

Wavenet International Limited

ABN 50 087 139 428

Appendix 4D - Half Year Report

Period Ended 31 December 2014

Lodged with ASX under Listing Rule 4.2A

Results for announcement to the market

	% Increase/ (Decrease)	31 Dec 2014 \$'000	31 Dec 2013 \$'000 (Previous Corresponding Period)
Revenue from ordinary activities	100%	418	-
Profit/(Loss) from ordinary activities after tax attributable to members	(156%)	(2,236)	(874)
Net Profit/(Loss) for the half year attributable to members	(156%)	(2,236)	(874)

Dividends

No interim dividend is proposed. There are no dividend reinvestment plans in operation and there have been no dividend or distribution payments during the half year ended 31 December 2014.

Net tangible asset backing	31 December 2014	31 December 2013 (Previous Corresponding Period)
Net tangible assets	\$6,885,893	\$9,233,476
Number of shares on issue at reporting date	55,477,660	55,477,660
Net tangible assets per ordinary security	12.41 cents	16.64 cents

Associates and joint ventures

Refer to Note 3.

Audit/Review status

This Appendix 4D and the attached interim financial statements are based on accounts which have been subject to review.

The attached interim financial statements for the half-year ended 31 December 2014 form part of this Appendix 4D. This half-year statement is to be read in conjunction with the Wavenet International Limited 2014 annual financial statements and the notes contained therein.

Wavenet International Limited

Your directors present their report on the consolidated entity consisting of Wavenet International Limited and the entities controlled at the end of, or during, the half year ended 31 December 2014.

Directors

The following persons were directors of Wavenet International Limited during the whole of the half year and up to the date of this statement.

E H Stroud
L S Holyoak
G C Freemantle

Review of operations

In Queensland the maiden inferred coal resource on tenement EPC 2044 at Gayndah was identified with approximately 749 million tonnes exceeding 6,000 kcal/kg estimated. The coal has a very high ash content with initial recovery tests indicating approximately 24% by volume market product recovery. Located immediately west of tenement EPC 2044 is tenement EPC 2265. Eleven potential drill sites have been identified for exploration of the Surat Basin lithologies in this tenement, however no field work has been undertaken. The Directors have received enquiries from several interested parties in relation to the Company's coal exploration licences. The data received is currently being reviewed.

In Indonesia, an area of approximately 4 kilometres in length on the Bangun River drainage, at Sintang, has been identified as potential for alluvial gold mining. Soil sampling revealed many gold anomalies with some assays returning 1.68g/t gold. A Bangka drilling program of 20 holes has been completed to date. Due to the monsoon season, however, no field work has been conducted during the quarter to December. Currently the Sintang tenement is in the process of re-application for a reduction in area from 11,000 hectares to 5,000 hectares. This is in order to concentrate on the alluvial and hard rock prospective areas.

The Annual General Meeting of the Company held on 23 December 2014 approved a 1 for 1 entitlement issue to all eligible shareholders at an issue price of \$0.01. The issue was partly underwritten. The purpose of the issue was to raise \$554,777 to fund the company's taxation liabilities and working capital. The offer closed on the 9th of February 2015 and was fully subscribed.

This report is made in accordance with a resolution of directors.



E H Stroud
Chairman
Perth
20 February 2015

Wavenet International Limited

MOORE STEPHENS

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephens.com.au

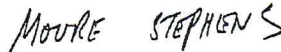
AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF WAVENET INTERNATIONAL LIMITED

As lead auditor for the review of Wavenet International Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 20th day of February 2015

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Wavenet International Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	31 December 2014 \$	31 December 2013 \$
Revenue	417,522	-
Gross Profit	2,852	-
Employee benefits	(96,265)	(102,851)
Depreciation	(6,111)	(6,801)
Professional services	(162,882)	(92,738)
Legal fees	(24,624)	(39,193)
Regulatory	(15,322)	(16,033)
Travel	(3,532)	(8,489)
Insurance	(22,432)	(23,149)
Exploration expenses written off	(1,737)	(197,597)
Option expense	(144,522)	(144,522)
Loan Impairment	(1,493,344)	-
Penalty expense	(850)	(242,604)
Share of loss from associated entity	(490,792)	(201,578)
Other expenses	(108,171)	(74,355)
Operating Result	(2,567,731)	(1,149,910)
Other operating income	109,949	314,523
Other operating expenses	-	-
Earnings Before Interest, Taxes and Amortisation (EBITA)	(2,457,782)	(835,387)
Amortisation	-	-
Earnings Before Interest and Taxes (EBIT)	(2,457,782)	(835,387)
Net financial income / (expense)	(59,182)	(38,506)
Earnings Before Taxes	(2,516,964)	(873,893)
Income tax benefit / (expense)	280,584	-
Net Income	(2,236,380)	(873,893)
Other Comprehensive Income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(38,589)	(343,371)
Revaluation of Available for Sale Assets	95,087	293,198
Total Other Comprehensive Income	56,498	(50,173)
Comprehensive Income for the Period	(2,179,882)	(924,066)
Attributable to shareholders of Wavenet International Limited	(2,179,882)	(924,066)
Earnings per share attributable to the ordinary equity holders of the company:	\$	\$
Basic (loss)/earnings per share	(0.039)	(0.016)
Diluted (loss)/earnings per share	(0.039)	(0.016)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Wavenet International Limited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	31 December 2014 \$	30 June 2014 \$
ASSETS		
Current assets		
Cash and cash equivalents	-	789,270
Trade and other receivables	858,622	1,175,737
Inventory	2,795,381	3,210,051
Total current assets	3,654,003	5,175,058
Non-current assets		
Deferred exploration and evaluation expenditure	1,319,200	1,344,031
Property, plant and equipment	2,717,755	2,714,705
Investment accounted for using the equity method	2,711,508	3,202,299
Available-for-sale assets	83,733	207,503
Total non-current assets	6,832,196	7,468,538
Total assets	10,486,199	12,643,596
LIABILITIES		
Current liabilities		
Trade and other payables	1,905,310	2,035,534
Borrowings	640,000	635,000
Bank overdraft	3,186	-
Total current liabilities	2,548,496	2,670,534
Non-current liabilities		
Borrowings	720,000	720,000
Deferred tax liability	331,810	331,810
Total non-current liabilities	1,051,810	1,051,810
Total liabilities	3,600,306	3,722,344
Net asset	6,885,893	8,921,252
EQUITY		
Contributed equity	14,496,558	14,496,558
Reserves	293,622	92,602
Accumulated losses	(7,904,287)	(5,667,908)
Total equity	6,885,893	8,921,252

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

Wavenet International Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Share Capital	(Accumulated Losses)	Share Options Reserve	FX Translation Reserve	Available For Sale Asset Reserve	Total
Balance at 1 July 2013	14,496,558	(4,874,702)	489,826	(98,661)	-	10,013,021
Loss attributable to members of parent entity	-	(873,893)	-	-	-	(873,893)
Other comprehensive Income	-	-	-	-	-	-
Fair value movement of available for sale assets	-	-	-	-	293,198	293,198
Shares issued during period	-	-	-	-	-	-
Shares redeemed during period	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-
Recognition of non controlling interest on acquisition	-	-	-	-	-	-
Option expense	-	-	144,521	-	-	144,521
FX Translation movement	-	-	-	(343,371)	-	(343,371)
Balance at 31 December 2013	14,496,558	(5,748,595)	634,347	(442,032)	293,198	9,233,476
Balance at 1 July 2014	14,496,558	(5,667,907)	710,584	(529,524)	(88,458)	8,921,253
Loss attributable to members of parent entity	-	(2,236,380)	-	-	-	(2,236,380)
Other comprehensive Income	-	-	-	-	-	-
Fair value movement of available for sale assets	-	-	-	-	95,087	95,087
Shares issued during period	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-
Option Expense	-	-	144,522	-	-	144,522
FX translation movement	-	-	-	(38,589)	-	(38,589)
Balance at 31 December 2014	14,496,558	(7,904,287)	855,106	(568,113)	6,629	6,885,893

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

Wavenet International Limited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	40,100	-
Payment to suppliers and employees (inclusive of goods and services tax)	(325,142)	(500,178)
Interest Received	64	36
Income Tax Paid	(414,782)	(337,985)
Net cash inflow / (outflow) from operating activities	(699,760)	(838,127)
Cash flows from investing activities		
Proceeds from sales of available for sales assets	329,793	851,181
Proceeds from sale of unlisted trust units	-	296,955
Payment for shares in listed company	-	-
Exploration and evaluation expenditure	(22,905)	(235,985)
Net cash inflow / (outflow) from investing activities	306,888	912,151
Cash flows from financing activities		
Loans received	350,000	-
Loans to related parties	(749,584)	(427,295)
Net cash (outflow) from financing activities	(399,584)	(427,295)
Net (decrease)/increase in cash and cash equivalents	(792,456)	(353,271)
Cash and cash equivalents at the beginning of the half-year	789,270	416,420
Cash and cash equivalents at the end of the half-year	(3,186)	63,149

The above consolidated cash flow statement should be read in conjunction with the accompanying notes

Wavenet International Limited

Notes to the half year financial statements 31 December 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statement was authorized for issue on 20 February 2015.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Wavenet International Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half-year.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

c. Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2014 annual report.

NOTE 2: INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 31 December 2014. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		At 31 December 2014	At 30 June 2014	At 31 December 2014	At 30 June 2014
Wave Connect Pty Ltd	Australia	100%	100%	Nil%	Nil%
PT Mineral Indosin	Indonesia	95%	95%	5%	5%
PT Wavenet Westindo	Indonesia	95%	95%	5%	5%

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements. As noted above, there are no material non-controlling interests.

Wavenet International Limited

NOTE 3: INVESTMENT IN ASSOCIATE

Name	Principal Place of Business	Ownership Interest Held by the Group		Measurement Method
		At 31 December 2014	At 30 June 2014	
Old Valley Unit Trust	Australia	30%	30%	Equity method

(a) Movements in the carrying amount of the Group's investment in associate

	31 Dec 2014	30 Jun 2014
	\$	\$
Carrying value at start of financial period	3,202,299	2,432,310
Uplift in cost base following renegotiation of sale in FY2014	-	1,216,155
Share of Associate's loss for the financial period	(490,792)	(446,166)
Closing value at end of financial period	2,711,507	3,202,299

(b) Summarised financial information relating to Associate

	31 Dec 2014	30 Jun 2014
<i>Extract from Associate's Balance Sheet</i>	\$	\$
Current assets	812,757	1,385,234
Non-current assets	14,834,944	14,835,263
Total assets	15,647,701	16,220,497
Current liabilities	3,791,412	2,727,616
Non-current liabilities	-	-
Total liabilities	3,791,412	2,727,616
Net Assets	11,856,289	13,492,881
<i>Extract from Associate's Income Statement</i>	6 months to 31 Dec 2014	6 months to 31 Dec 2013
Revenue	24,310	490,292
Net profit/(loss) for the period	(1,635,973)	(1,007,892)
30% share of loss (31 Dec 2013: 20% share of loss)	(490,792)	(201,578)

Wavenet International Limited

NOTE 4: OTHER OPERATING INCOME

	31 Dec 2014 \$	31 Dec 2013 \$
Includes;		
Profit on sale of assets/Debt recovery	109,949	219,677
Interest revenue accrued	67,138	94,846

NOTE 5: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group's financial assets and liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis are as follows:

31 December 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Available for sale financial assets – listed investments	83,733	-	-	83,733

30 June 2014				
Assets				
Available for sale financial assets – listed investments	207,503	-	-	207,503

Methods and valuation techniques

Included within Level 1 for the current and previous reporting periods are listed investments. The fair value of these assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

NOTE 6: SEGMENT INFORMATION

During the half year, the group operated primarily in mineral resource exploration.

Wavenet International Limited

NOTE 7: GOING CONCERN

As at 31 December 2014, the Group has reported a net loss after tax of \$2,236,380 (2013: Loss of \$873,893), and net operating cash outflows of \$699,760 (2013: \$-838,127). The cash position at balance date was \$-3,186 (30 June 2014: \$789,270).

The financial statements have been prepared on the going concern basis of accounting which assumes that the Group will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business. In arriving at this position, the Directors recognise the Company is dependent upon the following funding initiatives to meet these commitments:

- Capital raisings from shareholders, including the recent Rights Issue;
- Further sell down of the Group's interest in the Old Valley Unit Trust, available for sale assets and other non-core assets;
- Repayment of the outstanding loan receivable from Old Valley Unit Trust;
- Ongoing support of the Company's bankers;
- Sale of its bulk wine inventory at or above its stated realisable values

The Directors believe that at the date of signing the financial statements, there are reasonable grounds to believe that having regard to the matters set out above, the Group will be able to raise sufficient funds to meet its obligations and reduce existing debt levels as and when they fall due.

In the event that the Group does not achieve the matters as set out above, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amount stated in the financial statements.

NOTE 8: DIVIDENDS

No dividends were declared or paid from the end of the previous financial year until the date of this statement.

NOTE 9: CONTINGENCIES

The company and its subsidiaries are not aware of any contingent liabilities or contingent assets that existed at balance date or have since come to their knowledge

NOTE 10: EVENTS SUBSEQUENT TO BALANCE DATE

On 16 January 2015 the company announced a 1 for 1 rights issue for all eligible shareholders at an issue price of \$0.01 per share. The share issue was to raise \$554,777 to be applied to fund the company's working capital and taxation liabilities. The issue closed on 9 February 2015 and was fully subscribed.

No other matters or circumstance have arisen since 31 December 2014 which significantly affected or could significantly affect the operations of the consolidated group in future financial years.

Wavenet International Limited

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4-11 :
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors



L S Holyoak
Director

20 February 2015

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WAVENET INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Wavenet International Limited which comprises the consolidated condensed statement of financial position as at 31 December 2014, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Wavenet International Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Wavenet International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Wavenet International Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

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Conclusion

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

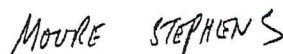
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter – Inherent Uncertainty Regarding Going Concern

Without qualifying our conclusion above, we draw attention to Note 7 to the financial statements, which indicate that the consolidated entity is dependent upon various funding alternatives in order to discharge its liabilities in the ordinary course of business. This condition, along with other matters as set forth in Note 7, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 20th day of February 2015