • Term Deposits • Bank Bills • Negotiable Certificates of Deposit

(c) Foreign Currency Risk Management

The Group is mainly exposed to US dollars (USD) and EUROS (EUR), (2016: US dollars).

The Group undertakes certain transactions denominated in foreign currencies that are different from the functional currency of the respective entities undertaking the transactions, hence exposures to exchange rate fluctuations arise.

Exchange rate exposures are managed within approved policy parameters utilising hedges. The group has developed an FX hedging strategy to manage its Foreign Exchange Risk on future purchases using FX Forwards and swaps. The strategy is to use USD FX Forwards as a hedge against future USD purchases related to its AUD revenues. The aim is to reduce the variability in the AUD cash flows arising from USD denominated purchases consisting of firm commitments and highly probable forecast transactions. Any gains or losses on revaluing of the forwards are recognised in Other Comprehensive Income and shown in the balance sheet in Equity as a "Foreign Exchange Hedging Reserve". The amount in this reserve is reversed to the Profit and Loss Account when the forwards are settled.

At balance date there were no exchange contracts outstanding (2016: $4.4 million).

In order to avoid exposure to significant foreign exchange gains or losses on revaluation of USD borrowings, the Group continues to denominates its borrowings in AUD. All other foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate 0.7692. (2016: 0.7426).

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities holding the monetary assets and liabilities are as follows:

	Closing rate		Liabilities		Assets	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
US Dollars	0.7692	0.7426	18,570,314	8,242,994	18,822,126	13,507,903
EUROS	0.6730	0.6699	-	-	1,228,365	244,904
			18,570,314	**8,242,994**	**20,050,491**	**13,752,807**

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars (USD) & Euros (EUR)

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies (arising from monetary assets and liabilities held at balance date in a currency different to the functional currency of the respective entities holding the assets or liabilities), which represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items (including liabilities for goods in transit) and adjusts their translation at a period end for a 10% change in foreign currency rates.

	Profit or Loss	
	2017	2016
	$	$
US Dollars	36,374	584,990
EUROS	(202,801)	(40,620)

The foreign exchange impact in the table is attributable to the exposure outstanding on USD receivables and borrowings and EUR receivables at year end in the Group. In management's opinion, the above sensitivity analysis is representative of the inherent foreign exchange risk during the course of the year.

The Group includes a New Zealand subsidiary whose functional currency is different to the Group's presentation currency. As stated in the Group's Accounting Policies per Note 1(c), on consolidation the assets and liabilities of this entity are translated into Australian dollars at exchange rates prevailing on the reporting date. The income and expenses of this entity are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve.

The Group's future reported other comprehensive income could therefore be impacted by changes in rates of exchange between the Australian Dollar and the New Zealand Dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies arising from translation of foreign operations. A positive number indicates an increase in other comprehensive income where the Australian dollar weakens against the respective currency. For a strengthening of the Australian dollar against the respective currency there would be an equal and opposite impact on the other comprehensive income and other equity, and the balances below would be negative.

	Other comprehensive income	
	2017	2016
	$	$
New Zealand Dollars	45,022	44,875

(c) Interest Rate Risk Management

The Group is exposed to interest rate risk as the parent entity borrows funds at floating interest rates. The Group does not hedge this risk through derivatives such as interest rate swaps.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(d) Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on a 50 basis point change in interest rates taking place at the beginning of the financial year and held constant throughout the reporting period, which represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/(decrease) by $150,578 (2016: increase/(decrease) by $46,814). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(e) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and controlled by counterparty limits that are reviewed and approved by the CFO. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has two major customers (Note 30) who generated around 60% (FY16: 59%) revenues to the Group. However, there is minimal credit risk arising from these customers based on these customers' global presence and position, historical information and previous trading experience.

Other than the item noted above, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk. Refer further detail in Note 7.

(f) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group also uses a trade payables finance facility to manage its liquidity risk.

The table below details the Company's and the Group's drawn and undrawn facilities.

	Consolidated	
	2017	2016
	$000	$000
Secured Bank Loan	7,000	7,000
Used at reporting date (Note 15)	-	-
Unused at reporting date	7,000	7,000
Unsecured Bank Loan	-	4,000
Used at reporting date (Note 15)	-	-
Unused at reporting date	-	4,000
Debtor Finance (AUD)	1,000	1,000
Surplus debtor receipts (Note 15)	-	-
Unused at reporting date	1,000	1,000
Debtor Finance (USD)	USD 7,150	USD 3,400
Used at reporting date (Note 15)	-	-
Unused at reporting date	USD 7,150	USD 3,400

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Consolidated					
	Weighted avg effective interest rate	Less than 1 month	1-3 months	3 months -1 year	1-5 years	5+ years
	%	$000	$000	$000	$000	$000
2017						
Non-interest bearing	0.00%	18,086	8,511	-	-	-
Finance lease liability	4.49%	2	5	50	-	-
Variable interest rate instruments	4.88%	-	-	-	-	-
Total		**18,088**	**8,516**	**50**	**-**	**-**
2016						
Non-interest bearing	0.00%	5,006	3,851	-	-	-
Finance lease liability	4.49%	3	4	21	57	-
Variable interest rate instruments	4.88%	-	-	-	-	-
Total		**5,009**	**3,855**	**21**	**57**	**57**

The following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted avg effective interest rate	Less than 1 month	1-3 months	3 months -1 year	1-5 years	5+ years
	%	$000	$000	$000	$000	$000
2017						
Non-interest bearing	0.00%	20,121	2,437	-	-	-
Variable interest rate instruments	2.17%	7,929	14,196	-	-	-
		28,050	**16,633**	**-**	**-**	**-**
2016						
Non-interest bearing	0.00%	10,727	3,634	171	-	-
Variable interest rate instruments	1.22%	20,514	16,000	-	-	-
		31,241	**19,634**	**171**	**-**	**-**

Notes to the financial statements

For the Year Ended 30 June 2017

(g) Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

The Group monitors capital on the basis of the carrying amount of equity plus its borrowings, less cash and cash equivalents as presented on the face of the statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	2017	2016
	$000	$000
Borrowings	(55)	(80)
Cash and cash equivalents	22,125	36,514
Net Cash	**22,070**	**36,434**
Total equity	**75,578**	**77,294**
Net Borrowings to Equity ratio	-	-

(h) Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market prices;

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

29 Events after the Reporting Date

There has not arisen during the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature that has, in the opinion of the Directors of the Company, significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

30 Segment Reporting

The Group has two reporting segments: Machine to Machine (M2M) and Broadband business (Note 1 (z)). These reporting segments are monitored by the Group's chief decision maker for the purposes of resource allocation and assessment of segment performance.

The Broadband business segment supplies communication devices, that range from entry level gateways to high-performance devices that support triple play services covering high-speed data transmission, multi HD/4K IPTV and over-the-top video streaming as well as high quality VoIP phone calls. The Broadband business products combine the latest generation of WiFi with powerful wired networking and powerline options to amplify a fast and reliable connection to multiple devices throughout the home and office.

The M2M business segment division specialises in the development of leading Fixed Wireless broadband, wireless Machine-to-Machine (M2M)/Industrial IoT (Internet of Things) and Fibre and Cable to the distribution point (FTTdp / CTTdp) technologies sold to leading telecommunications carriers, core network providers, system integrators, government and enterprise customers worldwide. The M2M business also includes network terminating devices designed to advance global network performance, extend coverage and meet the complex demands of today's M2M/Industrial IoT and national broadband markets.

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

	Revenue		Segment Profit	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	$000	$000	$000	$000
REVENUE GENERATED FROM EXTERNAL CUSTOMERS				
Broadband Business	21,273	26,406	751	354
M2M Business	86,306	58,729	2,836	5,710
INTERSEGMENT REVENUE				
Broadband Business	5,000	2,066	-	-
M2M Business	-	2,484	-	-
Intersegment Eliminations	(5,000)	(4,551)	-	-
SEGMENT RESULT	**107,579**	**85,135**	**3,587**	**6,064**
Other income			-	25
EBITDA			**3,587**	**6,089**
Depreciation and amortisation expense			(8,446)	(3,828)
EARNINGS BEFORE INTEREST AND TAX (EBIT)			**(4,859)**	**2,261**
Finance income			639	145
Finance costs			(9)	(274)
GROUP (LOSS)/PROFIT BEFORE TAX			**(4,229)**	**2,132**
Income tax benefit/(expense)			2,435	(105)
CONSOLIDATED REVENUE AND (LOSS)/PROFIT FOR THE PERIOD	**107,579**	**85,135**	**(1,794)**	**2,027**

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

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

Revenues from a single customer greater than 10% of total revenues reside in both Broadband & M2M business segment. Segment profit represents the profit earned by each segment without allocation of other income, finance costs and depreciation and amortisation.

Notes to the financial statements

For the Year Ended 30 June 2017

	BROADBAND	
	2017	**2016**
Customer A	$3,576	$6,789
Customer B	$2,581	-
Total Broadband Revenue	**$21,273**	**$26,406**
Customer A Share of Total	17%	26%
Customer B Share of Total	12%	-

	M2M	
	2017	**2016**
Customer A	$15,665	-
Customer B	$42,993	$43,108
Total M2M Revenue	**$86,306**	**$58,729**
Customer A Share of Total	18%	-
Customer B Share of Total	50%	73%

During 2017, $9,909,660 or 9.2% (2016: $7,757,977 or 9.1%) of the Group's revenues were generated from New Zealand.

Segment profit represents the profit earned by each segment without allocation of other income, finance costs and depreciation and amortisation.

(a) Reconciliation of Group's operating segments to financial statements

The totals presented for the Group's operating segments reconcile to the key figures as presented in its financial statements as follows:

	30 June 2017	30 June 2016
	$000	**$000**
REVENUE AND OTHER INCOME		
Total reportable segment revenues	107,579	85,135
Other segment income	-	25
PROFIT OR LOSS		
Total reportable segment operating profit	3,587	6,064
Other segment profit	-	25
EBITDA	**3,587**	**6,089**
Depreciation and amortisation expense	(8,446)	(3,828)
Finance income	639	145
Finance costs	(9)	(274)
Profit before tax	**(4,229)**	**2,132**

31 Parent Entity Disclosures

(a) Financial position

	2017 $000	2016 $000
ASSETS		
Current assets	65,165	56,994
Non-current assets	46,963	29,574
Total assets	**112,128**	**86,568**
LIABILITIES		
Current liabilities	51,645	26,704
Non-current liabilities	453	481
Total liabilities	**52,098**	**27,185**
Net assets	**60,030**	**59,383**
EQUITY		
Issued capital	65,059	65,059
Retained earnings/(accumulated losses)	(6,273)	(6,838)
General reserves	1,244	1,186
Foreign exchange hedging reserve	-	(24)
TOTAL EQUITY	**60,030**	**59,383**

(b) Financial performance

	2017 $000	2016 $000
Profit for the year	565	17
Other comprehensive Income/(loss)	24	(24)
TOTAL COMPREHENSIVE INCOME/(LOSS)	**589**	**(7)**

(c) Commitments for the acquisition of property, plant and equipment by the parent entity

	2017 $000	2016 $000
FINANCE LEASE LIABILITIES		
Not longer than 1 year	57	27
Longer than 1 year and not longer than 5 years	-	57
	57	**85**

Finance leases relate to a motor vehicle. The Group has the option to purchase the motor vehicle at the conclusion of the lease arrangements. The Group's obligation under finance leases are secured by the lessor's title to the leased assets.

Notes to the financial statements

For the Year Ended 30 June 2017

(d) Subsidiaries

Name of subsidiary	Country of incorporation	Percentage owned 2017 %	Percentage owned 2016 %
NetComm Wireless (NZ) Limited	New Zealand	100	100
Call Direct Cellular Solutions 2003 Pty Ltd	Australia	100	100
C10 Communications Pty Ltd	Australia	100	100
NetComm Wireless (Canada) Limited	Canada	100	100
NetComm Wireless Inc.	United States of America	100	100
NetComm Wireless (UK) Limited	United Kingdom	100	100

32 Company Details

The registered office and principal place of business of the Company is:

NetComm Wireless Limited
Level 5, 18-20 Orion Road,
Lane Cove, NSW 2066

Directors' Declaration

In the opinion of the directors of NetComm Wireless Limited

a. the consolidated financial statements and notes of NetComm Wireless Limited are in accordance with the Corporations Act 2001, including:
    - giving a true and fair view of its financial position as at 30 June 2017
    - and of its performance for the financial year ended on that date; and
    - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
b. There are reasonable grounds to believe that NetComm Wireless Limited will be able to pay its debts as and when they become due and payable.
c. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.
d. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors

On behalf of the Directors

J Milne	**Ken Sheridan**
Director	CEO & Executive Director
28 August 2017	28 August 2017

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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

Report on the audit of the financial report

Opinion

We have audited the financial report of NetComm Wireless Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition and contract assets ***(Notes 2 and 11)***	
Revenue of $107,579,000 has been recognised during the year ended 30 June 2017, and contract assets of $3,957,000 have been recognised in the statement of financial position. Due to the nature of the contracts entered into during the year, revenue recognition involves significant estimation. This is a key audit matter given the management judgement involved in developing and applying appropriate accounting policies that comply with accounting standards and in determining the timing of amounts to be recognised.	Our procedures included, amongst others: • Assessing the revenue recognition policies for appropriateness and compliance with AASB 15: *Revenues*, as well as reviewing consistency with the prior period; • Assessing the appropriateness and compliance with AASB 15 with respect to the recognition of contract assets, including testing a sample of amounts recognised to supporting documentation; • Testing the design and operating effectiveness of the Group's controls, including automated controls, over the recognition of revenue; • Comparing revenue by month and across each revenue stream to prior periods in order to identify and follow up any unusual trends; • Testing a sample of revenue transactions for compliance with the contractual delivery terms and recognition in the appropriate period, by reading contracts, tracing to invoices, subsequent cash collections and proof of delivery; and • Assessing the adequacy of related disclosures in the financial statements.
Capitalised product development costs ***(Note 13)***	
Capitalised product development costs had a net carrying value of $19,923,000 at 30 June 2017. During the year the company capitalised $12,435,000 of project development costs. These intangible assets are being amortised over a 3 year period. AASB 138: *Intangible Assets* sets out the specific requirements to be met in order to capitalise development costs. Intangible assets should be amortised over their useful economic lives in accordance with AASB 138. This area is a key audit matter due to subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria described in AASB 138 and in relation to the estimate of the assets' useful lives.	Our procedures included, amongst others: • Assessing the company's accounting policy in respect of product development costs for adherence to AASB 138, and evaluating management's assessment of each project for compliance with the recognition criteria set out in AASB 138; • Testing a sample of amounts capitalised to supporting documentation and assessing compliance with the recognition criteria of AASB 138; • Testing management's cash flow forecasts by evaluating assumptions and agreeing inputs to source data to support the generation of future economic benefits from the capitalised costs; • Evaluating the reasonableness of useful lives to be applied in future reporting periods; and • Assessing the adequacy of related disclosures in the financial statements.

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Key audit matter	How our audit addressed the key audit matter
Recoverable amount of intangible assets ***(Note 12)***	
As at 30 June 2017, the Group's intangible assets of $21,447,000 consist of goodwill, product development costs and software. The Group is required to perform an annual impairment test of goodwill in accordance with AASB 136: *Impairment of Assets*. Management has identified the cash generating units (CGUs), and has allocated the goodwill and other intangible assets to these CGUs. Management has tested the CGUs for impairment by comparing their carrying amounts with their recoverable amounts and has determined that no impairment existed at 30 June 2017. The recoverable amounts were determined on a value-in-use basis. We have determined this is a key audit matter due to the judgements and estimates required in determining the appropriate CGUs and calculating the recoverable amount on a value-in-use basis.	Our procedures included, amongst others: • Obtaining an understanding of management's processes and controls related to the assessment of impairment, including management's identification of CGUs and the calculation of the recoverable amount for each CGU; • Testing management's value-in-use calculations against the requirements of AASB 136, by: – testing the mathematical accuracy of the calculations; – evaluating management's ability to perform accurate estimates by reference to past history of forecasting; – testing the forecasted cash inflows and outflows to be derived by the CGUs assets; – agreeing discount rates applied to forecast future cash flows to external sources; and – performing sensitivity analysis on the significant inputs and assumptions made by management in preparing its calculation; and • Assessing the adequacy of related disclosures in the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the remuneration report included in pages 9 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of NetComm Wireless Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 28 August 2017

ASX Additional Information

The shareholder information set out below was applicable as at 9 August 2017.

1) Distribution of Shareholders

Analysis of number of shareholders by size of holding:

Category of Holding	Number	Number of Shares
1 - 1,000	719	386,178
1,001 - 5,000	1,558	3,934,919
5,001 - 10,000	679	5,707,402
10,001 - 100,000	862	27,967,816
100,001 - share and over	126	108,333,591
Total	**3,995**	**146,329,906**

2) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Shareholder	Number of Shares	Percentage of total shares
Brad Industries Pty Ltd & Rooke Lane Pty Ltd & David Stewart	22,687,000	15.5%
JP Morgan Nominees Aust Ltd	11,560,795	7.9%
National Nominees Limited	8,132,277	5.6%
Citicorp Nominees Pty Limited	5,908,897	4.0%
Mirrabooka Investments Limited	5,200,000	3.6%
HSBC Custody Nominees	4,144,724	2.8%
NBT Pty Ltd	4,135,599	2.8%
UBS Nominees Pty Ltd	4,025,903	2.8%
BNP Paribas Noms Pty Ltd	2,674,928	1.8%
FF Okram Pty Ltd	2,277,676	1.6%
Sandhurst Trustees Ltd	1,990,392	1.4%
Mr Michael John Cornelius	1,606,170	1.1%
Rapaki Pty Ltd	1,500,000	1.0%
Dr Colin Rose	1,187,420	0.8%
Yarradale Investments Pty Ltd	1,143,070	0.8%
Ms DG Leong / Mr RA Press	1,089,440	0.7%
Mrs Cher Suey Cheah	853,500	0.6%
Asia Union Investments Pty Ltd	800,000	0.5%
Mr Justin Trevor Milne & Dr Anna Cicognani	756,651	0.5%
Mr Gary John Jackson & Ms Christine Gregg	700,000	0.5%
Total	**82,374,442**	**56.3%**

ASX Additional Information

3) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

4) Substantial Shareholders

As at 19 August 2017 the substantial shareholders were as follows:

Shareholder	Number of Shares	Percentage of total shares
Brad Industries Pty Ltd & Rooke Lane Pty Ltd & David Stewart	22,687,000	15.5%

Corporate Directory

Directors	Position held
Justin Milne	(Non-Executive Director & Chairman)
Ken Boundy	(Non-Executive Director)
Stuart Black AM	(Non-Executive Director)
David Spence	(Non-Executive Director, appointed on 22 May 2017)
David P J Stewart	(CEO & Managing Director, retired 23 December 2016)
Ken Sheridan	(CEO & Executive Director, appointed as interim CEO on 23 December 2016 and CEO on 24 February 2017))

Company Secretary

Mr Christopher Last .... (appointed 28 November 2016)

Mr Ken Sheridan .... (resigned 2 December 2016)

Mr Peter Kenneth Beveridge .... (appointed 2 December 2016)

Registered Office

Level 5, 18-20 Orion Rd, Lane Cove, NSW 2066

Telephone: +61 (2) 9424-2000 Facsimile: +61 (2) 9427-9260

Auditor

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

Solicitors

Maddocks
Angel Place, 123 Pitt Street,
Sydney, NSW 2000

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 Street, Sydney, NSW 2000

Telephone: +61 (2) 8280 7552

Web Address

www.netcommwireless.com

ASX Code

NTC

NetCommWireless

NETCOMM WIRELESS LIMITED ABN 85 002 490 486

Head Office, 18-20 Orion Road

Lane Cove, Sydney, NSW 2066, Australia

P: +61 2 9424 2000 **E:** ir@netcommwireless.com

www.netcommwireless.com