

Wavenet International Limited

ABN 50 087 139 428

Interim Financial Report

For the half-year ended 31 December 2015

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Wavenet International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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 2015.

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

S A Becker (appointed 30 September 2015)

G C Freemantle

L S Holyoak (retired 30 September 2015)

Review of operations

There has been no further exploration work conducted on the Sintang gold concession in Indonesia as the concession was relinquished during the half year.

The company is in the process of acquiring gold tenement E28/2577 in the Kurnalpi area east of Kalgoorlie.

The company has been funding its operation over the last 6 months by:

- The sale of the corporate office in Fremantle and
- Funds from its investment in an associated entity.

The sale of the corporate office, in addition to providing some working capital was primarily utilised to reduce debt.

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

E H Stroud

Chairman

Perth

11 March 2016

MOORE STEPHENS

Level 15 Exchange Tower,
2 The Esplanade
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephenswa.com.au

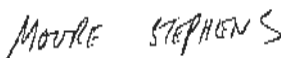
AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF WAVENET INTERNATIONAL LIMITED

As lead auditor for the review of Wavenet International Limited for the half-year ended 31 December 2015, 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 11th day of March 2016

Liability limited by a scheme approved under Professional Standards Legislation. Moore Stephens ABN 16 874 357 907. An independent member of Moore Stephens International Limited - members in principal cities throughout the world. The Perth Moore Stephens firm is not a partner or agent of any other Moore Stephens firm.

Wavenet International Limited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Revenue	134,140	417,522
Gross Profit	-	2,852
Employee benefits	27,451	(96,265)
Depreciation	(5,884)	(6,111)
Professional services	(123,308)	(162,882)
Legal fees	15,709	(24,624)
Regulatory	(14,528)	(15,322)
Travel	(2,744)	(3,532)
Insurance	(9,952)	(22,432)
Exploration expenses written off	(10,247)	(1,737)
Option expense	(99,141)	(144,522)
Impairment of loan to associate	-	(1,493,344)
Penalty expense	-	(850)
Share of loss from associated entity	(147,116)	(490,792)
Impairment of inventories	(260,807)	-
Loss on sale of assets	(41,177)	-
Impairment of property held for sale	(111,675)	-
Other expenses	(47,457)	(108,171)
Operating Result	(830,876)	(2,567,731)
Other operating income	115,377	109,949
Earnings Before Interest, Taxes and Amortisation (EBITA)	(715,499)	(2,457,782)
Amortisation	-	-
Earnings Before Interest and Taxes (EBIT)	(715,499)	(2,457,782)
Net financial income / (expense)	(76,434)	(59,182)
Earnings Before Taxes	(791,933)	(2,516,964)
Income tax benefit / (expense)	-	280,584
Net Income	(791,933)	(2,236,380)
Other Comprehensive Income		
Items that may be reclassified to profit or loss		
Exchange differences foreign operation	-	(38,598)
Revaluation of Available for Sale Assets	-	95,087
Total Other Comprehensive Income	-	56,498
Comprehensive Income for the Period	-	(2,179,882)
Loss attributable to shareholders of Wavenet International Limited	(791,933)	(2,179,882)
Earnings per share attributable to the ordinary equity holders of the company:	\$	\$
Basic (loss)/earnings per share	(0.007)	(0.039)
Diluted (loss)/earnings per share	(0.007)	(0.039)

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 2015

	31 December 2015 \$	30 June 2015 \$
ASSETS		
Current assets		
Cash and cash equivalents	2,733	88
Trade and other receivables	698,920	850,422
Inventory	1,029,760	1,424,707
Non Current assets held for resale	1,155,000	2,441,677
Total current assets	2,886,413	4,716,894
Non-current assets		
Deferred exploration and evaluation expenditure	2,178	-
Property, plant and equipment	97,994	102,378
Investment accounted for using the equity method	2,480,939	2,628,055
Available-for-sale assets	18,880	18,880
Total non-current assets	2,599,991	2,749,313
Total assets	5,486,404	7,466,207
LIABILITIES		
Current liabilities		
Trade and other payables	1,335,952	1,981,112
Borrowings	-	1,850
Liabilities directly associated with assets held for resale	720,000	1,360,000
Total current liabilities	2,055,952	3,342,962
Non-current liabilities		
Deferred tax liability	161,571	161,571
Total non-current liabilities	161,571	161,571
Total liabilities	2,217,523	3,504,533
Net assets	3,268,881	3,961,674
EQUITY		
Contributed equity	15,051,334	15,051,334
Reserves	383,620	284,480
Accumulated losses	(12,166,073)	(11,374,140)
Total equity	3,268,881	3,961,674

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 2015

	Share Capital	(Accumulated Losses)	Share Options Reserve	FX Translation Reserve	Available For Sale Asset Reserve	Total
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
Balance at 1 July 2015	15,051,334	(11,374,140)	928,449	(606,639)	(37,330)	3,961,674
Loss attributable to members of parent entity	-	(791,933)	-	-	-	(791,933)
Other comprehensive Income	-	-	-	-	-	-
Fair value movement of available for sale assets	-	-	-	-	-	-
Shares issued during period	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-
Option Expense	-	-	99,140	-	-	99,140
FX translation movement	-	-	-	-	-	-
Balance at 31 December 2015	15,051,334	(12,166,073)	1,027,589	(606,639)	(37,330)	3,268,881

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 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Receipts from customers	-	40,100
Payment to suppliers and employees	(283,337)	(325,142)
Interest received	-	64
Income tax paid	(348,796)	(414,782)
Net cash inflow / (outflow) from operating activities	(632,133)	(699,760)
Cash flows from investing activities		
Proceeds from sales of available for sales assets	-	329,793
Proceeds from sale of property plant and equipment	1,133,823	-
Purchase of property plant and equipment	(1,498)	-
Proceeds from loans to (from) associated entities	146,481	(749,584)
Exploration and evaluation expenditure	(2,178)	(22,905)
Net cash inflow / (outflow) from investing activities	1,276,628	(442,696)
Cash flows from financing activities		
Loans received	-	350,000
Loans repaid	(640,000)	-
Net cash (outflow) from financing activities	(640,000)	350,000
Net (decrease)/increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the half-year	4,495	(792,456)
Cash and cash equivalents at the end of the half-year	(1,762)	789,270
	2,733	(3,186)

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 2015

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 2015 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 8 March 2016.

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 2015, 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 2015 annual report.

NOTE 2: INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 31 December 2015. 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 2015	At 30 June 2015	At 31 December 2015	At 30 June 2015
Wave Connect Pty Ltd	Australia	100%	100%	Nil%	Nil%
PT Mineral Indosin	Indonesia	95%	95%	5%	5%
PT Wavenet Westindo	Indonesia	80%	80%	10%	10%

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 2015	At 30 June 2015	
Old Valley Unit Trust	Australia	30%	30%	Equity method

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

	31 Dec 2015	30 Jun 2015
	\$	\$
Carrying value at start of financial period	2,628,055	3,202,299
Share of Associate's loss for the financial period	(147,116)	(574,244)
Closing value at end of financial period	2,480,939	2,628,055

(b) Summarised financial information relating to Associate

	31 Dec 2015	30 Jun 2015
<i>Extract from Associate's Balance Sheet</i>	\$	\$
Current assets	392,551	371,390
Non-current assets	14,690,017	14,756,415
Total assets	15,082,568	15,127,805
Current liabilities	3,987,918	3,542,772
Non-current liabilities	-	-
Total liabilities	3,987,918	3,542,772
Net Assets	11,094,649	11,585,034

Wavenet International Limited

<i>Extract from Associate's Income Statement</i>	6 months to 31 Dec 2015	6 months to 31 Dec 2014
Revenue	360,972	24,310
Net profit/(loss) for the period	(490,385)	(1,635,973)
30% share of loss (31 Dec 2014: 30% share of loss)	(147,116)	(490,792)

NOTE 4: OTHER OPERATING INCOME

	31 Dec 2014 \$	31 Dec 2014 \$
Includes;		
Profit on sale of assets/Debt recovery	-	109,949
Interest revenue accrued	115,104	67,138

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 2015 and 30 June 2015 on a recurring basis are as follows:

31 December 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Available for sale financial assets – listed investments	18,880	-	-	18,880

30 June 2015				
Assets				
Available for sale financial assets – listed investments	18,880	-	-	18,880

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.

Wavenet International Limited

NOTE 6: SEGMENT INFORMATION

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

NOTE 7: GOING CONCERN

As at 31 December 2015, the Group has reported a net loss after tax of \$791,933 (2014: Loss of \$2,236,380), and net operating cash outflows of \$497,993 (2014: \$-699,760). The cash position at balance date was \$2,733 (30 June 2015: \$-1,762).

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:

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

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

No matters or circumstance have arisen since 31 December 2015 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 2015 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

E H Stroud
Director

11 March 2016

Level 15 Exchange Tower,
2 The Esplanade
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephenswa.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 2015, 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 2015 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*.

Liability limited by a scheme approved under Professional Standards Legislation. Moore Stephens ABN 16 874 357 907. An independent member of Moore Stephens International Limited - members in principal cities throughout the world. The Perth Moore Stephens firm is not a partner or agent of any other Moore Stephens firm.

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:

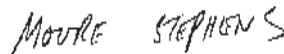
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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 11th day of March 2016