

**NetComm Wireless Limited**  
**Appendix 4D**  
**For The Half Year Ended 31 December 2016**

**1. Company details**

Name of entity

<b>NetComm Wireless Limited</b>
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ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
85 002 490 486	31 December 2016	31 December 2015

**2. Results for announcement to the market**

\$A'000's

2. Results for announcement to the market

2.1	Revenues from ordinary activities	Up	1.2%	to	46,962
2.2	EBITDA	Down	86.7%	to	681
2.3	(Loss) from ordinary activities after tax attributable to members	Down	173%	to	(1,692)
2.4	Net (Loss) for the period attributable to members	Down	173%	to	(1,692)
2.5	<b>Dividends</b>	Amount per security	Franked amount per security		
		N/a	N/a		
2.6	+Record date for determining entitlements to the dividend.	N/a			

2.7 Brief explanation

Details can be found under NetComm Wireless Limited Half-Year Report for the period ended 31 December 2016.

**3. Net tangible assets per share**

	<b>31 December 2016</b>	<b>31 December 2015</b>
Net tangible assets per share (cents)	37.84 cents	10.53 cents

**4. Dividends**

No interim dividends 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 were subject to review by the auditors and the independent auditor's review report is attached as part of the financial statements.

**6. Attachments**

Details of attachments (if any):

The Interim Report of NetComm Wireless Limited for the half year ended 31 December 2016 is attached.

Additional Appendix 4D disclosure requirements can be found in the NetComm Wireless Limited half year report for the period ended 31 December 2016.

The Appendix 4 D is based on the NetComm Wireless Limited half year report for the period ended 31 December 2016 which has been reviewed by Grant Thornton Audit Pty Limited. This should be read in conjunction with the most recent Annual Financial Report as at and for the year ended 30 June 2016.



Sign here:

Date: 24 February 2017

Print name: Kenneth J P Sheridan

CEO & Executive Director

# Listen. Innovate. Solve.

**FINANCIAL REPORT** FOR THE HALF YEAR ENDED 31 DEC 2016



LISTEN.  
INNOVATE.  
SOLVE.

CONNECT, COMMUNICATE AND  
CREATE SUCCESSFUL SOLUTIONS  
FOR REAL WORLD PROBLEMS WITH  
NETCOMM WIRELESS.

#### NETWORK TERMINATING DEVICES - HIGH DENSITY

Fibre and cable to the distribution point technologies  
are engineered to make global deployments faster and  
more cost effective. Our innovative FTTdp and CTTdp  
devices take a single fibre or cable connection from the  
distribution pit, and bring high-speed broadband to up  
to four customer premises using existing copper lines.

EXPLORE >



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# NetComm Wireless Limited Half Year Financial Report

For The Half Year Ended 31 December 2016  
ACN 002 490 486

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# Directors' Report

Your Directors present their report on the company and its controlled entities for the half year ended 31 December 2016.

## 1. Directors

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

Justin Milne ..... (Non-Executive Director & Chairman)  
 Ken Boundy ..... (Non-Executive Director)  
 Stuart Black AM ..... (Non-Executive Director)  
 David P J Stewart ..... (CEO & Managing Director, retired 23 December 2016)  
 Kenneth J P Sheridan ..... (CEO & Executive Director, appointed CEO 24 February 2017  
 subsequent appointment as Interim CEO 23 December 2016)

## 2. Company Secretary

Mr Christopher Last ..... (appointed 28 November 2016)  
 Mr Peter Kenneth Beveridge ..... (appointed 2 December 2016)  
 Mr Kenneth J P Sheridan ..... (resigned 2 December 2016)

## 3. Principal Activities

NetComm Wireless Limited (ASX: NTC) is a leading developer of Fixed Wireless broadband, wireless M2M (Machine to Machine)/ Industrial IoT (Internet of Things) 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 34 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.

## 4. Review and Results of Operations

Total Revenue for the six months ended 31 December 2016 (1H17) was \$47.0 million, up 1.2% on 1H16. The composition of revenue has continued to evolve in line with the Company's focus on Fixed Wireless, Fibre and Cable to the distribution point and M2M. While 1H17 revenues from our lower margin Broadband business were \$4.6 million lower than 1H16, this was more than offset by the 16% increase in M2M & Fixed Wireless revenue to \$36.3 million.

Revenue from the Company's M2M & Fixed Wireless business is generated both internationally and in the Australian market with the Ericsson nbn contract. Continued growth in penetration of fixed wireless broadband technology across rural and regional households underpinned the growing revenues. The M2M & Fixed Wireless business accounted for 77% of Group revenue in 1H17 versus 67% in 1H16, and is expected to continue increasing its overall share.

As previously flagged, FY17 is an investment year for NetComm Wireless. A focused, strategic investment is 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 nbn of its Fibre to the Curb project to NetComm Wireless is a direct result of the investment made in FY16 and 1H17 that has allowed the Company to innovate and develop the only product of its kind worldwide.

In line with the strategic investments made, first half Earnings before interest expense, tax, depreciation and amortisation (EBITDA) was \$0.7 million, compared with \$5.1 million in 1H17. This result was achieved after the Group reinvested an additional \$5.0 million in operating expenses to bolster its workforce and further enhance its capabilities to compete for substantial global opportunities.

# Directors' Report

In light of the step change in NetComm Wireless' growth investment activities, notably the substantial engineering staff resources and capabilities added, the Group reported a Net loss after tax of \$1.7 million in 1H17 compared to a profit of \$2.3 million in 1H16

## 5. Financial Position

The Company had no debt on its balance sheet, and \$30 million cash held at bank as at the end of December 2016. The debt free position enhances cash conservation with no interest payments and no mandated capital repayment requirements.

The Group also has access to pre-arranged but currently unutilised debt financing facilities of close to \$15 million established with HSBC. These provide for a mixture of secured and unsecured bank loans totalling \$11 million alongside debtor finance facilities of a further A\$1 million and US\$ 3.4 million.

Over 1H17, NetComm Wireless grew net operating cash inflows from an outflow of \$4 million in 1H16 to positive inflows of \$6 million in 1H17. Management of trade debtors and trade creditors underpinned the improved cash flows, partially offset by an increase in inventories and deferred tax assets.

In addition to the business reinvestment programme, NetComm Wireless also undertook significant Capital Investment in the areas of additional Plant & Equipment (\$7 million) and in Engineering and Customer Development (\$6 million) to support its growth agenda, for example by way of the R&D Facility now operational in Sunrise, Florida, United States.

Total Shareholder Equity of \$75.4 million decreased marginally by \$1.9 million from \$77.3 million as at 30 June 2016, with Retained Reserves decreasing to \$8.9 million in line with the overall loss for the period.

## 6. 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.

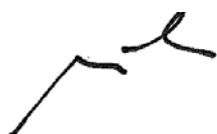
## 7. Rounding of Amounts

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.

## 8. Auditor's Independence Declaration

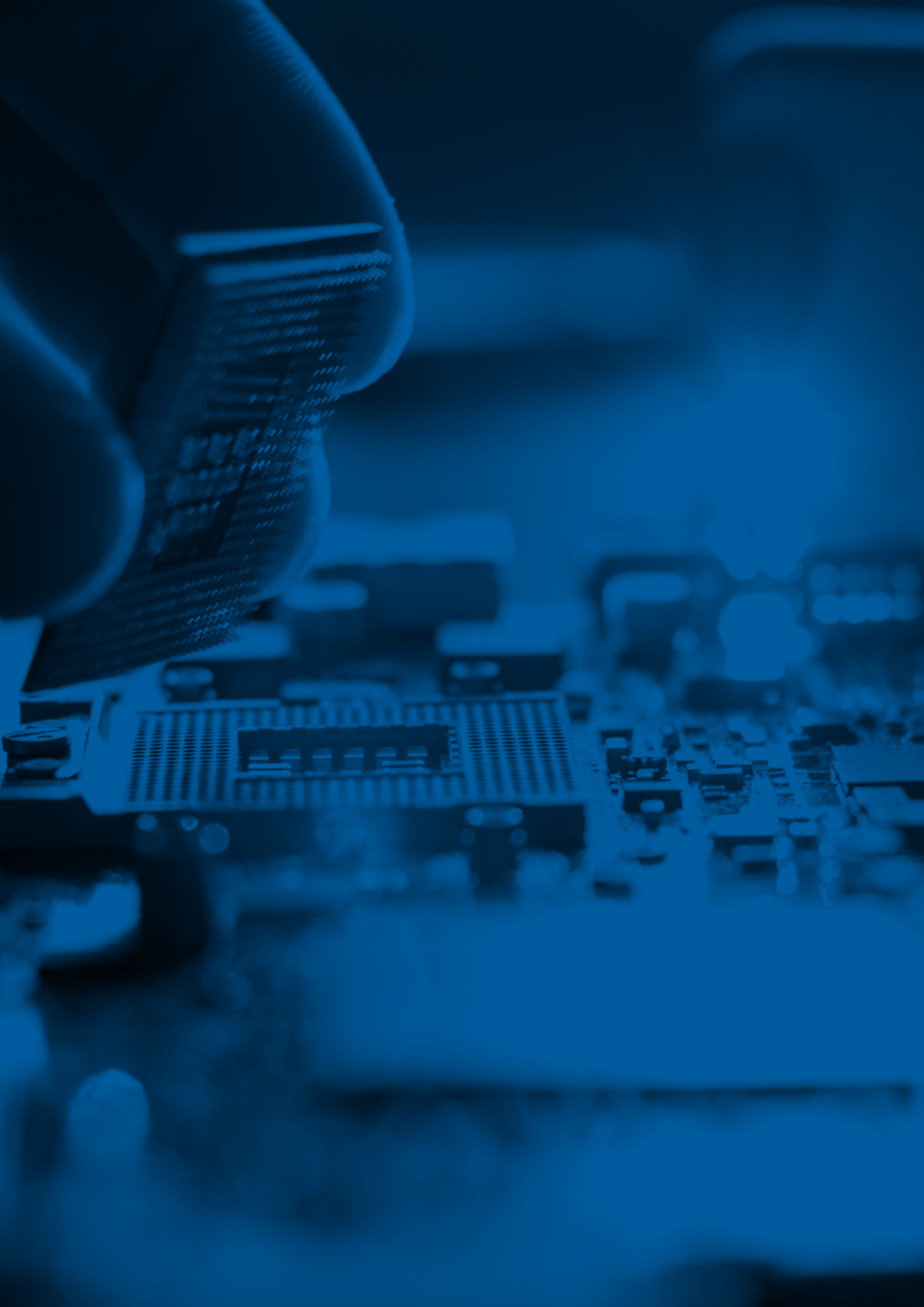
We have received from our auditors an independence declaration as required under Section 307C of the Corporations Act 2001. A copy of the declaration is attached on page 4 and forms part of this report.

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



**Kenneth J P Sheridan**  
CEO & Executive Director

Sydney, 24 February 2017





Level 17, 383 Kent Street  
Sydney NSW 2000

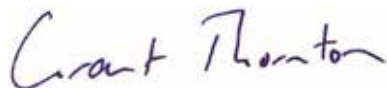
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W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**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 review of NetComm Wireless Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



C F Farley  
Partner - Audit & Assurance

Sydney, 24 February 2017

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2016

		31 Dec 2016	31 Dec 2015
	Note	\$000	\$000
Revenue from the sale of goods		46,962	46,393
Other income		-	-
<b>Total Revenue</b>		<b>46,962</b>	<b>46,393</b>
Change in inventories of finished goods and work in progress		4,893	5,411
Raw materials consumed		(36,444)	(37,049)
Employee benefits		(9,470)	(5,459)
Administrative expenses	3a	(2,872)	(2,455)
Other expenses	3b	(2,388)	(1,717)
<b>Total Expenses</b>		<b>(46,281)</b>	<b>(41,269)</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>		<b>681</b>	<b>5,124</b>
Depreciation and amortisation expense		(4,566)	(1,866)
<b>EARNINGS BEFORE INTEREST AND TAX (EBIT)</b>		<b>(3,885)</b>	<b>3,258</b>
Finance income		386	-
Finance costs		(3)	(101)
<b>NET FINANCE INCOME/(COSTS)</b>		<b>383</b>	<b>(101)</b>
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>		<b>(3,502)</b>	<b>3,157</b>
Income tax benefit/(expense)		1,810	(838)
<b>(LOSS)/PROFIT AFTER INCOME TAX</b>		<b>(1,692)</b>	<b>2,319</b>
<b>Attributable to equity holders of the parent</b>		<b>(1,692)</b>	<b>2,319</b>

<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange differences arising on translation of foreign operations		(205)	150
Net change in the fair value of cash flow hedges recognised in equity		35	(43)
Income tax relating to components of other comprehensive income		(11)	13
<b>Other comprehensive (loss)/income for the period (net of tax)</b>		<b>(181)</b>	<b>120</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<b>(1,873)</b>	<b>2,439</b>
<b>Attributable to equity holders of the parent</b>		<b>(1,873)</b>	<b>2,439</b>

<b>EARNINGS PER SHARE:</b>			
Basic (loss)/profit per share (cents per share)		(1.16)	1.80
Diluted (loss)/profit per share (cents per share)		(1.16)	1.80

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

# Consolidated Statement of Financial Position

As at 31 December 2016

		31 Dec 2016	30 June 2016
	Note	\$000	\$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		29,792	36,514
Trade and other receivables		9,264	14,531
Inventories		16,414	11,520
Other assets		2,216	2,170
<b>Total current assets</b>		<b>57,686</b>	<b>64,735</b>
<b>Non-current assets</b>			
Property, plant and equipment		10,506	4,479
Contract assets	4(b)	3,531	2,900
Deferred tax assets		7,565	5,414
Goodwill		896	896
Other intangible assets		15,612	13,004
<b>Total non-current assets</b>		<b>38,110</b>	<b>26,693</b>
<b>TOTAL ASSETS</b>		<b>95,796</b>	<b>91,428</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		17,232	12,122
Contract liabilities	4(b)	-	-
Borrowings		25	25
Provisions		1,738	1,280
Income tax liability		240	15
Other current liabilities		611	212
<b>Total current liabilities</b>		<b>19,846</b>	<b>13,654</b>
<b>Non-current liabilities</b>			
Borrowings		42	55
Provisions		504	425
<b>Total non-current liabilities</b>		<b>546</b>	<b>480</b>
<b>TOTAL LIABILITIES</b>		<b>20,392</b>	<b>14,134</b>
<b>NET ASSETS</b>		<b>75,404</b>	<b>77,294</b>
<b>EQUITY</b>			
Issued capital	6	65,059	65,059
Reserves		1,432	1,630
Retained earnings		8,913	10,605
<b>TOTAL EQUITY</b>		<b>75,404</b>	<b>77,294</b>

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

# Consolidated Statement of Changes in Equity

For the half year ended 31 December 2016

		Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Foreign Exchange Hedging Reserve	Options and Share Rights Reserve	Total
	Note	\$000	\$000	\$000	\$000	\$000	\$000
<b>BALANCE AT 1 JULY 2016</b>		<b>65,059</b>	<b>10,605</b>	<b>587</b>	<b>(24)</b>	<b>1,067</b>	<b>77,294</b>
Loss for the period		-	(1,692)	-	-	-	(1,692)
Exchange difference on translation of foreign operations		-	-	(205)	-	-	(205)
Foreign exchange hedging (Net of tax)		-	-	-	24	-	24
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(1,692)</b>	<b>(205)</b>	<b>24</b>	<b>-</b>	<b>(1,873)</b>
Recognition of movement in Share Appreciation Rights		-	-	-	-	(17)	(17)
<b>BALANCE AT 31 DECEMBER 2016</b>		<b>65,059</b>	<b>8,913</b>	<b>382</b>	<b>-</b>	<b>1,050</b>	<b>75,404</b>

		Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Foreign Exchange Hedging Reserve	Options and Share Rights Reserve	Total
	Note	\$000	\$000	\$000	\$000	\$000	\$000
<b>BALANCE AT 1 JULY 2015</b>		<b>15,432</b>	<b>8,578</b>	<b>189</b>	<b>-</b>	<b>396</b>	<b>24,595</b>
Profit for the period		-	2,319	-	-	-	2,319
Exchange difference on translation of foreign operations		-	-	150	-	-	150
Foreign exchange hedging (Net of tax)		-	-	-	(30)	-	(30)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>2,319</b>	<b>150</b>	<b>(30)</b>	<b>-</b>	<b>2,439</b>
Recognition of issuance of Share Appreciation Rights		-	-	-	-	72	72
<b>BALANCE AT 31 DECEMBER 2015</b>		<b>15,432</b>	<b>10,897</b>	<b>339</b>	<b>(30)</b>	<b>468</b>	<b>27,106</b>

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

# Consolidated Statement of Cash Flows

For the half year ended 31 December 2016

		31 Dec 2016	31 Dec 2015
	Note	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		57,524	53,263
Payments to suppliers and employees		(50,658)	(55,218)
Costs to obtain and fulfil contracts		(631)	(2,070)
Finance costs		(3)	(101)
Income taxes paid		(117)	(149)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>11</b>	<b>6,115</b>	<b>(4,275)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received		386	-
Acquisition of property, plant and equipment		(7,166)	(2,238)
Acquisition of intangible assets		(6,045)	(3,346)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(12,825)</b>	<b>(5,584)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		-	43,986
Repayment of borrowings		(12)	(35,567)
<b>NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES</b>		<b>(12)</b>	<b>8,419</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS HELD</b>		<b>(6,722)</b>	<b>(1,440)</b>
Cash and cash equivalents at beginning of financial period		36,514	3,400
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>		<b>29,792</b>	<b>1,960</b>

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



# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016

## Note 1 – Significant Accounting Policies

### Statement of compliance

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

### Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2016 annual financial report for the financial year ended 30 June 2016 other than as disclosed below. The accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

### Revenue Recognition

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

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

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

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

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

### Customer Contract Acquisition and Fulfilment Costs

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

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

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# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016

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## Note 2 – Segment Information

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

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

- Broadband Business
- M2M Business

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 Wi-Fi 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 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.

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016

## Note 2 – Segment Information (continued)

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

	Revenue		Segment Profit	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$000	\$000	\$000	\$000
<b>TOTAL SEGMENT REVENUE</b>				
Broadband business	14,082	15,835	139	577
M2M business	36,638	32,383	542	4,547
	<b>50,720</b>	<b>48,218</b>	<b>681</b>	<b>5,124</b>
<b>INTERSEGMENT REVENUE</b>				
Broadband business	(3,469)	(660)	-	-
M2M business	(289)	(1,165)	-	-
	<b>(3,758)</b>	<b>(1,825)</b>	<b>-</b>	<b>-</b>
<b>SEGMENT RESULT</b>				
Broadband business	10,613	15,175	139	577
M2M business	36,349	31,218	542	4,547
<b>CONSOLIDATED SEGMENT RESULT</b>	<b>46,962</b>	<b>46,393</b>	<b>681</b>	<b>5,124</b>
<b>EBITDA</b>			<b>681</b>	<b>5,124</b>
Depreciation and amortisation expense			(4,566)	(1,866)
<b>EBIT</b>			<b>(3,885)</b>	<b>3,258</b>
Finance income			386	-
Finance costs			(3)	(101)
<b>NET FINANCE INCOME/(COSTS)</b>			<b>383</b>	<b>(101)</b>
<b>GROUP (LOSS)/PROFIT BEFORE INCOME TAX</b>			<b>(3,502)</b>	<b>3,157</b>
Income tax benefit/(expense)			1,810	(838)
<b>CONSOLIDATED (LOSS)/PROFIT FOR THE PERIOD</b>			<b>(1,692)</b>	<b>2,319</b>

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

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

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016

## Note 3 – Expenses

Included in expenses are the following specific items.

### (a) Administrative expenses

	31 Dec 2016	31 Dec 2015
	\$000	\$000
Distribution and selling costs	570	399
Insurance expenses	290	226
Legal and professional fees	559	550
Travel expenses	1,019	928
Contractor costs	434	352
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>2,872</b>	<b>2,455</b>

### (b) Other expenses

	31 Dec 2016	31 Dec 2015
	\$000	\$000
Advertising and marketing	231	266
Property expenses	1,027	628
Other expense	1,130	823
<b>TOTAL OTHER EXPENSES</b>	<b>2,388</b>	<b>1,717</b>

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016

## Note 4 – 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	Australia	Overseas	
	\$000	\$000	\$000	\$000
<b>31-DEC-16 TIMING OF REVENUE RECOGNITION</b>				
At a Point in time revenues	10,613	29,307	7,042	<b>46,962</b>
Over Time	-	-	-	-

	Broadband Business	M2M Business		Total Revenues
	Australia & NZ	Australia	Overseas	Australia & NZ
	\$000	\$000	\$000	\$000
<b>31-DEC-15 TIMING OF REVENUE RECOGNITION</b>				
At a Point in time revenues	15,175	26,905	4,313	<b>46,393</b>
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 31 December 2016. The costs mainly consist of employee costs. These costs would not have been incurred if the contract(s) had not been obtained. Prior to the adoption of AASB 15 such costs were recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income. There were no material costs of obtaining and fulfilling contracts with customers that were eligible for recognition as contract assets at 1 July 2015.

	31 Dec 2016	30 June 2016
	\$000	\$000
<b>CONTRACT ASSETS</b>		
Cost incurred to obtain a contract (i)	1,798	1,798
Costs incurred to fulfil contracts (ii)	1,733	1,102
<b>TOTAL CONTRACT ASSETS</b>	<b>3,531</b>	<b>2,900</b>

The Group has a total capitalised value of \$3.5 million for the year ended 31 December 2016 as contracts assets, the assets value has increase by approximately \$0.6 million compared to the year ended 30 June 2016 and the increase is mainly in relation to the costs further incurred to fulfil the contract. Contract is still in the development phase and the Group has not generated and recognised any revenues in relation to the assets capitalised for the half year.



# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016

## Note 4 – Revenue from Contracts with Customers (Continued)

### (i) Costs incurred to obtain a contract

	31 Dec 2016	30 June 2016
	\$000	\$000
Asset recognised in relation to incremental costs incurred to obtain a contract	-	1,798
Amortisation and impairment loss recognised as cost of providing services during the period	-	-
<b>TOTAL COSTS INCURRED TO OBTAIN A CONTRACT</b>	<b>-</b>	<b>1,798</b>

### (ii) Costs incurred to fulfil a contract

	31 Dec 2016	30 June 2016
	\$000	\$000
Asset recognised in relation to incremental costs incurred to fulfil a contract	631	1,102
Amortisation and impairment loss recognised as cost of providing services during the period	-	-
<b>TOTAL COSTS INCURRED TO FULFIL A CONTRACT</b>	<b>631</b>	<b>1,102</b>

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.

## Note 5 – Dividends

	31 Dec 2016		31 Dec 2015	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
<b>FULLY PAID ORDINARY SHARES</b>				
Interim dividend	-	-	-	-

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

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016

## Note 6 – Issuances, Repurchases and Repayments of Equity Securities

Issued Capital at 31 December 2016 amounted to \$65,058,928 (146,329,906 ordinary shares). There were no issues, repurchases and repayments of debt securities or equity securities in the half year.

## Note 7 – Events Occurring After Reporting Date

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group.

## Note 8 – Contingent Liabilities

The Group has provided certain guarantees totalling \$1,013,142 for rental bonds and \$247,630 for performance bonds as at 31 December 2016 (30 June 2016: \$399,609 & \$247,830 respectively).

There were no other contingent liabilities in existence at 31 December 2016 requiring disclosure in the financial statements.

## Note 9 – Acquisition of Subsidiary

There were no acquisitions of controlled entities during the period.

## Note 10 – Fair Value Hierarchy

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

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2016 (30 June 2016: USD440,000) on a recurring basis are as follows:

Forward contracts (net of tax) **\$Nil**.

### Measurement of fair value of forward contracts

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2016.

## Note 11 – Related Party Transactions

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.

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2016

## Note 12 – Cash Flow Information

Reconciliation of cash flow from operations with (loss)/profit after income tax.

	31 Dec 2016	31 Dec 2015
	\$000	\$000
<b>(LOSS)/PROFIT FOR THE HALF YEAR</b>	<b>(1,692)</b>	<b>2,319</b>
<b>NON-CASH FLOWS IN PROFIT:</b>		
Depreciation and amortisation	4,566	1,866
Interest income disclosed as investing cash flow	(386)	-
Change in the fair value of cash flow hedges	24	(30)
Foreign exchange translation differences	(205)	150
Share right reserve	(17)	72
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES:</b>		
Decrease in trade and other receivables	5,267	2,074
(Increase) in inventories	(4,894)	(5,411)
(Increase) in other assets	(46)	(605)
(Increase) in contract	(631)	(2,070)
(Increase)/Decrease in deferred tax assets	(2,151)	649
Increase/(Decrease) in trade and other payables	5,110	(3,377)
Increase in other liabilities	408	-
Increase/(Decrease) in income tax liability	225	(156)
Increase in provisions	537	244
<b>NET CASH PROVIDED BY/(USED IN) FROM OPERATING ACTIVITIES</b>	<b>6,115</b>	<b>(4,275)</b>

## Corporate Information

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### Directors

### Position held

Justin Milne .....	(Non-Executive Director & Chairman)
Ken Boundy .....	(Non-Executive Director)
Stuart Black AM .....	(Non-Executive Director)
David P J Stewart .....	(CEO & Managing Director, retired 23 December 2016)
Kenneth J P Sheridan .....	(CEO & Executive Director, appointed CEO 24 February 2017 subsequent appointment as Interim CEO 23 December 2016)

### Company Secretary

Mr Christopher Last.....	(appointed 28 November 2016)
Mr Kenneth J P 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

### Web Address

[www.netcommwireless.com](http://www.netcommwireless.com)

### 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

### 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

### ASX Code

NTC

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## Directors' Declaration

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In the opinion of the Directors:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



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**Kenneth J P Sheridan**  
CEO & Executive Director

Sydney, 24 February 2017



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

We have reviewed the accompanying half-year financial report of NetComm Wireless Limited ("Company"), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

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

### **Independence**

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

### **Conclusion**

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



C F Farley  
Partner - Audit & Assurance

Sydney, 24 February 2017



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