

# Wavenet International Limited

ABN 50 087 139 428

## Appendix 4D - Half Year Report

**Period Ended 31 December 2008**

(Previous corresponding period: half year ended 31 December 2007)

Lodged with ASX under Listing Rule 4.2A

### Results for announcement to the market

|  | <b>% Increase/<br/>(Decrease)</b> | <b>31 Dec 2008<br/>\$'000</b> | <b>31 Dec 2007<br/>\$'000</b> |
|--|-----------------------------------|-------------------------------|-------------------------------|
| Revenue from ordinary activities   | Down 100%                         | Nil                           | 861                           |
| Profit/(Loss) from ordinary activities after tax attributable to members | Up 74%                            | (362)                         | (1,416)                       |
| Net Profit/(Loss) for the half year attributable to members              | Up 74%                            | (362)                         | (1,416)                       |

#### **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 2008

#### **Commentary**

On 19 September 2008 the board terminated the proposed Queensland Thermal Coal acquisition as announced on 3 July 2008. With this transaction no longer proceeding the majority of corporate activity was based on recovering funds advanced and reviewing alternative investment opportunities. Included in the above result is a provision for non-recovery of debt of \$384,323 which relates to a secured advance made to an unrelated party on 19 December 07. For further information refer Note 7 to the attached accounts

# Wavenet International Limited

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## Supplementary Appendix 4D information

Period Ended 31 December 2008

| <b>Net tangible asset backing</b>           | <b>31 December 2008</b> | <b>31 December 2007</b> |
|---|-------------------------|-------------------------|
| Net tangible assets                         | \$8,096,727             | \$8,557,281             |
| Number of shares on issue at reporting date | 59,348,958              | 59,348,958              |
| Net tangible assets per ordinary security   | 13.64 cents             | 14.42 cents             |

### **Controlled entities acquired or disposed**

There have been no entities over which control has been gained or lost during the period ended 31 December 2008. For comparative purposes, the 31 December 2007 results include the operations of a 100% subsidiary company, Wavenet Technology Pty Ltd, which was sold on 16 May 2008.

### **Associates and joint ventures**

Not applicable.

### **Audit/Review status**

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

The attached interim financial report for the half-year ended 31 December 2008 forms part of this Appendix 4D. This half-year report is to be read in conjunction with the Wavenet International Limited 2008 annual financial report and the notes contained therein.

# Wavenet International Limited

## Directors' Report

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 2008.

### Directors

Except where noted the following persons were directors of Wavenet International Limited during the whole of the half year and up to the date of this report.

E H Stroud  
M P Hendriks  
D R Forrest  
S P Cranswick (appointed 19 November 2008)

### Review of operations

Wavenet International Limited reported a consolidated loss for the six months ended 31 December 2008 of \$361,663 compared to the loss of \$1,415,630 for the previous corresponding period. The result for the December 2007 half year included the operation of the subsidiary, Wavenet Technology Pty Ltd, prior to its sale to Mobitex AB in the second half of the 2008 financial year. Sale of this subsidiary has resulted in Wavenet International significantly reducing its overhead costs.

During the half year ended 31 December 2008 the company continued to review investment opportunities whilst actively pursuing the recovery of funds advanced in relation to the terminated Queensland coal transaction.

At the date of this report, the funds advanced to Mr Terrence Byrt and Ansett Resources and Industries Pty Ltd have not been repaid and the company is pursuing its legal options for recovery. The directors have no reason to believe our legal actions will not result in a full recovery of funds advanced including accrued interest and costs.

With the crash in the Australian equity market caused by the global financial crises, shares held as security by Wavenet for an advance to an unrelated party have fallen well below the principal advanced and accrued interest. As this loan is now in default the board has made a provision of \$384,323 representing the difference between the carrying value of the security and amount outstanding as at 31 December 2008. The company still has full recourse back to the borrower and will pursue all avenues to recover any shortfall upon the sale of the underlying security.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

### Auditor

Moore Stephens began office as auditor of the Company with effect from 1 July 2008, in accordance with section 327 of the Corporations Act 2001.

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



**E H Stroud**  
Director

Perth  
19<sup>th</sup> February 2009

Partners

Syd Jenkins  
Neil Pace  
Dino Travaglini  
Ray Simpson  
Suan-Lee Tan  
Ennio Tavani

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION  
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS  
OF WAVENET INTERNATIONAL LIMITED**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2008, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



**NEIL PACE  
PARTNER**



**MOORE STEPHENS  
CHARTERED ACCOUNTANTS**

Signed at Perth this 19<sup>th</sup> day of February 2009.

# Wavenet International Limited

## Consolidated Interim Income Statement For the half-year ended 31 December 2008

|  | 31<br>December<br>2008<br>\$ | 31<br>December<br>2007<br>\$ |
|--|------------------------------|------------------------------|
| <b>Revenue</b>   | -                            | 860,879                      |
| Changes in inventories of finished goods   | -                            | (396,230)                    |
| Raw materials and consumables used   | -                            | (465,977)                    |
| Gross margin   |                              | (1,328)                      |
| Other income   | <b>407,910</b>               | 95,320                       |
| Expenses   |                              |                              |
| Employee benefits expense  | <b>(146,240)</b>             | (696,505)                    |
| Depreciation and amortisation expenses   | <b>(1,822)</b>               | (14,463)                     |
| Professional services  | <b>(48,304)</b>              | -                            |
| Legal fees   | <b>(82,660)</b>              | (44,823)                     |
| Regulatory expenses  | <b>(64,052)</b>              | (118,900)                    |
| Travelling expenses  | <b>(18,316)</b>              | (73,040)                     |
| Insurance expenses   | <b>(9,985)</b>               | (46,593)                     |
| Other expenses   | <b>(13,871)</b>              | (515,298)                    |
| Impairment of receivables  | <b>(384,323)</b>             | -                            |
| <b>(Loss)/profit for the half-year</b>   | <b>(361,663)</b>             | (1,415,630)                  |
| Income tax expense   | -                            | -                            |
| <b>(Loss)/profit for the half-year</b>   | <b>(361,663)</b>             | <b>(1,415,630)</b>           |
|  | <b>Cents</b>                 | <b>Cents</b>                 |
| <b>(Loss)/earnings per share attributable to the ordinary equity holders of the company:</b> |                              |                              |
| Basic (loss)/earnings per share  | <b>(0.61)</b>                | (2.39)                       |
| Diluted (loss)/earnings per share  | <b>(0.61)</b>                | (2.39)                       |

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

# Wavenet International Limited

## Consolidated Interim Balance Sheet As at 31 December 2008

|                                  | 31<br>December<br>2008<br>\$ | 30<br>June<br>2008<br>\$ |
|----------------------------------|------------------------------|--------------------------|
| <b>ASSETS</b>                    |                              |                          |
| <b>Current assets</b>            |                              |                          |
| Cash and cash equivalents        | 4,649,145                    | 5,339,255                |
| Trade and other receivables      | 3,166,566                    | 2,940,155                |
| Current tax receivables          | 53,855                       | 112,815                  |
| Prepayments                      | 18,110                       | 8,337                    |
| Available for sale asset         | 43,200                       | 178,200                  |
| <b>Total current assets</b>      | <b>7,930,876</b>             | <b>8,578,762</b>         |
| <b>Non-current assets</b>        |                              |                          |
| Property, plant and equipment    | 5,442                        | 3,170                    |
| Other receivables                | 207,000                      | 207,000                  |
| <b>Total non-current assets</b>  | <b>212,442</b>               | <b>210,170</b>           |
| <b>Total assets</b>              | <b>8,143,318</b>             | <b>8,788,932</b>         |
| <b>LIABILITIES</b>               |                              |                          |
| <b>Current liabilities</b>       |                              |                          |
| Trade and other payables         | 46,591                       | 195,542                  |
| <b>Total current liabilities</b> | <b>46,591</b>                | <b>195,542</b>           |
| <b>Total liabilities</b>         | <b>46,591</b>                | <b>195,542</b>           |
| <b>Net asset</b>                 | <b>8,096,727</b>             | <b>8,593,390</b>         |
| <b>EQUITY</b>                    |                              |                          |
| Contributed equity               | 16,227,775                   | 16,227,775               |
| Reserves                         | 32,172                       | 167,172                  |
| Accumulated losses               | (8,163,220)                  | (7,801,557)              |
| <b>Total equity</b>              | <b>8,096,727</b>             | <b>8,593,390</b>         |

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

## Wavenet International Limited

### Consolidated Interim Statement of Changes in Equity For the half-year ended 31 December 2008

|   | <b>31<br/>December<br/>2008<br/>\$</b> | <b>31<br/>December<br/>2007<br/>\$</b> |
|---|--|--|
| <b>Total equity at the beginning of the half-year</b>     | 8,593,390                              | 9,972,911                              |
| (Loss) /profit for the half-year                          | <u>(361,663)</u>                       | <u>(1,415,630)</u>                     |
| <b>Total recognised income and expense for the period</b> | <u>(361,663)</u>                       | <u>(1,415,630)</u>                     |
| Available for sale assets reserve                         | <u>(135,000)</u>                       | -                                      |
|   | <u>(135,000)</u>                       | -                                      |
| <b>Total equity at the end of the half-year</b>           | <u>8,096,727</u>                       | <u>8,557,281</u>                       |

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

## Wavenet International Limited

### Consolidated Interim Cash Flow Statement For the half-year ended 31 December 2008

|  | <b>31<br/>December<br/>2008</b> | <b>31<br/>December<br/>2007</b> |
|--|---------------------------------|---------------------------------|
|  | <b>\$</b>                       | <b>\$</b>                       |
| <b>Cash flows from operating activities</b>                              |                                 |                                 |
| Receipts from customers (inclusive of goods and services tax)            | -                               | 1,027,717                       |
| Payment to suppliers and employees (inclusive of goods and services tax) | <u>(378,164)</u>                | <u>(2,011,635)</u>              |
|  | (378,164)                       | (983,918)                       |
| Interest received  | 147,604                         | 197,377                         |
| Income taxes paid  | -                               | <u>(176,449)</u>                |
| <b>Net cash (outflow) from operating activities</b>                      | <u>(230,560)</u>                | <u>(962,990)</u>                |
| <b>Cash flows from investing activities</b>                              |                                 |                                 |
| Payments for property, plant and equipment                               | <u>(4,093)</u>                  | <u>(525)</u>                    |
| <b>Net cash (outflow) from investing activities</b>                      | <u>(4,093)</u>                  | <u>(525)</u>                    |
| <b>Cash flows from financing activities</b>                              |                                 |                                 |
| Instalments from subsidiary sale   | 724,543                         | -                               |
| Proceeds from issues of shares and other equity securities               | -                               | -                               |
| Secured loan to unrelated party  | -                               | (915,000)                       |
| Loans to unrelated parties   | <u>(1,180,000)</u>              | <u>-</u>                        |
| <b>Net cash (outflow) from financing activities</b>                      | <u>(455,457)</u>                | <u>(915,000)</u>                |
| <b>Net (decrease)/increase in cash and cash equivalents</b>              | (690,110)                       | (1,878,515)                     |
| Cash and cash equivalents at the beginning of the half-year              | <u>5,339,255</u>                | <u>8,324,624</u>                |
| <b>Cash and cash equivalents at the end of the half-year</b>             | <u>4,649,145</u>                | <u>6,446,109</u>                |

*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 2008

### NOTE 1: BASIS OF PREPARATION

#### Reporting entity

Wavenet International Limited is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2008 comprises the Company and its subsidiary (together referred to as the "Group").

#### Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group for the year ended 30 June 2008.

This consolidated interim financial report was approved by the Board of Directors on the date of signing of the Directors' Report.

#### Accounting policies

The accounting policies adopted in the preparation of the half year consolidated financial statements are consistent with those set out in the 30 June 2008 annual financial report.

In the half-year ended 31 December 2008, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008.

It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the operations of the Group and, therefore, no change is necessary to Group accounting policies.

### NOTE 2: EVENTS SUBSEQUENT TO REPORTING DATE

There is no other matter which has arisen since 31 December 2008 that has significantly affected, or may significantly affect;

- a) The consolidated entity's operations; or
- b) The results of those operations in future financial years, or
- c) The consolidated entity's state of affairs in future financial years.

### NOTE 3: DIVIDENDS

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

### NOTE 4: SEGMENT INFORMATION

The group sold its main operating subsidiary during the half year ended 30 June 2008. Since that time the company has operated in one segment, being an investment holding company, in the geographic region of Australia.

### NOTE 5: 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.

## Wavenet International Limited

### Notes to the half year financial statements 31 December 2008

#### NOTE 6: (LOSS)/ EARNINGS PER SHARE

|   | 31 December<br>2008<br>Cents | 31 December<br>2007<br>Cents |
|---|------------------------------|------------------------------|
| <b>(a) Basic (loss)/earnings per share</b>  |                              |                              |
| (Loss)/ profit attributable to the ordinary equity  | (0.61)                       | (2.39)                       |
| <b>(b) Diluted (loss)/earnings per share</b>  |                              |                              |
| (Loss)/profit attributable to the ordinary equity holders of the company  | (0.61)                       | (2.39)                       |
| <b>(c) Reconciliations of (loss)/earnings used in calculating earnings per share</b>                              |                              |                              |
| (loss)/profit for the half year   | (361,663)                    | (1,415,630)                  |
| <b>(d) Weighted average number of shares used as the denominator</b>  |                              |                              |
| Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share | 59,348,958                   | 59,348,958                   |

#### NOTE 7: TRADE AND OTHER RECEIVABLES

During the half year ended 31 December 2008, the following movements occurred in non-trade receivables.

|   | Instalments<br>from<br>subsidiary<br>sale | Loans to<br>unrelated<br>parties | Secured<br>loan | Other   | Total     |
|---|---|----------------------------------|-----------------|---------|-----------|
| Balance at 30 June 2008                   | 1,158,541                                 | 1,000,000                        | 983,535         | 5,079   | 3,147,155 |
| Advances made                             | -   | 1,180,000                        | -               | 19,533  | 1,199,533 |
| Repayments received                       | (724,543)                                 | -                                | (19,533)        | (5,029) | (749,105) |
| Provision for impairment                  | -   | -                                | (384,323)       | -       | (384,323) |
| Interest accrued                          | -   | 105,484                          | 54,821          | -       | 160,306   |
| Balance receivable at<br>31 December 2008 | 433,998                                   | 2,285,485                        | 634,500         | 19,583  | 3,373,566 |

The remaining two instalments from the sale of the subsidiary to Mobitex AB are due on 30 June 2009 and 30 June 2010.

Refunds of advances made in respect of the terminated coal project have not been received at the date of this report and the company is pursuing its legal options for recovery. The board expect full recovery of these advances.

The secured loan to non related party is in default and the directors have provided for the loan to be written down to the market value of the ASX listed shares providing security at 19 February 2009.

# Wavenet International Limited

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5-10 :
  - 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 2008 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

19<sup>th</sup> February 2009

**INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF WAVENET INTERNATIONAL LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Wavenet International Limited and controlled entities, which comprises the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and the cash flow statement for the half-year ended on that date, a summary of significant accounting policies, selected explanatory notes and the directors' declaration .

**Directors' Responsibility for the Half-Year Financial Report**

The company's and controlled entities' directors are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 an Interim 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 financial report is not in accordance with the Corporation Act 2001 including: giving a true and fair view of the controlled entities' financial position as at 31 December 2008 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 Advanced Braking Technology Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the 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 followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

We declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 4 of the financial report has not changed as at the date of providing our review report.

## **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 and controlled entities is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the controlled entity's financial position as at 31 December 2008 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; and
- (b) other mandatory professional reporting requirements in Australia.

## **Inherent Uncertainty Regarding the Recoverability of Receivables**

Without qualification to the conclusion expressed above, attention is drawn to the following matter;

Trade and other receivables at Note 7 of the half-year financial statements include loans to unrelated parties amounting to \$2,285,485. As disclosed at Note 7, the proposed Queensland Coal Project has been terminated and the Company is pursuing legal options for the recovery of these funds. As a result, there is inherent uncertainty as to what extent, if any, the loans and advances will ultimately be recovered. Notwithstanding this, the Company's Directors consider that these loans and advances will be ultimately recovered and have not recognised a Provision for Impairment of Receivables.



**NEIL PACE**  
**PARTNER**



**MOORE STEPHENS**  
**CHARTERED ACCOUNTANTS**

Signed at Perth this 19<sup>th</sup> day of February 2009.