

# COMDEK LIMITED

ABN 91 059 950 337

## Appendix 4D

Half year report

Six Months ended ('current period') 31 December 2004

### Results for announcement to the market

Name of entity

Comdek Limited

ABN or equivalent company reference

91 059 950 337

The information contained in this report relates to the following years:

Current half-year ended	31-Dec-2004
Previous half-year ended	31-Dec-2003

	%	\$A'000
2.1 Revenue from ordinary activities:	Up 37% to	2,599
2.2 (Loss) from ordinary activities before tax attributable to members:		(881)
2.3 Net (Loss) for the period attributable to members:		(881)

Dividends (distributions)	Amount per security	Franked amount per security
2.4 Dividends	-	-
Previous corresponding period	-	-
2.5 Record date for determining entitlements to the dividend: (in the case of a trust, distribution) (see item 15.2)	N/A no dividends have been declared or paid.	

3 NTA backing	Current period (cents)	Previous corresponding period
Net tangible asset backing per ordinary security	0.77	8.04

#### 4. Details of controlled entities.

##### 4.1 Control gained over entities having material effect

Name of entity (or group of entities)

No entities have been acquired during the period

Date from which control was gained

N/A

Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.

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# COMDEK LIMITED

ABN 91 059 950 337

## Appendix 4D

Half year report

Six Months ended ('current period') 31 December 2004  
continued

### 4.2 Control lost over entities having material effect

Name of entity (or group of entities)

No entities were disposed of during the period

Date from which control was lost

N/A

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

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5. **Details of dividends:** No dividends have been declared or proposed.
6. **Details of dividend reinvestment plans:** N/A
7. **Details of associate and joint ventures:** N/A
8. **Foreign entities:** N/A
9. **Details of audit dispute or audit qualification:** N/A
10. **Other significant information:** Refer to the attached reviewed Half year financial report
11. **Commentary on results for the period:** Refer to the attached Directors' Report included in the Half year financial report.
12. **Audited accounts:** The report is based on the attached half year financial report which has been reviewed.

# COMDEK LIMITED

## Directors' Report

Your directors submit their report for the half year ended 31 December 2004.

### Directors

The names of directors in office during the financial year and until the date of signing this report are as follows. Directors were in office for this entire period unless otherwise stated.

**Hendy Cowan** - Chairman

**Haydn Lee Collins** - Managing Director & Company Secretary

**Jeffrey Mark Garrett** - Director

**David Falconer** - Non-Executive Director

### Highlights

- Completion of the integration of the Vianetaip Pty Ltd acquired on 25 March 2004.
- Acquisition of business of eSat Communications Pty Ltd. A Memorandum of Understanding signed on 23 September 2004 a Contract of Sale was completed on 24 December 2004. Subsequent to end of the financial half year shareholders approved the acquisition and issue of securities as consideration for the sale and the Agreement was settled on 28 February 2005. Revenues generated through the eSat business have the potential to more than double the revenues of Comdek in the second half of the financial year.
- Integration of the business of eSat Communications Pty Ltd. As a result of the agreements completed in respect of the acquisition Comdek invested significant effort into establishing communications links and resources such that the business of eSat could be commenced to be managed early in 2005 upon settlement of the sale agreement.
- Implementation of new billing and customer relationship software designed to improve Comdek service to customers but also to absorb the significant new customer numbers and billing requirements generated through the acquisition of the business of eSat Communications Pty Ltd.
- Creation of a national ISP platform to enable national dial up marketing and Australia wide internet roaming.

### Review and Results of Operations

#### Review

Comdek has undergone a significant transformation since the listing on ASX in late 2003. The company commenced public life focusing of satellite communication specialising in the niche market of minesite communications with plans for the development of markets products and growth.

Comdek has continued its strategy of the creation of a diversified data reticulation business in the six months to December 2004 through creation of new business units and revenue streams. This strategy seeks to enhance shareholder wealth through growth of the business units. Through the acquisition of the business of eSat Comdek has ensured the future growth of its satellite communications business and introduced a new profitable product supported by a Federal Government subsidy scheme that has generated significant demand in markets previously not available to the business. Comdek will continue to consider strategic acquisitions to facilitate achieving this growth objective. Comdek has diversified into three core business units:

**Vianet** which focuses in the delivery of corporate data and voice through terrestrial infrastructure.

**Comdek Satellite Communications** which supplies telephony, data, fax, eftpos and internet to remote sites following the installation of satellite infrastructure and also supplies the HiBIS registered eSat product Australia wide.

**Comdek Computers** which provide manufacture and supply of computer hardware, personal computers, file servers and peripherals.

## ***Overview of Esat***

The business of eSat is to supply broadband access services into regional Australia, specialising in the delivery of these services through satellite technology. The business is synergistic to the core business of Comdek which is data reticulation earning recurring revenue streams.

The business generates revenue through the sale of hardware capable of delivery of broadband data (primarily through satellite technology) to customers and then the collection of monthly subscriptions through the supply of bandwidth. The satellite technology which the eSat business resells is provided by Optus, a major telecommunications supplier in Australia.

The opportunity for growth in the business comes through its HiBIS accreditation. HiBIS (Higher Bandwidth Incentive Scheme) is a \$108 million initiative to facilitate broadband internet connectivity promoted by the Commonwealth of Australia through the Department of Communications, Information Technology and the Arts (DCITA). The initiative seeks to promote and deliver cost effective broadband services with incentive payments to accredited providers for the supply of higher cost effective bandwidth services predominately into regional, rural and remote areas at prices comparable to those available in metropolitan areas. Through the acquisition of the business of eSat, Comdek has become an accredited provider.

The HiBIS programme will result in the Federal Government providing funding to Comdek to cover or subsidise the hardware and software required to deliver broadband to regional areas. This means the customer can access the broadband without paying the prohibitive 'up front' capital costs of the equipment to receive those services. The eSat business has only achieved HiBIS accreditation in the last few months.

The business now has over 500 customers. This represents significant new business and revenue for Comdek.

As part of the business to be transferred, eSat has established a \$250,000 marketing fund which has been used to market the Comdek products.

The Sale Agreement also contracts eSat or its nominees to a placement of 5,000,000 shares to be issued at 12 cents to raise \$600,000 working capital which will be provided to Comdek in March 2005.

## ***Results of Operations***

### **Financial Result**

Comdek's significant investment in its acquisitions, integration and infrastructure systems has created non recurring expenditure which has resulted in an EBITDA loss of \$411,248 for the six months ended 31 December 2004. This result is evidence of the transformation of the business through the addition of the 2 new business units of Vianet and eSat which for the remainder of the financial year will contribute significant revenues.

Comdek generated a net loss before tax of \$880,650. It should be noted that as a result of the conversion of \$465,000 convertible notes to ordinary shares on 23 February 2005 borrowing costs should be significantly reduced in the second half of the financial year.

### **Vianet Business**

The Vianet business contributed significant revenue to Comdek in the six months to 31 December 2004. The consolidation of the Vianet business resulted in the increase in revenues compared to the six month period ended 31 December 2003.

The business has continued to grow and has established cross selling opportunities and delivered new products to its customers. Comdek considers there to be an excellent opportunity to increase revenues through the further promotion of VOIP products in addition to the data products the business unit currently delivers. Vianet has established VOIP products and can offer customers significant decreases in voice costs through the utilisation of high speed data connections to deliver voice.

### **Satellite Business**

The satellite business looks to see significant growth in revenues resulting from the acquisition of the eSat business. This revenue flow will commence in March 2005 and will substantially increase revenues for the company to 30 June 2005.

## Computer Business

The computer business primary focus is in the delivery of hardware to small to medium enterprises and responding to government tenders for computer hardware.

## Future Potential

Comdek aims to create a nationwide data reticulation business and to continually add products to generate significant organic growth in revenues. Comdek has taken large steps in adding to its national infrastructure and product delivery to continue to increase its Eastern States revenue streams.

The significant investment Comdek has made in the past six months will enable it to leverage of integrated and shared help desk, administration and back end systems to accommodate the significant increase in revenues that the eSat business and future organic growth will bring. Comdek expects this will enable improved integration of future acquisition opportunities.

Comdek, upon completion of the acquisition of Esat, will have completed a transition to a established provider of data reticulation products delivering broadband and voice with expanding national infrastructure designed to enable significant growth and the addition of new product lines, and generate economies of scale that will deliver improved profitability to the organisation.

It will be on track to achieve significant revenue growth for the financial year ended 30 June 2005.

The prevailing goal behind this strategy is to maintain the growth of Comdek to achieve real substance and national products and profile. The addition of product lines not only diversifies shareholder risk but the focus on national markets also creates the opportunity for growth that will drive shareholder value. Growth in revenues and profits will then also deliver greater liquidity in the stock as will the raising of the companies profile on a national basis.

Signed in accordance with a resolution of the directors.



Haydn Lee Collins  
Managing Director

Perth, 28 February 2005

# **COMDEK LIMITED**

ABN 91 059 950 337

## **Half -Year Financial Report**

**For the six months ended 31 December 2004**

# COMDEK LIMITED

## Consolidated Statement of Financial Performance

### HALF-YEAR ENDED 31 DECEMBER 2004

	Notes	Consolidated 6 months 31 December 2004	Consolidated 6 months 31 December 2003
		\$	\$
<b>Revenue from ordinary activities</b>	2	2,598,958	1,902,442
<b>Expenses from ordinary activities</b>			
Raw materials and consumables used		1,705,691	814,998
Depreciation and amortisation expenses		303,077	168,117
Borrowing costs expense		166,325	317,446
Occupancy expenses		150,183	125,773
Salaries and employee benefits expenses		950,244	310,584
Administration expenses		204,088	220,583
<b>Loss from Ordinary Activities before Income Tax Benefit</b>		(880,650)	(55,059)
<b>Income Tax Relating to Ordinary Activities</b>		-	-
<b>Net Loss from Ordinary Activities after Income Tax Benefit</b>		(880,650)	(55,059)
<b>Net Loss attributable to outside equity interest</b>		-	-
<b>Net Loss attributable to members of Comdek Ltd</b>		(880,650)	(55,059)
Share issue costs		-	(327,795)
<b>Total revenue, expenses and valuation adjustments attributable to members of Comdek Limited and recognised directly in equity</b>		-	(327,795)
<b>Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Comdek Ltd</b>		(880,650)	(382,854)
Basic earnings / (loss) per share (cents per share)		(2.133)	(0.133)
Diluted earnings / (loss) per share (cents per share)		(2.133)	(0.133)

The financial statement should be read in conjunction with attached notes.

# COMDEK LIMITED

## Consolidated Statement of Financial Position

HALF-YEAR ENDED 31 DECEMBER 2004

	Consolidated	
	As at 31 December 2004	As at 30 June 2004
	\$	\$
<b>Current Assets</b>		
Cash assets	80,041	135,437
Receivables	587,902	754,132
Inventories	982,985	1,092,719
Other	126,838	157,655
<b>Total Current Assets</b>	<b>1,777,766</b>	<b>2,139,943</b>
<b>Non-Current Assets</b>		
Receivables	-	61,476
Plant & Equipment	1,752,610	1,766,670
Intangible assets	1,814,588	1,784,258
Other	381,552	320,541
<b>Total Non-Current Assets</b>	<b>3,948,750</b>	<b>3,932,945</b>
<b>TOTAL ASSETS</b>	<b>5,726,516</b>	<b>6,072,888</b>
<b>Current Liabilities</b>		
Payables	1,259,070	1,021,960
Interest-bearing liabilities	392,176	231,638
Current tax liabilities	211,425	223,553
Provisions	435,172	253,431
<b>Total Current Liabilities</b>	<b>2,297,844</b>	<b>1,730,582</b>
<b>Non-Current Liabilities</b>		
Interest-bearing liabilities	913,124	946,108
<b>Total Non-Current Liabilities</b>	<b>913,124</b>	<b>946,108</b>
<b>TOTAL LIABILITIES</b>	<b>3,210,968</b>	<b>2,676,690</b>
<b>NET ASSETS</b>	<b>2,515,548</b>	<b>3,396,198</b>
<b>EQUITY</b>		
Contributed equity	4,325,755	4,325,755
Accumulated losses	(1,810,207)	(929,557)
Outside equity interest	-	-
<b>TOTAL EQUITY</b>	<b>2,515,548</b>	<b>3,396,198</b>

The financial statement should be read in conjunction with attached notes.

# COMDEK LIMITED

## Consolidated Statement of Cash Flows

HALF-YEAR ENDED 31 DECEMBER 2004

	Consolidated 6 months 31 December 2004	Consolidated 6 months 31 December 2003
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	3,045,514	1,875,982
Payments to suppliers and employees	(2,803,178)	(2,095,268)
Interest received	154	12,291
Borrowing costs paid	(112,282)	(317,446)
Net Cash Flows (Used In) Operating Activities	130,208	(524,441) *
<b>Cash Flows from Investing Activities</b>		
Proceeds on sale of plant & equipment	51,000	-
Payment for property, plant and equipment	(119,085)	(156,707)
Payment for Acquisition of Business	(166,590)	(250,000)
Net Cash Flows (Used In) Investing Activities	(234,675)	(406,707)
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of ordinary shares	-	2,556,500
Payment of share issue costs	-	(327,795)
Proceeds from / (repayments of) finance leases	(40,449)	(107,747)
Net Cash Flows (Used In) Financing Activities	(40,449)	2,120,958
<b>NET (DECREASE) IN CASH HELD</b>	(144,916)	1,189,810
Add opening cash brought forward	65,272	(293,491)
<b>CLOSING CASH CARRIED FORWARD</b>	(79,644)	896,319

\* This includes the payment of \$226,333 in one off interest expense related to the conversion of convertible notes upon listing on ASX.

# COMDEK LIMITED

## Notes to the Half Year Financial Statements

### 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT.

The half-year financial report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Comdek Limited as at 30 June 2004. It is also recommended that the half-year financial report be considered together with any public announcements made by Comdek Limited and its controlled entities during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 2004 Annual Financial Report.

#### (a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 1029 "Interim Financial Reporting". Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

#### (b) Changes in accounting policy

There have been no material changes to accounting policies during the half year.

#### (c) Adoption of Australian Equivalents to International Financial Reporting Standards

The Australian reporting environment is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005. This requires the production of accounting information for future comparative purposes at the beginning of this financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The consolidated entity is and will be seeking external assistance to account for and disclose the changes in the financial report that will result from their introduction.

The initial review of the differences in the economic entity's accounting policies which will arise from the adoption of IFRS indicate the following:

Research & Development Expenditure - AASB 138 requires that costs associated with research be expensed in the period in which they are incurred. In terms of the current policy, research costs are capitalised to the statement of financial position where it is expected beyond reasonable doubt that sufficient future benefits will be derived so as to recover these costs.

Options Issued to Employees and Directors - The entity does not currently recognise an expense for options issued to employees and directors, under the employee and director option scheme. On adoption of the AASB, the group will recognise an expense for all share based remuneration, including options, and will amortise those expenses over the relevant vesting periods. This will result in additional expenses being recorded.

## 2. LOSS FROM ORDINARY ACTIVITIES

Dec 04  
\$

Dec 03  
\$

### (a) Specific items

Loss from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

#### (i) Revenue from ordinary activities

Revenue from sale of goods	769,389	1,313,813
Revenue from services	1,829,415	576,338
Interest income	154	12,291
	<u>2,598,958</u>	<u>1,902,442</u>

#### (ii) Expenses

Costs of goods sold	(1,705,691)	(609,054)
Borrowing costs	(166,325)	(317,446)
Depreciation		
- Plant & Equipment	(148,294)	(126,673)
Amortisation		
- Intangible Assets	(154,783)	(41,444)
Total interest depreciation & amortisation	<u>(2,175,093)</u>	<u>(1,094,617)</u>

## 3. CONTINGENT ASSETS AND LIABILITIES

The Company is not aware of any contingent assets and liabilities as at 31 December 2004 or as at the date of this report.

## 4. SEGMENT INFORMATION

The consolidated entity operates predominantly in one business segment, the supply of information technology services in one geographical segment, Australia.

## 5. SUBSEQUENT EVENTS

Two significant events followed the end of the half year which significantly affects the consolidated entity:

1. At the Annual General Meeting held on 28 January 2005, shareholders voted in favour of the acquisition of the business of eSat Communications Pty Ltd through the issue of the following securities:

Shares issued as partial consideration for acquisition of business of eSat	5,320,000
Convertible Notes issued as partial consideration for acquisition of business of eSat	6,703,810
Shares issued pursuant to placement at 12 cents	5,000,000

The business of eSat is to supply broadband access services into regional Australia, specialising in the delivery of these services through satellite technology. The business is synergistic to the core business of Comdek.

The HiBIS programme will result in the Federal Government providing funding to Comdek to cover or subsidise the hardware and software required to deliver broadband to regional areas. This means the customer can access the broadband without paying the prohibitive 'up front' capital costs of the equipment to receive those services.

Settlement of this transaction was completed on 28 February 2005.

2. Convertible Notes issued to the vendors of Vianetaip Pty Ltd issued on 25 March 2003 totalling \$465,000 were converted into 3,900,000 shares on 23 February 2005. This debt for equity conversion reduces the non current interest bearing liabilities by \$465,000 and significantly improves net tangible assets per share.

Apart from these matters, there are no matters or circumstances that have arisen since the end of the half year which 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 the subsequent financial years.

#### **6. Rounding**

The amounts contained in this report have been rounded to the nearest \$1 (where rounding is applicable) under the option available to the company under Class Order 98/0100. The company is an entity to which the Class Order applies.

# COMDEK LIMITED

## Directors Declaration

In accordance with a resolution of the directors of Comdek Limited, I state that:

In the opinion of the directors:

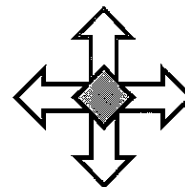
- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of the performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Haydn Lee Collins  
Managing Director

Perth, 28 February 2005



28 February 2005

## Independent review report to the members of COMDEK Limited

### Scope

We have reviewed the financial report of COMDEK Limited (the Company) for the half-year ended 31 December 2004 as set out on pages 6 to 12. The Company's directors are responsible for the financial report which includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the half-year. We have performed an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investment Commission. This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the company is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporation Regulations; and
- (b) other mandatory professional reporting requirements.

*Somes & Cooke*

Somes & Cooke  
Chartered Accountants

J Cooke  
Partner  
Perth 28 February 2005

Partners  
Kevin Somes FCA  
John Cooke FCA ACIS

Associates  
Julie Burns CA  
Rachelle Rose CA CFP

