NETCOMM WIRELESS LIMITED

ANNUAL REPORT
For the year ended 30 June 2014

ACN 002 490 486

NetComm Wireless Limited

Directors' Report
For the Year Ended 30 June 2014

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2014.

1. General Information

(a) Directors

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

Name	Position held
J Milne	Non-Executive Director & Chairman
K Boundy	Non-Executive Director
S Black AM	Non-Executive Director
D P J Stewart	CEO & Managing Director
K J P Sheridan	CFO & Executive Director

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

(b) Company Secretary

Mr Ken J P Sheridan, the company's CFO & Executive Director, is also the company secretary.

(c) Principal Activities

NetComm Wireless Limited (ASX: NTC) is a leading developer of innovative broadband products sold globally to major telecommunications carriers, core network providers and system integrators. For 32 years NetComm Wireless has developed a portfolio of world first data communication products, and is a respected global provider of 3G and 4G wireless devices servicing the major telecommunications carriers, Machine to Machine (M2M) and Rural Broadband markets. NetComm Wireless' products are designed to meet the growing needs of today's data-intensive home, business and industrial broadband applications and customized to optimise performance in line with global network advancements.

2. Review of Operations and Financial Results

(a) Operating Results

The consolidated profit of the Group after providing for income tax amounted to $1,017,789 (2013: $541,624 loss).

	Consolidated	
Results and Dividends	**2014**	**2013**
	$	**$**
Total revenue & other income	**64,593,245**	**42,857,600**
EBITDA	**5,220,894**	**803,021**
Operating profit/(loss)	**826,419**	**(2,681,095)**
Income tax benefit/(expense)	**191,370**	**2,139,471**
Net profit/(loss) for the year	**1,017,789**	**(541,624)**

2. Review of Operations and Financial Results (continued)

The financial result for FY14 saw a substantial improvement in NetComm Wireless' performance as the Company continued its transition away from consumer based technologies toward the global Machine to Machine (M2M) market.

The Group generated substantial growth in FY14 with total revenues of $64.6 million and EBITDA of $5.2 million during FY14. This is slightly above the EBITDA guidance range previously provided to the market, and also compares to revenues of $42.9 million and EBITDA of $0.8 million in FY13. The FY14 Net Profit After Tax was $1.0 million compared to a loss of $0.5 million in the previous year.

Reflecting the Group's strategy and successful transition to the global M2M market, the M2M business represented approximately 51.5% of total Group revenue in FY14 compared to 20% in FY13.
Key revenue growth in the M2M business related to:

- Smart metering revenues which had a zero base in FY13, rising to approximately $14 million in FY14,
- Higher Ericsson/NBN revenues compared to FY13 as the rollout of this project increased in pace in the second half of FY14 together with a higher customer take up rate.
- Higher Cubic Transportation revenues in relation to the Opal Card project in NSW, particularly in the second half of FY14.

The result for the year is slightly above the EBITDA guidance range provided to the market by the Company of between $4.6 and $5.1 million.

(b) Significant Changes in State of Affairs

During the year the Company issued share capital as outlined in note 17(a) of this report.
No other 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) Likely Developments, Business Strategies and Prospects

The Group is continuing to concentrate its efforts on the M2M strategy. The M2M market is a high growth global market. Ericsson and Qualcomm have predicted that there will be 50 billion connected devices by 2020. The M2M market is still in its infancy and there are no dominant players, with many industry participants specialising in select verticals.

NetComm Wireless is planning to be one of the leading M2M device providers globally. Based on key customer wins, such as Vodafone Global Enterprise, we have gained a reputation as an innovative device supplier. This has provided us with introductions to other leading international telecommunications carriers.

We have already established relationships with 3 of the top 20 global communications carriers and aim to have at least 3 more such relationships by the end of FY15.

We will continue 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.

The cycle time to deliver a new customised product can take between 9 to 12 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 offshore, in China. By using contract manufacturers we have the ability to scale our business rapidly with low incremental capital expenditure.

As well as global telecommunications carriers, we are targeting the following key M2M industry verticals:

- Utility smart grids (electricity and water)
- E-health in respect of connected in-home devices which need central monitoring
- Building automation, including elevators
- Business services, including point of sale, digital signage and vending machines/kiosks
- Manufacturing and construction
- Transportation ticketing

A key component of our strategy is to leverage "coat tail" relationships. This is where we form relationships with key suppliers or ecosystem players and leverage their knowledge, contacts and reputation within key verticals.

Financial year 2014 (FY14) represented an inflection point in product revenue mix where we experienced substantial growth in M2M revenues. M2M revenues represented more than 51% of total revenues in FY14 and this share of revenues will continue to grow in future years.

During FY14 we implemented plans to expand our geographic footprint and source additional revenues from overseas jurisdictions, with particular emphasis on North America, Europe, Japan and the Middle East.

The Ericsson NBN fixed wireless contract is a key domestic M2M contract. We are confident that this contract will deliver substantial value to the company, especially after the release of the NBN Strategic Review into Satellite and Wireless. This review reinforced the applicability of fixed wireless as a solution in rural and regional areas, and even recommended that its use be expanded. Accordingly, we anticipate a ramp up in volumes in FY15 and a substantial ramp up in FY16 and FY17.

Based on our experience with the NBN fixed wireless rural broadband project and with the delivery of 3G smart metering communications cards to the Victorian project, the company is continuing to pursue opportunities in overseas jurisdictions in relation to smart metering and rural broadband solutions.

NetComm Wireless Limited

Directors' Report
For the Year Ended 30 June 2014

3. Directors' Information

(a) Information on Directors

Mr Justin Milne — **Non-Executive Director & Chairman**

Mr Milne has substantial telecommunications industry experience and he 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 headed up Telstra's New Media businesses in China. Prior to that he was CEO of OzEmail and MSN Australia. He is currently a Non-Executive Director of NBN Co, Tabcorp Holdings Limited, SMS Management & Technology Limited and Members Equity Bank Ltd.

Mr Ken Boundy — **Non-Executive Director**

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 Director**

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

Mr Black is Non-Executive Director of Australian Agricultural Company Limited and Coffey International Limited, Chair of the Chartered Accountants Benevolent Foundation Ltd and a Non-Executive Director of The Country Education Foundation of Australia Ltd. He was the former Chair and is a current Director of the Accounting Professional and Ethical Standards Board Ltd, as well as being a Past President of the Institute of Chartered Accountants in Australia.

Mr David P J Stewart — **CEO & Managing Director**

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 remains the single largest shareholder of NetComm Wireless. He has a strong financial background, extensive experience in sales and marketing and has maintained an ongoing interest in new technologies. While being very active in the operational aspects of the business, Mr Stewart also focuses on the strategic direction of the company.

3. Directors' Information (continued)

(a) Information on Directors (continued)

Mr Kenneth J P Sheridan — **CFO & Executive Director**

Mr Sheridan is a Chartered Accountant with over 30 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.

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

	Ordinary Shares	Options
J Milne	380,588	-
K Boundy	650,000	-
S Black AM	180,000	-
D P J Stewart	22,974,596	-
K J P Sheridan	367,588	-

(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	3	3	2	2
K Boundy	9	9	3	3	2	2
S Black AM	9	9	3	3	2	2
D P J Stewart	9	9	-	-	-	-
K J P Sheridan	9	9	-	-	-	-

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

4. Share Options

At the date of this report, there are no options outstanding. During the year 560,000 options were exercised and 100,000 lapsed.

The following ordinary shares of NetComm Wireless Limited were issued during or since the end of the financial year as a result of exercise of options granted.

Date Options granted	Issue price of shares	Number of shares issued
30/10/2008	0.162	120,000
30/10/2008	0.162	240,000
10/12/2008	0.162	100,000
12/02/2009	0.113	100,000
		560,000

No amounts are unpaid on these shares. During or since the end of the financial year, no options were granted by NetComm Wireless Limited to Directors and Executives of the Group as part of their remuneration.

5. Share Rights

Details of share rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance on 1 July 2013	Share Rights Granted during the year	Share Rights Exercised	Share Rights Relinquished	Balance at 30 June 2014	Total Vested at 30 June 2014	Type of Share Right
D Morrison	250,000	-	-	-	250,000	0%	Shares
S Collins	250,000	-	-	-	250,000	0%	Shares
M Cornelius	250,000	-	-	-	250,000	0%	Shares
Total	**750,000**	**-**	**-**	**-**	**750,000**		

On July 1, 2011 NetComm Wireless Limited Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance. Under this Plan, a Participant is made an offer of a number of Share Rights, as determined by the Board. A Share Right is an entitlement to a cash (for cash participants) or equity (for equity participants) amount equivalent to the value of one fully paid ordinary share in the Company for nil consideration, subject to the achievement of vesting conditions which include service and company performance over a 3-year period. The Share Rights will vest when the Company meets or exceeds a "performance hurdle" based on a specific EBITDA target as at the end of years 1, 2 and 3 respectively, if the Participant remains employed with the Company at that time. If the Company does not meet a performance hurdle at a given year (either year 1 or year 2), the hurdle can be "re-tested" in the subsequent year. The "re-test" would be based on a comparison of the cumulative actual EBITDA results for the current and past years compared to the cumulative EBITDA performance hurdle. The Board has resolved that any entitlements to shares in NetComm Wireless resulting from the EESP will be purchased on market.

As at 1 July 2014, the cumulative EBITDA performance hurdles were not met. Accordingly, the share rights for all the participants have lapsed and therefore the fair value of these Rights has been assessed as nil.

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 2014.

The following persons were key management personnel of NetComm Wireless Limited during the financial year:

Name	**Position held**
J Milne	Non-Executive Director & Chairman
K Boundy	Non-Executive Director
S Black AM	Non-Executive Director
D P J Stewart	CEO & Managing Director
K J P Sheridan	CFO & Executive Director
S Collins	SVP Engineering
M Cornelius	Research & Development Director
D Morrison	General Manager Sales Australia and New Zealand

(a) 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.

The Chairman of the company presently receives an annual fee of $97,500 with all other non-executive directors receiving $57,500 per annum. Given the size of the company and the Board, no additional payments are made in respect of Chairmanship or Membership of any of the Board Committees.

(b) 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 2014:

Continuing Operations	**30 June 2014 $**	**30 June 2013 $**	**30 June 2012 $**	**30 June 2011 $**	**30 June 2010 $**
Revenue	64,593,245	42,857,600	59,361,477	67,602,485	55,264,440
Net Profit/(loss) before tax	826,419	(2,681,095)	1,772,049	2,145,565	2,294,204
Net Profit/(loss) after tax	1,017,789	(541,624)	1,570,179	1,057,464	1,624,988
Net (Loss)/profit from discontinued operations	-	-	(729,668)	(2,259,611)	-
Profit/(loss) for the year	1,017,789	(541,624)	840,511	(1,202,147)	1,624,988
	30 June 2014 $	**30 June 2013 $**	**30 June 2012 $**	**30 June 2011 $**	**30 June 2010 $**
Share price at start of the year	0.26	0.12	0.13	0.20	0.17
Share price at end of the year	0.74	0.26	0.12	0.13	0.20
Interim dividend	-	-	-	0.5cps	1cps
Final dividend	-	-	-	-	-
Continuing Operations					
Basic earnings per share (cents)	0.79	(0.51)	1.51	1.02	1.58
Diluted earnings per share (cents)	0.79	(0.51)	1.50	1.02	1.56
Discontinued Operations					
Basic earnings per share (cents)	-	-	(0.70)	(2.18)	-
Diluted earnings per share (cents)	-	-	(0.70)	(2.18)	-

6. Remuneration Report – Audited (continued)

As stated above the overall objective of the Board's remuneration policy is to ensure maximum shareholder benefit from the retention of a quality Board and Executive team and to assist in achieving this objective by linking executive rewards to the group's financial and operational performance. The Board is of the opinion that the remuneration policy and company performance are closely aligned.

6. Remuneration Report – Audited (continued)

(c) Details of Remuneration for Year Ended 30 June 2014.

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 2014:

	Short Term Employee Benefits			Post Employment Benefits	Long Term benefits	Share Based Payments	Other Benefits	Total	% of Remuneration that is performance based	% of Remuneration that consists of options/share rights
	Salary & Fees	Short Term Incentive Plan	Non-Monetary Benefits	Super-annuation	Long Service Leave	Share Rights	Termination Benefits			
Independent Non-Executive Directors										
J Milne	89,450	-	-	8,050	-	-	-	**97,500**	-	-
K Boundy	52,325	-	-	5,175	-	-	-	**57,500**	-	-
S Black AM	52,325	-	-	5,175	-	-	-	**57,500**	-	-
Executive Directors										
D P J Stewart	416,538	525,000	-	33,462	7,528	-	-	**982,528**	53%	-
K J P Sheridan	275,229	225,000	-	24,771	-	-	-	**525,000**	43%	-
Executive Officers										
D Morrison	175,866	60,000	11,538	17,321	10,806	-	-	**275,531**	22%	-
M Cornelius	150,000	72,000	15,000	15,160	2,560	-	-	**254,720**	28%	-
S Collins	168,845	88,125	9,231	15,453	-	-	-	**281,654**	31%	
Total key management personnel compensation	**1,380,578**	**970,125**	**35,769**	**124,567**	**20,894**	**-**	**-**	**2,531,933**		

NetComm Wireless Limited

Directors' Report
For the Year Ended 30 June 2014

6. Remuneration Report – Audited (continued)

(d) Details of remuneration for year ended 30 June 2013.
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 2013:

	Short Term Employee Benefits			Post Employment Benefits	Long Term benefits	Share Based Payments	Other Benefits	Total	% of Remuneration that is performance based	% of Remuneration that consists of options/share rights
	Salary & Fees	Short Term Incentive Plan	Non-Monetary Benefits	Super-annuation	Long Service Leave	Share Rights	Termination Benefits			
Independent Non-Executive Directors										
J Milne	78,958	-	-	-	-	-	-	**78,958**	-	-
J A Brennan*	64,736	-	-	-	-	-	-	**64,736**	-	-
K Boundy**	43,125	-	-	-	-	-	-	**43,125**	-	-
S Black AM ***	13,476	-	-	1,212	-	-	-	**14,688**	-	-
J M Burton****	23,958	-	-	-	-	-	-	**23,958**	-	-
Executive Directors										
D P J Stewart	416,538	-	-	33,462	11,758	-	-	**461,758**	-	-
K J P Sheridan	265,526	45,000	-	23,897	-	-	-	**334,423**	13%	-
Executive Officers										
D Morrison	167,500	26,880	15,000	15,075	2,721	-	-	**227,176**	12%	-
M Cornelius	150,000	25,000	15,000	13,500	2,439	-	-	**205,939**	12%	-
S Collins	151,376	25,000	15,000	13,624	-	-	-	**205,000**	12%	
B Stevens	142,202	-	5,000	12,798	2,312	-	-	**162,312**	-	-
Total key management personnel compensation	**1,517,395**	**121,880**	**50,000**	**113,568**	**19,230**	**-**	**-**	**1,822,073**		

* Mr J A Brennan resigned on 21 March 2013.
** Mr K Boundy was appointed as Non-Executive Director on 24 August 2012.
*** Mr S Black AM was appointed as Non-Executive Director on 21 March 2013.
**** Mr J M Burton retired as Non-Executive Director on 21 November 2012

6. Remuneration Report – Audited (continued)

(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.

Short term incentive plans are based on the achievement of specified EBITDA levels and personal objectives. For the year ended 30 June 2014, following table discloses the total entitlement and the amount achieved.

Participants	Role	"Base" Incentive	Total Achieved	% Achieved
D P J Stewart	CEO & Managing Director	$350,000	$525,000	150%
K J P Sheridan	CFO & Executive Director	$150,000	$225,000	150%
D Morrison	General Manager - Sales	$75,000	$60,000	80%
S Collins	Head of Engineering & Product Development	$75,000	$88,125	117%
M Cornelius	Research & Development Director	$75,000	$72,000	96%
Total		**$725,000**	**$970,125**	

Rationale for Determination of Incentive Payments

The 2014 short term incentive plan provides the Board with the discretion of applying an adjustment multiplier of between 0 and 1.5 to the "base" incentive based on the overall performance of each individual included in the incentive plan.

The Board was very pleased with strategy execution during FY14, which produced revenue and EBITDA in excess of guidance given to the market and changed the revenue mix of the business to be majority M2M based.

Significant investor relations activity was undertaken during the course of FY14 and together with the above strategy execution outcomes, the company experienced an increase in its market capitalisation of $63 million to $95.4 million over the course of FY14.

Given the above positive strategy execution outcomes, above expectations financial results and the substantial increase in the valuation of the company, the Board decided to exercise its discretion to apply a 1.5 times multiplying factor to the base incentives of the CEO and Managing Director and the CFO and Executive Director.

(f) Share Options

The board of directors has discontinued the issuance of share options at the beginning of the 2011 financial year. No options vested or were granted to key management personnel and executives during the year.

No options were exercised by key management personnel and executives during the year and there are no outstanding options as at the end of financial year.

NetComm Wireless Limited

Directors' Report
For the Year Ended 30 June 2014

6. Remuneration Report – Audited (continued)

(g) Share Rights Held by Key Management Personnel

On July 1, 2011 NetComm Wireless Limited Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance. Under this Plan, a Participant is made an offer of a number of Share Rights, as determined by the Board. A Share Right is an entitlement to a cash (for cash participants) or equity (for equity participants) amount equivalent to the value of one fully paid ordinary share in the Company for nil consideration, subject to the achievement of vesting conditions which include service and company performance over a 3-year period. The Share Rights will vest when the Company meets or exceeds a "performance hurdle" based on a specific EBITDA target as at the end of years 1, 2 and 3 respectively, if the Participant remains employed with the Company at that time. If the Company does not meet a performance hurdle at a given year (either year 1 or year 2), the hurdle can be "re-tested" in the subsequent year. The "re-test" would be based on a comparison of the cumulative actual EBITDA results for the current and past years compared to the cumulative EBITDA hurdle amounts. The Board has resolved that any entitlements to shares in NetComm Wireless resulting from the EESP will be purchased on market.

Details of share rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance on 1 July 2013	Share Rights Granted during the year	Rights Relinquished	Minimum fair value of Rights	Maximum fair value of Rights	Rights Exercised	Balance at 30 June 2014	Total Vested at 30 June 2014	Type of Share Right
D Morrison	250,000	-	-	-	-	-	250,000	0%	Shares
S Collins	250,000	-	-	-	-	-	250,000	0%	Shares
M Cornelius	250,000	-	-	-	-	-	250,000	0%	Shares
Total	**750,000**	**-**	**-**	**-**	**-**	**-**	**750,000**		

As at 1 July 2014, the cumulative EBITDA performance hurdles were not met. Accordingly, the share rights for all the participants have lapsed and therefore the fair value of these Rights has been assessed as nil.

6. Remuneration Report - Audited (continued)

(h) Service Contracts

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

	Position held as at 30 June 2013	Contract details (duration & termination)
J Milne	Non-Executive Director & Chairman	No fixed term.
K Boundy	Non-Executive Director	No fixed term
S Black AM	Non-Executive Director	No fixed term
D P J Stewart	CEO & Managing Director	Standard employment agreement. 12 months' notice required to terminate. Entitled to 12 months gross salary upon termination.
K J P Sheridan	CFO & Executive Director	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
S Collins	SVP Engineering	Standard employment agreement. 2 months' notice required to terminate. Entitled to 2 months gross salary upon termination.
D Morrison	General Manager Sales Australia and New Zealand	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.

(i) Shares Held by Key Management Personnel

Fully paid ordinary shares as at 30 June 2014:

	Balance 1 July, 2013	Movement during the Year	Balance 30 June, 2014
	No.	No.	No.
J Milne	180,588	200,000	380,588
K Boundy	450,000	200,000	650,000
S Black	-	180,000	180,000
D P J Stewart*	22,974,596	-	22,974,596
K J P Sheridan	204,588	163,000	367,588
D Morrison	350,000		350,000
S Collins	-	-	-
M Cornelius	2,486,170	(730,000)	1,756,170
Total	**26,645,942**	**13,000**	**26,658,942**

* The 22,974,596 shares held by D P J Stewart's related entities.

6. Remuneration Report - Audited (continued)

(i) Shares Held by Key Management Personnel (continued)

Fully paid ordinary shares as at 30 June 2013:

	Balance 1 July, 2012	Movement during the Year	Balance 30 June, 2013
	No.	No.	No.
J Milne	-	180,588	180,588
K Boundy	450,000	-	450,000
S Black	-	-	-
D P J Stewart*	22,944,008	30,588	22,974,596
K J P Sheridan	174,000	30,588	204,588
D Morrison	250,000	100,000	350,000
S Collins	-	-	-
M Cornelius	2,486,170	-	2,486,170
Total	**26,304,178**	**341,764**	**26,645,942**

* The 22,944,008 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) Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 18 of the financial report.

(d) 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 2014 are disclosed at Note 3(c).

(e) 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.

7. Other Information (continued)

(f) Dividends

No dividends were paid during the financial year 2014 (2013: Nil).

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

Director:

J Milne, Chairman
Sydney
29 September 2014

Director:

D P J Stewart, CEO & Managing Director
Sydney
29 September 2014

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of NetComm Wireless Limited for the year ended 30 June 2014, 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

S M Coulton
Partner - Audit & Assurance

Sydney, 29 September 2014

NetComm Wireless Limited

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NetComm Wireless Limited
Consolidated Statement of Profit or Loss & Other Comprehensive Income
For the Year Ended 30 June 2014

	Note	2014 $	2013 $
Revenue from the sale of goods	2	64,524,993	42,779,990
Other revenue	2	68,252	77,610
Change in inventories		(2,455,632)	(890,231)
Raw materials consumed		(42,735,039)	(28,066,042)
Employee benefits		(8,035,434)	(7,017,679)
Other expenses	3	(6,146,246)	(6,080,627)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**5,220,894**	**803,021**
Depreciation and amortisation expense	3	(3,667,845)	(2,902,008)
Finance costs	3	(726,630)	(582,108)
Profit/(Loss) before income tax		**826,419**	**(2,681,095)**
Income tax benefit	4	191,370	2,139,471
Profit/(Loss) for the year		**1,017,789**	**(541,624)**
Attributable to equity holders of the parent		**1,017,789**	**(541,624)**
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		241,565	177,758
Reclassification of cash flow hedging to profit and loss		984,410	-
Net change in the fair value of cash flow hedges recognised in equity		(5,119)	(984,410)
Income tax relating to components of other comprehensive income	4	(293,787)	295,323
Other comprehensive income/(loss) for the period (net of tax)		**927,069**	**(511,329)**
Total comprehensive income/(loss) for the period		**1,944,858**	**(1,052,953)**
Attributable to equity holders of the parent		1,944,858	(1,052,953)
		1,944,858	**(1,052,953)**
Earnings per share			
Basic earnings/(loss) per share (cents per share)	26	**0.79**	**(0.51)**
Diluted earnings/(loss) per share (cents per share)	26	**0.79**	**(0.51)**

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

NetComm Wireless Limited

Consolidated Statement of Financial Position
For the Year Ended 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	**6**	4,307,490	3,882,067
Trade and other receivables	**7**	10,665,140	4,700,381
Inventories	**8**	7,401,861	10,082,343
Other assets	**9**	1,319,357	1,252,681
Total current assets		**23,693,848**	**19,917,472**
Non-current assets			
Property, plant and equipment	**10**	1,178,597	1,877,280
Deferred tax assets	**4 (c)**	4,515,004	4,441,435
Goodwill	**11**	895,999	895,999
Other intangible assets	**12**	7,173,580	6,216,712
Other assets	**9**	332,143	302,143
Total non-current assets		**14,095,323**	**13,733,569**
TOTAL ASSETS		**37,789,171**	**33,651,041**
LIABILITIES			
Current liabilities			
Trade and other payables	**13**	9,298,662	5,900,269
Borrowings	**14**	4,733,301	7,066,858
Provisions	**15**	910,723	634,460
Other current liabilities	**16**	393,257	428,149
Total current liabilities		**15,335,943**	**14,029,736**
Non-current liabilities			
Borrowings	**14**	24,539	79,462
Provisions	**15**	237,920	313,076
Total non-current liabilities		**262,459**	**392,538**
TOTAL LIABILITIES		**15,598,402**	**14,422,274**
NET ASSETS		**22,190,769**	**19,228,767**
EQUITY			
Issued capital	**17**	15,349,022	14,331,878
Reserves	**18**	727,825	(199,244)
Retained earnings		6,113,922	5,096,133
TOTAL EQUITY		**22,190,769**	**19,228,767**

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

NetComm Wireless Limited

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2014

	Note	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Foreign Exchange Hedging Reserve $	Options and Share Rights Reserve $	Total $
Balance at 1 July 2012		**9,877,073**	**5,637,757**	**(83,723)**	**-**	**395,808**	**15,826,915**
Loss for the period		-	(541,624)	-	-	-	(541,624)
Exchange difference on translation of foreign operations	**18 (b)**	-	-	177,758	-	-	177,758
Foreign exchange hedging (Net of tax)	**18 (c)**	-	-	-	(689,087)	-	(689,087)
Total comprehensive income/(loss) for the period		**-**	**(541,624)**	**177,758**	**(689,087)**	**-**	**(1,052,953)**
Issue of ordinary shares (Net of transaction costs and tax)	**17 (a)**	4,342,422	-	-	-	-	4,342,422
Exercise of options		112,383	-	-	-	-	112,383
Balance at 30 June 2013		**14,331,878**	**5,096,133**	**94,035**	**(689,087)**	**395,808**	**19,228,767**
Balance at 1 July 2013		**14,331,878**	**5,096,133**	**94,035**	**(689,087)**	**395,808**	**19,228,767**
Profit for the period		-	1,017,789	-	-	-	1,017,789
Exchange difference on translation of foreign operations	**18 (b)**		-	241,565	-	-	241,565
Foreign exchange hedging (Net of tax)	**18 (c)**						
- Current year loss		-	-	-	(3,583)	-	(3,583)
- Reclassified to profit and loss account		-	-	-	689,087	-	689,087
Total comprehensive income for the period		**-**	**1,017,789**	**241,565**	**685,504**	**-**	**1,944,858**
Issue of ordinary shares (Net of transaction costs and tax)	**17 (a)**	931,324	-	-	-	-	931,324
Share issue costs			-	-	-	-	-
Recognition of share based payments		-	-	-	-	-	-
Exercise of options	**17 (a)**	85,820	-	-	-	-	85,820
Balance at 30 June 2014		**15,349,022**	**6,113,922**	**335,600**	**(3,583)**	**395,808**	**22,190,769**

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

NetComm Wireless Limited
Consolidated Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities:			
Receipts from customers		64,385,960	52,153,952
Payments to suppliers and employees		(57,895,289)	(49,579,804)
Finance costs		(726,630)	(582,108)
Income taxes paid		(107,449)	-
Net cash provided by operating activities	**22**	**5,656,592**	**1,992,040**
Cash flows from investing activities:			
Interest received		66,197	77,575
Acquisition of property, plant and equipment		(265,870)	(556,734)
Acquisition of intangible assets		(3,660,160)	(3,845,970)
Net cash used in investing activities		**(3,859,833)**	**(4,325,129)**
Cash flows from financing activities:			
Proceeds from issue of shares & options (net of transaction costs)	**17 (a)**	1,017,144	4,454,805
Proceeds from borrowings		39,917,087	48,510,971
Repayment of borrowings		(42,305,567)	(53,800,349)
Net cash used in financing activities		**(1,371,336)**	**(834,573)**
Net increase/(decrease) in cash and cash equivalents held		**425,423**	**(3,167,662)**
Cash and cash equivalents at beginning of financial period		3,882,067	7,049,729
Cash and cash equivalents at end of financial period	**6**	**4,307,490**	**3,882,067**

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

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 29 September 2014.

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.

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(x) for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

1 Statement of Significant Accounting Policies (continued)

Adoption of new and revised Accounting Standards that are effective for these financial statements
A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

AASB 10 Consolidated Financial Statements
AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements
AASB 11 supersedes AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly Controlled Entities – Non-Monetary-Contributions by Venturers. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

There is no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

AASB 12 Disclosure of Interests in Other Entities
AASB 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. Its aim is to provide more transparency on 'borderline' consolidation decisions and includes enhanced disclosures centred on significant judgements and assumptions made around determining control, joint control and significant influence.

The Company does not expect that this change will have any impact on the financial statements other than to add additional disclosure.

AASB 13 Fair Value Measurement
AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. AASB 13 requires certain new disclosures in the financial statements which are provided in Note 19.

AASB 119 Employee Benefits (September 2013)

AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income.

1 Statement of Significant Accounting Policies (continued)

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

The Group does not have any defined benefit plans. Therefore, these amendments will have no significant impact on the Group.

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 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NetComm Wireless Limited as at 30 June 2014 and the results of all subsidiaries for the year then ended.

A subsidiary is an entity over which NetComm Wireless Limited 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.

1 Statement of Significant Accounting Policies (continued)

(b) Business Combinations (continued)

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 FX 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 shall be 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 on or after the date of transition to IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

1 Statement of Significant Accounting Policies (continued)

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

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.

1 Statement of Significant Accounting Policies (continued)

(e) Income Tax

The charge for current income tax expense is based on the profit 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 balance 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.

1 Statement of Significant Accounting Policies (continued)

(f) Revenue Recognition

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

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 on a pro-rata basis over the term of the service agreement.

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.

Other revenue is recognised when the right to receive the revenue has been established.

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

(g) Share-based Payments

Equity settled compensation benefits are provided to employees via the Employee Option Plan and the NetComm Wireless Limited Executive Employee Share Plan. Information relating to these plans is set out in note 24. The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial Approximation option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

The fair value of the options granted excludes the impact of any non market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance date, the entity revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

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.

1 Statement of Significant Accounting Policies (continued)

(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.

Development assets
Cost incurred in acquiring assets for research and development is measured at costs less accumulated amortisation and any accumulated impairment losses. Development assets are amortised on a straight line basis over 3-6 years.

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 balance 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.

1 Statement of Significant Accounting Policies (continued)

(i) Impairment of Assets (continued)

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(y)* 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.

1 Statement of Significant Accounting Policies (continued)

(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.

1 Statement of Significant Accounting Policies (continued)

(o) Intangibles

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 3.3 years, commencing from the time the software is ready for use.

(p) Borrowing Costs

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

(q) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date, including wages and salaries, annual leave and long service leave. Employee benefits that are expected to be settled 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.

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.

(r) Financial Instruments

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.

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

1 Statement of Significant Accounting Policies (continued)

(r) Financial Instruments (continued)

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.

Trade payables

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

(s) Provisions

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.

(t) 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.

(u) 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 balance date.

(v) 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.

(w) Standards and Interpretations Issued not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June, 2014 reporting periods. The Group's assessment of the impact of these new standards and Interpretations are set out below.

1 Statement of Significant Accounting Policies (continued)

(i) AASB 9 Financial Instruments (effective from 1 January, 2015)

AASB 9 aims to replace AASB 139 *Financial Instruments: Recognition and Measurement* in its entirety. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss.

The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

(x) 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 less costs to sell. 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.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

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. The impairment testing is performed at least annually.

1 Statement of Significant Accounting Policies (continued)

(x) Critical Accounting Estimates and Judgements (continued)

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 software project 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.

1 Statement of Significant Accounting Policies (continued)

(x) Critical Accounting Estimates and Judgements (continued)

R&D Tax Incentive

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.

(y) 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.

(z) Reclassification of Provision for Warranties

As part of our commitment to improved disclosure and increased transparency, the Group has reclassified the provision for warranty claims from inventories to other current liabilities. Comparative information has also be reclassified to conform with presentation in the current period.

2 Revenue and Other Revenue

	2014 $	2013 $
Revenue		
Sales revenue	64,524,993	42,779,990
	64,524,993	42,779,990
Other revenue		
Interest revenue	66,197	77,575
Other revenue	2,055	35
	68,252	77,610
Total revenue and other income	**64,593,245**	**42,857,600**

3 Expenses

Included in expenses are the following specific items

	2014 $	2013 $
(a) Other expenses comprising:		
Advertising and marketing	343,042	615,176
Property expenses	927,777	934,189
Distribution and selling costs	903,969	813,722
Insurance expenses	355,050	332,212
Legal & professional fees	602,585	712,902
Travel expenses	1,136,201	833,763
Contractor costs	665,483	505,758
Other expenses	1,212,139	1,332,905
	6,146,246	**6,080,627**
(b) Depreciation, amortisation and impairments:		
Depreciation of property, plant and equipment (note 10(b))	964,553	915,175
Amortisation of intangible assets (note 12(b))	2,703,292	1,986,833
	3,667,845	**2,902,008**

(c) Auditors' remuneration

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

	2014 $	2013 $
Auditing or reviewing the financial statements	111,100	101,500
Taxation services	24,205	30,399
Other services - consulting	12,754	9,086
Total auditors' remuneration	148,059	140,985

	2014 $	2013 $
(d) Rental expenses on operating leases		
Minimum lease payments	749,380	819,752
(e) Finance Costs		
Bank borrowings	718,198	552,719
Finance leases	8,432	29,389
	726,630	**582,108**

4 Income Tax (Benefit)/Expense

(a) Income tax recognised in profit or loss	2014 $	2013 $
Tax expense comprises:		
i) **Current tax benefit**	(625,406)	(1,755,117)
Deferred tax expense relating to the origination and reversal of temporary differences	415,231	349,404
Under/(over) provision for tax in prior year	18,805	(733,758)
Income tax benefit	**(191,370)**	**(2,139,471)**
ii) **Income tax recognised in other comprehensive income**		
Income tax relating to components of other comprehensive income	**293,787**	**(295,323)**
Total income tax expense / (benefit)	**102,417**	**(2,434,794)**

4 Income Tax (Benefit)/Expense (continued)

(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:

	2014 $	2013 $
i) Amounts recognised in profit or loss		
Net profit/(loss) before tax	**826,419**	**(2,681,095)**
Tax at the Australian tax rate of 30%	247,925	(804,329)
- Non-deuctible expenses	24,143	6,980
- Differential in overseas tax rates	(2,243)	(16,041)
- Other items		4,287
- Under/(over) provision for tax in prior years	18,805	(733,758)
- Research & Development tax concession	(480,000)	(596,610)
Income tax benefit	**(191,370)**	**(2,139,471)**
ii) Amounts recognised in equity		
Net change in the fair value of cash flow hedges	(5,119)	(984,410)
Reclassification of cash flow hedging to profit and loss	984,410	-
	979,291	**(984,410)**
Tax at the Australian tax rate of 30%	293,787	(295,323)
Total amounts recognised in equity	**293,787**	**(295,323)**

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

2014	Opening balance $	Charged to income $	Charged to other comprehensive $	Closing balance $
Unused tax losses	5,017,276	782,587	-	5,799,863
Temporary differences				
Accrued expenses	49,632	75,786	-	125,418
Provisions	286,643	(8,044)	-	278,599
Inventory & Warranty	266,600	30,107	-	296,707
Intangibles and Other	(1,474,039)	(513,080)	-	(1,987,119)
Cash flow hedges	295,323	-	(293,787)	1,536
Total deferred tax assets	**4,441,435**	**367,356**	**(293,787)**	**4,515,004**

2013	Opening balance $	Charged to income $	Charged to other comprehensive income $	Closing balance $
Unused tax losses	2,548,879	2,468,397	-	5,017,276
Temporary differences				
Accrued expenses	8,019	41,613	-	49,632
Provisions	312,800	(26,157)	-	286,643
Inventory & Warranty	182,762	83,838	-	266,600
Intangibles and Other	(1,025,341)	(448,698)	-	(1,474,039)
Cash flow hedges	-	-	295,323	295,323
Total deferred tax assets	**2,027,119**	**2,118,993**	**295,323**	**4,441,435**

5 Dividends

No dividends were paid during the year-ended 30 June 2014 (2013: Nil).

	2014	2013
	$	$
Balance of franking account	591,961	591,961

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

	2014	2013
	$	$
Cash on hand	1,833	1,778
Cash at bank	4,305,657	3,880,289
	4,307,490	**3,882,067**

(b) Effective interest rate

These funds are bearing floating interest rates of between 0.05% and 1.7% (2013: 0.05% to 2.0%).

	2014	2013
	$	$
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:		
Cash and cash equivalents	4,307,490	3,882,067
	4,307,490	**3,882,067**

7 Trade and Other Receivables

	2014	2013
	$	$
Trade receivables *(i)*	10,721,720	4,748,053
Allowance for doubtful debts	(56,580)	(47,672)
	10,665,140	**4,700,381**

(i) 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. 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.

(ii) 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. Included in the Group's trade receivable balance are debtors with a carrying amount of $3,167,272 (2013: $750,685) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 52 days (2013: 59 days).

Aging of past due but not impaired	2014	2013
	$	$
0-30 Days	2,441,482	531,815
30-60 Days	699,981	136,519
60+ Days	25,809	82,351
	3,167,272	**750,685**

Movement in the allowance for doubtful debts	2014	2013
	$	$
Balance at the beginning of the year	47,672	43,517
Increase/(decrease) in allowance for impairment	8,908	4,155
Balance at the end of the year	**56,580**	**47,672**

Aging of impaired receivables	2014	2013
	$	$
0-30 Days	-	-
30-60 Days	-	-
60+ Days	56,580	47,672
	56,580	**47,672**

8 Inventories

	2014 $	2013 $
Current		
Raw materials and stores	2,092,792	1,407,606
Communication Modules	1,564,647	1,567,453
Finished goods	3,618,348	5,630,795
Goods in transit	126,074	1,476,489
Total Inventories	**7,401,861**	**10,082,343**

9 Other Assets

	2014 $	2013 $
Current		
Prepayments	740,290	470,611
Income tax receivable	50,432	118,187
Deposits and bonds	528,635	663,883
	1,319,357	**1,252,681**
Non - current		
Deposits and bonds	332,143	302,143
	332,143	**302,143**

10 Property, Plant and Equipment

(a) Summary of property, plant and equipment

	2014 $	2013 $
Plant and equipment		
At cost	4,431,663	4,282,807
Less accumulated depreciation	(3,859,509)	(3,268,143)
Total plant and equipment	572,154	1,014,664
Leased plant and equipment		
At cost	915,207	913,854
Less accumulated amortisation	(778,125)	(627,586)
Total leased plant and equipment	137,082	286,268
Leasehold improvements		
At cost	228,864	227,752
Less accumulated amortisation	(212,340)	(199,809)
Total leasehold improvements	16,524	27,943
Development assets		
At cost	1,029,563	885,241
Less accumulated amortisation	(576,726)	(336,836)
Total development assets	452,837	548,405
Total property, plant and equipment	**1,178,597**	**1,877,280**

10 Property, Plant and Equipment (continued)

(b) Movements in carrying amounts

	Plant and equipment	Leased plant and equipment	Leasehold improvements	Development assets	Total
	$	$	$	$	$
2014					
Balance at the beginning of the year	1,014,664	286,268	27,943	548,405	1,877,280
Additions	129,914	-	-	135,956	265,870
Disposals	-	-	-	-	-
Net foreign currency translation differences	-	-	-	-	-
Depreciation expenses	(572,424)	(149,186)	(11,419)	(231,524)	(964,553)
Carrying amount at the end of the year	**572,154**	**137,082**	**16,524**	**452,837**	**1,178,597**
2013					
Balance at the beginning of the year	1,314,439	474,933	52,257	386,983	2,228,612
Additions	214,805	1,053	-	347,846	563,704
Disposals	(370)	-	-	-	(370)
Net foreign currency translation differences	342	1	166	-	509
Depreciation expenses	(514,552)	(189,719)	(24,480)	(186,424)	(915,175)
Carrying amount at the end of the year	**1,014,664**	**286,268**	**27,943**	**548,405**	**1,877,280**

11 Goodwill

	2014	2013
	$	$
Gross carrying amount		
Balance at beginning of financial year	895,999	895,999
Balance at end of financial year	895,999	895,999
Net book value		
At the beginning of the financial year	895,999	895,999
At the end of the financial year	895,999	895,999

(a) Impairment testing

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

The Group assessed the recoverable amount of goodwill by apply 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 representing the goodwill that arose in the acquisition of each business:

	2014	2013
	$	$
Call Direct Cellular Solutions 2003 Pty Limited	766,023	766,023
C10 Communications Pty Limited	129,976	129,976
	895,999	**895,999**

It was determined that goodwill associated with the Group's activities was not impaired and there was no other circumstances in the performance of acquired entities indicating impairment. Both businesses have continued to operate and perform in accordance with the expectations of the Group.

(b) Key assumptions used

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

11 Goodwill (continued)

i) Call Direct Cellular Solutions 2003 Pty Limited (M2M)

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 Call Direct Cellular Solutions 2003 Pty Limited. 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 of 10% in FY15 (FY14 actual growth: -28.8%). The increase against the prior year is due to increased focus on M2M wireless opportunities followed by, for the purposes of this impairment testing, a continuous revenue growth of 10% per annum till 2017 with no terminal value. As the forecasts reported to the Chief Operating Decision Maker extend out to FY17 only, no terminal growth rate has been included in the calculation.

Discount rates:
Discount rates used are the post-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 12.5% (2013: 12%) to each CGU on the basis that the risk will fall within a similar range across all CGUs.

ii) C10 Communications Pty Limited (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 C10 Communications Pty Limited.

Growth rates:
The primary assumptions underlying the cash flow projections for impairment testing include an 2% increase in revenue in FY15 (FY14 actual growth : -16.6%) and flat growth during FY15-FY17 due to the maturity level of ADSL internet gateways in the market.

Discount rates:
Discount rates used are the post-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, the managements has applied a WACC of 12.5% (2013: 12%) to each CGU on the basis that the risk will fall within a similar range across all CGUs.

(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 (2013: Nil).

12 Other Intangible Assets

(a) Summary of intangible assets

	2014 $	2013 $
Product development costs		
Cost	15,014,281	11,405,501
Accumulated amortisation	(7,905,745)	(5,227,104)
Net carrying value	7,108,536	6,178,397
Computer software		
Cost	861,089	804,080
Accumulated amortisation	(811,665)	(787,013)
Net carrying amount	49,424	17,067
Other intangibles		
Cost	2,470,140	2,470,140
Accumulated amortisation	(2,454,520)	(2,448,892)
Net carrying amount	15,620	21,248
Total	**7,173,580**	**6,216,712**

12 Other Intangible Assets (continued)

(b) Movements in carrying amounts

	Product development costs $	Computer software $	Other intangibles $	Total $
2014				
Balance at the beginning of the year	6,178,397	17,067	21,248	6,216,712
Additions	3,608,779	51,381	-	3,660,160
Net foreign currency translation differences	-	-	-	-
Amortisation	(2,678,640)	(19,024)	(5,628)	(2,703,292)
Carrying amount at year end	7,108,536	49,424	15,620	7,173,580
2013				
Balance at the beginning of the year	4,324,241	38,814	26,876	4,389,931
Additions	3,805,877	7,690	-	3,813,567
Disposals	-	-	-	-
Net foreign currency translation differences	-	47	-	47
Amortisation	(1,951,721)	(29,484)	(5,628)	(1,986,833)
Carrying amount at year end	6,178,397	17,067	21,248	6,216,712

13 Trade and Other Payables

	2014 $	2013 $
Current unsecured liabilities		
Trade payables *(i)*	6,430,928	4,191,006
Sundry payables and accrued expenses	2,867,735	1,600,534
Letter of credit *(ii)*	-	108,729
Total current trade and other payables	**9,298,663**	**5,900,269**

(i) The average credit period on purchases of certain goods from various Asian countries is 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.

(ii) The letter of credit facility is secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited.

14 Borrowings

	2014 $	2013 $
Current - secured		
Finance lease *(i)*	54,931	171,104
Trade refinance *(ii)*	2,178,370	6,895,754
Bank loan *(iii)*	2,500,000	-
Total current borrowings	**4,733,301**	**7,066,858**
Non-current - secured		
Finance lease	24,539	79,462
Total non-current borrowings	**24,539**	**79,462**
Total borrowings	**4,757,840**	**7,146,320**

(i) The finance lease is secured against the underlying finance lease asset. Refer to Note 21 for further details of this borrowing.

(ii) The trade refinance facility is secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited.

(iii) The bank loan is an amortising bank facility and is secured by a General Security Agreement with a fixed and floating charge over all assets and liabilities of NetComm Wireless Limited. Interest is charged at 7.2% and the the facility will expire on 29/12/2014, but is subject to yearly renewal.

15 Provisions

	2014 $	2013 $
Current		
Employee entitlements	910,723	634,460
Non - current		
Employee entitlements	237,920	313,076
Total provisions	**1,148,643**	**947,536**

16 Other Liabilities

	2014	2013
Current	**$**	**$**
Other	393,257	428,149
	393,257	**428,149**

17 Issued Capital

	2014	2013
	$	**$**
128,899,890 (2013: 124,339,890) Ordinary shares - paid up no par value	15,349,022	14,331,878

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

	2014 No.	2013 No.	2014 $	2013 $
At the beginning of the reporting period	**124,339,890**	**104,833,864**	**14,331,878**	**9,877,073**
Shares issued during the year	-	-	-	-
- 07/06/2013	-	15,800,000	-	3,642,823
- 26/06/2013	-	2,743,526	-	699,599
- 15/07/2013	4,000,000	-	931,324	-
Exercise of options	560,000	962,500	85,820	112,383
At reporting date	**128,899,890**	**124,339,890**	**15,349,022**	**14,331,878**

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.

On 15 July 2013, the Group issued a total of 4,000,000 ordinary shares at the issue price of $0.255 per share. Issue costs of $88,676 associated with the issue of shares have been directly paid from the proceeds of the issues. These costs have been deducted from the issued capital in the statement of financial position, rather than charged as an expense of the Company, as they are considered to form part of the net equity raised.

Additionally, 560,000 ordinary shares were issued as a result of the exercise of vested options arising from the employee shares options plan granted to employees. Options were exercised at an average price of $0.15325 per option. (see Note 24) (2013: 962,500 at an average price of $0.117 per option.)

On 7 June 2013, the Group issued a total of 15,800,000 ordinary shares at an exercise price of $0.255 per share. On 26 June 2013, the Group issued a total of 2,743,526 shares under share purchase plan at the issue price of $0.255 per share. Issue costs $386,177 associated with the issue of shares have been directly paid from the proceeds of the issues. These costs have been deducted from the issued capital in the statement of financial position, rather than charged as an expense of the Company, as they are considered to form part of the net equity raised.

18 Reserves

(a) Movements in share options & share rights reserve

	2014	2013
	$	**$**
Balance at the beginning of the year	395,808	395,808
Recognition of share based payments	-	-
Balance at the end of the year	**395,808**	**395,808**

The option reserve is used to recognise the fair value of options and equity based share rights issued but not exercised.

(b) Movements in foreign currency translation reserve

	2014	2013
	$	**$**
Balance at the beginning of the year	94,035	(83,723)
Exchange difference on translation of foreign operations	241,565	177,758
Balance at the end of the year	**335,600**	**94,035**

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

18 Reserves (continued)

(c) Movements in foreign exchange hedging reserve

	2014 $	2013 $
Balance at the beginning of the year	**(689,087)**	**-**
Net change in the fair value of cash flow hedges	(5,119)	(984,410)
Reclassified to profit and loss account	984,410	-
Tax (expense)/benefit	(293,787)	295,323
Balance at the end of the year	**(3,583)**	**(689,087)**

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. In 2014, the Group used USD denominated borrowings as a hedge against USD sales that were expected to occur close to the maturity date of the borrowings. 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.

19 Fair Value Measurement

The Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2014 (2013 : Nil) on a recurring basis are as follows:

Forward contracts $5,119.

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 2014.

20 Contingent Liabilities

There were no contingent liabilities as at 30 June 2014. (2013 : Nil)

21 Commitments

(a) Capital expenditure commitments

At June 2014, the Company has commitment to purchase property, plant and equipment of $360,932 (2013: Nil).

(b) Expenditure commitments

***i)* Non-cancellable operating lease commitments**

	2014 $	2013 $
Not longer than 1 year	659,725	566,824
Longer than 1 year and not longer than 5 years	362,731	877,456
	1,022,456	**1,444,280**

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.

21 Commitments (continued)

ii) Finance lease commitments

	2014 $	2013 $
Not longer than 1 year	58,303	156,555
Longer than 1 year and not longer than 5 years	25,049	104,316
Minimum future lease payments	**83,352**	**260,871**
Less future finance charges	(3,882)	(10,305)
Present value of minimum lease payments	**79,470**	**250,566**
Included in the financial statements:		
Current borrowings (note 14)	54,931	171,104
Non - current borrowings (note 14)	24,539	79,462
	79,470	**250,566**

Finance leases relate to plant and equipment. The Group has the option to purchase the plant and equipment 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.

22 Cash Flow Information

Reconciliation of cash flow from operations with profit after income tax

	2014 $	2013 $
Profit/(Loss) for the year	**1,017,789**	**(541,624)**
Non-cash flows in profit:		
Depreciation and amortisation	3,667,845	2,902,008
Interest received	(66,197)	(77,575)
Change in the fair value of cash flow hedges	685,504	(689,087)
Foreign exchange translation differences	241,565	208,305
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(5,964,759)	4,638,213
Decrease/(increase) in inventories	2,680,482	6,202
Decrease/(increase) in other assets	(96,676)	(165,365)
Decrease/(increase) in deferred tax assets	(73,569)	(2,414,316)
(Decrease)/increase in trade and other payables	3,398,393	(1,339,188)
(Decrease)/increase in other liabilities	(34,892)	(351,775)
(Decrease)/increase in provisions	201,107	(183,758)
Net cash from operating activities	**5,656,592**	**1,992,040**

23 Related Party Transactions

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

Remuneration of key management personnel

The aggregate compensation made to key management personnel of the Group is set out below:

	2014 $	2013 $
Short term benefits	2,386,472	1,689,275
Post employment benefits	124,567	113,568
Other long term benefits	20,894	19,230
Total	**2,531,933**	**1,822,073**

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

24 Share-Based Payments

(a) Employee option plan

An employee share scheme was established in 1993 and current details are noted below.

The board of directors may at its discretion offer options to employees in such numbers and at such times as it thinks fit, having regard to:

a) each employee's length of service;
b) the contribution to the Group which has been made by the employee;
c) the potential contribution of the employee to the Group; and
d) any other matters which the board considers relevant.

The Board has decided to discontinue using the Options Plan in favour of the new Share Rights Plan.

Entitlement

Each option entitles the holder to subscribe for and be allotted one share in the capital of the company at the exercise price per share.

Shares issued on the exercise of options will rank pari passu with all existing shares in the capital of the company from the date of issue.

Vesting

All outstanding options have now vested.

Exercise of Options

An option may be exercised:

i. After an option has vested in accordance with the rules outlined above, but before expiry of the option, provided the participant is at the time of exercise an employee or director of the Group.
ii. Within 180 days:
   - Of the death, disablement or retirement of the participant; or
   - After an option has vested in accordance with the rules outlined above and the participant resigns or is retrenched.
iii. If the Board otherwise permits it.
iv. If any person or that person's associate has acquired or become entitled to 40% or more of the company's voting shares.

At 30 June 2014, there are no options outstanding.

At 30 June 2013, 660,000 options were issued to 3 employees/directors. Details as follow:

Number of Options 2013	Exercise Price $	Expiry Date	Number of Options Exercisable 30 June 2013
100,000	0.185	31-Jul-13	100,000
240,000	0.162	30-Oct-13	240,000
120,000	0.162	30-Oct-13	120,000
100,000	0.162	10-Dec-13	100,000
100,000	0.113	12-Feb-14	100,000
660,000			**660,000**

No options issued to employees expired during the financial year in accordance with the rules of the Share Option Plan (2013: Nil).

No new options were issued during the year (2013: Nil.).

There were options of 560,000 (2013: 660,000) exercised during the year ended 30 June 2014.

At 30 June 2014, there are no outstanding options. At 30 June 2013, the 660,000 options outstanding have a weighted average exercise price of $0.158 and a weighted average remaining contractual life of 0.36 years. Exercise prices range from $0.113 to $0.185 in respect of options outstanding at 30 June 2013.

Mr David Stewart, CEO and Managing Director, relinquished 1,500,000 vested options during 2013 as announced at the Company's 2012 Annual General Meeting held in November 2012.

Subsequent to year end, no options were exercised or issued to employees or directors.

24 Share-Based Payments (continued)

Valuations of Options

The fair value at grant date of all options is independently determined using the Binomial Approximation pricing model.

(a) Options are granted in accordance with the terms of the Employee Option Plan (refer above for detail),

(b) The expected price volatility is based on a daily closing share price for NetComm Wireless Limited over the 12 months immediately prior to date of grant: N/A (2013: N/A),

(c) The risk free interest rate is based on the 5 year Commonwealth Bond rate on date of issue: N/A

(d) The expected dividend yield is based on the dividends received by shareholders of NetComm Wireless Limited during the 12 months prior to date of grant: 0% (2013: 0%).

On July 1, 2011 NetComm Wireless Limited Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance.

No share based payments expense has been recognised for the year ended 30 June 2014 (2013: Nil).

(b) Share Rights held by key management personnel

Details of share rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

PARTICIPANTS	**Balance on 1 July 2013**		**Fair Value at grant date**	**Rights Exercised**	**Rights Relinquished**	**Balance at 30 June 2014**	**Total Vested at 30 June 2014**
David Stewart	-	$	-	-	-	-	-
Ken Sheridan	-	$	-	-	-	-	-
Danny Morrison	250,000	$	32,500	-	-	250,000	-
Steve Collins	250,000	$	32,500	-	-	250,000	-
Michael Cornelius	250,000	$	32,500	-	-	250,000	-
Total	**750,000**	**$**	**97,500**	**-**	**-**	**750,000**	**-**

Implicit Share Price used in determining value of initial share rights	$	0.20
Actual share price on 1 July 2011 (the date of grant)	$	0.13
Actual share price on 1 July 2012 (the first Vesting Date)	$	0.13

On July 1, 2011 NetComm Wireless Limited Executive Employee Share Plan" ("EESP") was introduced for invited Participants selected on the basis of their capability to be able to directly impact the Company's performance. Under this Plan, a Participant is made an offer of a number of Share Rights, as determined by the Board. A Share Right is an entitlement to a cash (for cash participants) or equity (for equity participants) amount equivalent to the value of one fully paid ordinary share in the Company for nil consideration, subject to the achievement of vesting conditions which include service and company performance over a 3-year period. The Share Rights will vest when the Company meets or exceeds a “performance hurdle” based on a specific EBITDA target as at the end of years 1, 2 and 3 respectively, if the Participant remains employed with the Company at that time. If the Company does not meet a performance hurdle at a given year (either year 1 or year 2), the hurdle can be “re-tested” in the subsequent year. The “re-test” would be based on a comparison of the cumulative actual EBITDA results for the current and past years compared to the targeted EBITDA results. The Board has resolved that any entitlements to shares in NetComm Wireless resulting from the EESP will be purchased on market.

As at 1 July 2014, the cumulative EBITDA performance hurdles were not met so share rights for all the participants have lapsed. Accordingly, the fair value of these Rights has been assessed as nil.

25 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.

26 Earnings per Share

	2014 $	2013 $
Earnings reconciliation		
Net profit for the year	1,017,789	(541,624)
Basic and diluted earnings	1,017,789	(541,624)

	2014 No.	2013 No.
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	128,569,808	106,223,194
Effect of share options issued under the employee option plan not yet vested	-	70,015
Number for diluted earnings per share	128,569,808	106,293,209

	2014 Cents	2013 Cents
Earnings per share		
Basic earnings per share	**0.79**	**(0.51)**
Diluted earnings per share	**0.79**	**(0.51)**

27 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 raised $5.3M in equity during the 2013 financial year, $4.3M was raised through normal placement and $1M through EGM, funds for the equity raised through the EGM were received in July 2013. The equity was raised to fund the company's growth plan in the M2M sector and provide additional working capital. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 14, 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 and liquidity 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.

(c) Market risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency and interest rate risk), credit risk and liquidity 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.

(d) Foreign currency risk management

The Group is mainly exposed to US dollars (USD), and Euros (EUR). (2013: US dollars and Canadian 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 in particular has developed an FX hedging strategy to manage its Foreign Exchange Risk on future purchases using FX Forwards. The strategy is to use USD FX Forwards as a hedge against future USD purchases related to its AUD revenues. This 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.

For the year ended 30th June 2014, circa $1.8 million of FX forward contracts were put in place and were used as a hedge against future “Specific” purchases the group made for its Ericsson smart metering project. At balance date a loss of approx $5,000 (gross of tax) was recorded in Other Comprehensive Income on revaluation of these hedge contracts to fair value.

In order to avoid exposure to significant foreign exchange gains or losses on revaluation of USD borrowings, the Group now denominates its borrowings in AUD compared to USD in the prior year. 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 0.9420. (2013: 0.9138).

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	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
US Dollars	0.942	0.9138	4,479,697	8,776,990	6,701,527	4,518,693
Euros	0.6906	0.7095	-	-	609,585	264,814
Total			**4,479,697**	**8,776,990**	**7,311,112**	**4,783,507**

27 Financial Instruments (continued)

(d) Foreign currency risk management (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars (USD), and Euros (EUR). (2013: US dollars and Euros.)

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	
	2014	**2013**
US Dollars	257,287	340,880
Euros	67,732	29,424

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	
	2014	**2013**
New Zealand Dollars	266,604	9,601

(e) 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.

27 Financial Instruments (continued)

(f) 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 $21,420 (2013: increase/(decrease) by $23,763). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(g) 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 is exposed to the credit risk. The Group has two major customers (note 29) who generated around 30% (FY13: 22%) revenues to the Group. However, there is minimal credit risk arising from this customer based on customer's global presence and position, historial 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.

(h) 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	
	2014	**2013**
	$	**$**
Letter of Credit & Trade Refinance	9,000,000	15,000,000
Used at balance date (note 13)	-	108,729
Used at balance date (note 14)	2,178,370	6,895,754
Unused at balance date	**6,821,630**	**7,995,517**
Amortising Facility	2,500,000	-
Used at balance date (note 14)	2,500,000	-
Unused at balance date	**-**	**-**

27 Financial Instruments (continued)

(h) Liquidity risk management (continued)

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.

	Weighted avg effective interest %	Less than 1 month $	1-3 months $	3 months-1 year $	1-5 years $	5+ years $
2014						
Non-interest bearing	0.00%	4,032,282	1,922,045	-	-	-
Finance lease liability	8.58%	5,115	10,229	42,959	25,049	-
Variable interest rate instruments	7.24%	-	5,032,441	-	-	-
		4,037,397	**6,964,715**	**42,959**	**25,049**	**-**
2013						
Non-interest bearing	0.00%	3,198,731	785,069	-	-	-
Finance lease liability	8.58%	25,875	51,751	78,929	104,316	-
Variable interest rate instruments	4.30%	-	-	7,090,878	-	-
		3,224,606	**836,820**	**7,169,807**	**104,316**	**-**

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 Group anticipates that the cash flow will occur in a different period based on the earliest date on which the Group can expect to receive. The table includes both interest and principal cash flows.

	Weighted avg effective interest %	Less than 1 month $	1-3 months $	3 months-1 year $	1-5 years $	5+ years $
2014						
Non-interest bearing	0.00%	7,253,711	3,167,271	-	-	-
Variable interest rate instruments	1.71%	4,307,940	-	845,485	-	-
		11,561,651	**3,167,271**	**845,485**	**-**	**-**
2013						
Non-interest bearing	0.00%	531,815	4,216,238	-	-	-
Variable interest rate instruments	1.66%	3,882,067	-	650,496	302,143	-
		4,413,882	**4,216,238**	**650,496**	**302,143**	**-**

27 Financial Instruments (continued)

(i) 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:

	2014 $	2013 $
Borrowings	4,757,840	7,146,320
Cash and cash equivalents	(4,307,490)	(3,882,067)
Net Borrowings	**450,350**	**3,264,253**
Total equity	**22,190,769**	**19,228,767**
Net Borrowings to Equity ratio	**0.02**	**0.17**

(j) 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.

28 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.

29 Segment Reporting

Information reported to the chief decision maker for the purposes of resource allocation and assessment of segment performance focuses of:

- Broadband Business
- M2M Business

The Broadband business segment supplies communication devices, including but not limited to Mobile Internet Gateways, designed and manufactured for use primarily by consumer and small medium enterprises (SME). The M2M business segment division specialises in the development of advanced industrial-grade and commercial 3G /4G wireless broadband products and solutions for business continuity (disaster recovery), primary mobile broadband and remote M2M connectivity. NetComm Wireless' M2M products, solutions and services are designed to support applications in areas such as transport, smart metering, security, surveillance, banking, health and mining.

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

	Revenue		**Segment Profit**	
	30 June 2014 $	**30 June 2013 $**	**30 June 2014 $**	**30 June 2013 $**
Revenue generated from external customers				
Broadband Business	31,345,569	34,581,729	2,416,415	598,157
M2M Business	33,179,424	8,198,261	2,736,227	127,254
Intersegment Revenue				
Broadband Business	1,271,956	1,233,395	-	-
M2M Business	706,374			
Intersegment Eliminations	(1,978,330)	(1,233,395)	-	-
Segment result	**64,524,993**	**42,779,990**	**5,152,642**	**725,411**
Other income			68,252	77,610
Depreciation and amortisation expense			(3,667,845)	(2,902,008)
Finance costs			(726,630)	(582,108)
Group Profit before tax			**826,419**	**(2,681,095)**
Income tax (expense)/benefit			191,370	2,139,471
Consolidated revenue and profit for the period	**64,524,993**	**42,779,990**	**1,017,789**	**(541,624)**

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

29 Segment Reporting (continued)

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.

	2014			2013		
	Broadband	**M2M**	**Total**	**Broadband**	**M2M**	**Total**
Customer A	10,908,114	-	**10,908,114**	7,750,442	-	**7,750,442**
Customer B	-	22,798,902	**22,798,902**	-	1,679,903	**1,679,903**
Total Revenue	31,345,569	33,179,424	**64,524,993**	34,581,729	8,198,261	**42,779,990**
Customer Share of Total (%)	35%	69%	**52%**	21%	20%	**22%**

During 2014, $5,936,607 or 9.2% (2013: $5,151,694 or 12%) 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 2014 $	**30 June 2013 $**
Revenue and other income		
Total reportable segment revenues	64,524,993	42,779,990
Other Segment income	68,252	77,610
Revenue & other income	**64,593,245**	**42,857,600**
Profit or Loss		
Total reportable segment operating profit	5,152,642	725,411
Other segment profit	68,252	77,610
EBITDA	**5,220,894**	**803,021**
Depreciation and amortisation expense	(3,667,845)	(2,902,008)
Finance costs	(726,630)	(582,108)
Profit before tax	**826,419**	**(2,681,095)**

30 Parent Entity Disclosures

(a) Financial position

	2014	2013
Assets	**$**	**$**
Current assets	16,882,254	13,260,881
Non-current assets	18,466,904	18,020,644
Total assets	**35,349,158**	**31,281,525**
Liabilities		
Current liabilities	25,034,111	21,299,701
Non-current liabilities	262,459	392,538
Total liabilities	**25,296,570**	**21,692,239**
Equity		
Issued capital	15,349,069	14,331,926
Retained earnings	(5,688,703)	(4,449,358)
Reserves		
General reserves	395,808	395,808
Foreign exchange hedging reserve	(3,586)	(689,090)
Total equity	**10,052,588**	**9,589,286**

(b) Financial performance

	2014	2013
	$	**$**
(Loss)/profit for the year	(1,239,345)	(3,104,636)
Other comprehensive income	(298,906)	(689,098)
Total comprehensive income	**(1,538,251)**	**(3,793,734)**

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

	2014	2013
Finance lease liabilities	**$**	**$**
Not longer than 1 year	58,303	156,555
Longer than 1 year and not longer than 5 years	25,049	104,315
	83,352	**260,870**

Finance leases relate to plant and equipment. The Company has the option to purchase the plant and equipment at the conlusion of the lease arrangements. The Company's obligations under finance leases are secured by the lessor's title to the leased assets.

(d) Subsidiaries

Name of subsidiary	**Country of incorporation**	**Percentage owned 2014 %**	**Percentage owned 2013 %**
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	-

31 Company Details

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

NetComm Wireless Limited
Level 2
18-20 Orion Road
Lane Cove NSW 2066

NetComm Wireless Limited

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:

(i) giving a true and fair view of its financial position as at 30 June 2014
(ii) and of its performance for the financial year ended on that date; and
(iii) 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 Ltd 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 2014.

(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
Director
29 September 2014

D P J Stewart
Director
29 September 2014

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

Report on the financial report

We have audited the accompanying financial report of NetComm Wireless Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of NetComm Wireless Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 7 to 15 of the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of NetComm Wireless Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S M Coulton
Partner – Audit & Assurance
Sydney, 29 September 2014

ASX Additional Information

The shareholder information set out below was applicable as at 19 September 2014.

1 Distribution of Shareholders

Analysis of number of shareholders by size of holding

Category of Holding	Number	Number of Shares
1 - 1,000	214	104,463
1,001 - 5,000	660	1,938,938
5,001 - 10,000	375	3,034,904
10,001 - 100,000	860	29,798,542
100,001 - share and over	147	94,023,043
Total	**2,256**	**128,899,890**

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	22,974,596	17.82%
NBT Pty Ltd & Associated Entities	9,556,701	7.41%
JP Morgan Nominees Aust Ltd	6,058,178	4.70%
National Nominees Limited	4,456,615	3.46%
Dr Colin Rose & Mathstatica Pty Ltd	2,380,339	1.85%
UBS Wealth Management Australia Nominees P/L	2,299,262	1.78%
Askey Computer Corp	2,053,528	1.59%
UBS Nominees Pty Ltd	2,011,605	1.56%
Michael John Cornelius	1,756,170	1.36%
Mr Gary John Jackson & Ms Christine Gregg	1,693,534	1.31%
Yarradale Investments Pty Ltd	1,632,158	1.27%
Rapaki Pty Ltd	1,600,000	1.24%
HSBC Custody Nominees (Australia) Limited	1,398,282	1.08%
Mrs Cher Suey Cheah / Mr Seuk-Liong Cheah	1,200,000	0.93%
Caprera Pty Ltd	1,164,125	0.90%
Ms DG Leong & Mr RA Press	1,000,000	0.78%
Citicorp Nominees Pty Ltd	844,520	0.66%
Carrier International Pty Limited	809,476	0.63%
Gregory Jarvis	741,000	0.57%
Gordon Denby Coad & Miss Shirley Pratt	690,000	0.54%
Total	**66,320,089**	**51.44%**

3 Voting Rights

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

4 Substantial Shareholders

As at 19 September 2014 the substantial shareholders were as follows:

Shareholder	Number of Shares	Percentage of total shares
Brad Industries Pty Ltd & Rooke Lane Pty Ltd	22,974,596	17.82%
NBT Pty Ltd & Associated Entities	9,556,701	7.41%
JP Morgan Nominees Aust Ltd	6,058,178	4.70%

Corporate Directory

30 June 2014

Directors
J Milne (Non-Executive Director & Chairman)
K Boundy (Non-Executive Director)
S Black AM (Non-Executive Director)
D P J Stewart (CEO & Managing Director)
K J P Sheridan (CFO & Executive Director)

Company Secretary
K J P Sheridan

Registered Office
Level 2, 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, Australia

Solicitors
Maddocks
Angel Place
123 Pitt St, Sydney NSW 2000

Bankers
National Australia Bank

Share Register
Link Market Services
Level 12
680 George St
Sydney NSW 2000
Telephone: 8280 7552

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www.netcommwireless.com