World.Net Services Limited
ABN 77 072 392 673

Appendix 4E: Preliminary final report
For the year ended 30 June 2017
(Previous corresponding period - Year ended 30 June 2016)

Contents

	Page
Results for announcement to the market	1
Preliminary consolidated statement of profit or loss and other comprehensive income	2
Preliminary consolidated statement of financial position	3
Preliminary consolidated statement of changes in equity	4
Preliminary consolidated statement of cash flows	5
Notes to the preliminary consolidated financial statements	6
Other disclosure items	14

Appendix 4E
Preliminary final report
For the year ended 30 June 2017
(Previous corresponding period - Year ended 30 June 2016)

Name of entity: World.Net Services Limited

ABN: 77 072 392 673 **Financial year ended:** 30 June 2017

Results for announcement to the market (Item 2)

Item 2.1

Revenue from ordinary activities	down	15%	to	$305,204
			from	$359,245

Item 2.2

Profit (loss) from ordinary activities after tax attributable to members	up	6%	to	($204,572)
			from	($193,338)

Item 2.3

Net profit (loss) for the period attributable to members	up	98%	to	($382,230)
			from	($193,338)

Item 2.4

Final and interim dividends:

No dividends were paid or declared since the start of the financial year and no recommendation for payment of dividends has been made.

Item 2.5

Record date for determining entitlements to dividends:

Not applicable

Item 2.6

Brief explanation of any figures in 2.1 to 2.4 necessary to enable the figures to be understood:

The figures in 2.1 to 2.4 should be considered in conjunction with the entire Appendix 4E (Preliminary Final Report).

Preliminary consolidated statement of profit or loss and other comprehensive income (Item 3)
For the year ended 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Continuing operations			
Revenue	3	298,156	359,245
Cost of sales		(2,113)	(1,435)
Gross profit		**296,043**	**357,810**
Other income		7,048	-
Employee benefits expense		(386,242)	(423,950)
Depreciation and amortisation expense		(3,707)	(2,493)
Rental expense	4	(13,257)	(13,395)
Professional fees expense		(47,041)	(46,352)
Sales and marketing expenses		(5,121)	(7,573)
General and administrative expenses		(44,029)	(41,134)
Other expenses		(7,615)	(15,986)
Loss from continuing operations		**(203,921)**	**(193,073)**
Finance costs	4	(651)	(265)
Net financing costs		**(651)**	**(265)**
Loss before income tax		**(204,572)**	**(193,338)**
Income tax expense		-	-
Loss from continuing operations after income tax		**(204,572)**	**(193,338)**
Discontinued operations after income tax			
Loss from discontinued operations after income tax	19	(177,658)	-
Loss attributable to members of the parent entity	**16**	**(382,230)**	**(193,338)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign controlled entities		92,480	34,219
Reclassification adjustments			
Reclassification to gain from discontinued operations after income tax	19	192,304	-
Total comprehensive loss attributable to members of the parent entity		**(97,446)**	**(159,119)**
Loss per share		**Cents / share**	**Cents / share**
Basic	18	(0.5)	(0.3)
Diluted	18	(0.5)	(0.3)

The accompanying notes form part of these financial statements.

Preliminary consolidated statement of financial position (Item 4)
As at 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Current assets			
Cash and cash equivalents	5	36,142	1,793
Trade and other receivables	6	2,252	655
Other current assets	7	5,983	13,555
Total current assets		44,377	16,003
Non-current assets			
Plant and equipment	8	9,160	5,618
Total non-current assets		9,160	5,618
Total assets		**53,537**	**21,621**
Current liabilities			
Trade and other payables	9	1,282,121	1,199,093
Short-term borrowings	10	1,288,010	1,288,010
Short-term provisions	11	53,298	83,298
Total current liabilities		2,623,429	2,570,401
Non-current liabilities			
Trade and other payables	12	130,000	130,000
Long-term borrowings	13	242,394	166,060
Total non-current liabilities		372,394	296,060
Total liabilities		**2,995,823**	**2,866,461**
Net assets		**(2,942,286)**	**(2,844,840)**
Equity			
Issued capital	14	8,815,101	8,815,101
Reserves	15	232,359	(52,425)
Accumulated losses	16	(11,989,746)	(11,607,516)
Total parent entity interest		(2,942,286)	(2,844,840)
Total equity		**(2,942,286)**	**(2,844,840)**

The accompanying notes form part of these financial statements.

Preliminary consolidated statement of changes in equity (Item 6)
For the year ended 30 June 2017

	Share capital (ordinary) $	Accumulated losses $	Foreign currency translation reserve $	Total $
Balance at 1 July 2015	8,815,101	(11,414,178)	(86,644)	(2,685,721)
Loss attributable to members of parent entity	-	(193,338)	-	(193,338)
Other comprehensive income to be reclassified to profit and loss in subsequent periods				
Adjustments from translation of foreign controlled entities	-	-	34,219	34,219
Balance at 30 June 2016	**8,815,101**	**(11,607,516)**	**(52,425)**	**(2,844,840)**
Loss attributable to members of parent entity	-	(382,230)	-	(382,230)
Other comprehensive income to be reclassified to profit and loss in subsequent periods				
Adjustments from translation of foreign controlled entities	-	-	92,480	92,480
Transfer from reserves on discontinued operation (Note 19)	-	-	192,304	192,304
Balance at 30 June 2017	**8,815,101**	**(11,989,746)**	**232,359**	**(2,942,286)**

The accompanying notes form part of these financial statements.

Preliminary consolidated statement of cash flows (Item 5)
For the year ended 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Receipts from customers		323,322	380,624
Payments to suppliers and employees		(450,070)	(604,704)
Other revenue received		183	-
Finance costs		(651)	(265)
Net cash used in operating activities	**17**	**(127,216)**	**(224,345)**
Cash flows from investing activities			
Purchase of plant and equipment		(7,709)	(152)
Net cash used in investing activities		**(7,709)**	**(152)**
Cash flows from financing activities			
Proceeds from borrowings		76,334	166,060
Net cash provided by financing activities		**76,334**	**166,060**
Net decrease in cash held		**(58,591)**	**(58,437)**
Cash and cash equivalents at beginning of financial year		1,793	25,728
Effect of exchange rate changes on cash and cash equivalents		92,940	34,502
Cash and cash equivalents at end of financial year	**5**	**36,142**	**1,793**

The accompanying notes form part of these financial statements.

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2017

Note 1: Accounting policies and basis of preparation

Basis of preparation

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A, Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The Preliminary Final Report is presented in Australian dollars and has been prepared on the basis of historical costs except in accordance with relevant accounting policies where assets and liabilities are stated at their values in accordance with relevant accounting policies. The accounting policies adopted in this report are the same as those disclosed in the annual financial report for the year ended 30 June 2016.

The accounting policies adopted in this report have been consistently applied by each entity in the Consolidated Entity and are consistent with those of the previous year.

Various comparative balances have been reclassified to align with current year presentation. These amendments have no material impact on the Financial Statements.

This report is based on accounts which are in the process of being audited.

Going concern

The Consolidated Entity recorded an EBITDA loss of $200,214 and a loss after tax of $204,572 for the year ended 30 June 2017. The Consolidated Entity had a deficiency in net assets of $2,942,286. The Consolidated Entity had cash of $36,142 and budgeted positive cash flows from operations for the period to 30 June 2018, sufficient to fund the costs of operations.

The assumptions about budgeted future sales levels, expenditures and resulting cash flows by the Consolidated Entity are based upon the achievement of certain economic, operating and trading assumptions about future events and actions that have not yet occurred, and may not necessarily occur. Whist the directors believe the assumptions are best estimates based on information presently available and the actions currently being undertaken by management, the occurrence and timing of the future events are not certain.

In the event that the future cash flows do not result in the short term, the directors are confident that they will be able to obtain funding to enable the continuation of operations until sales reach a volume that will ensure continued profitability and positive cash flows. In this event, the Consolidated Entity will be required to rely on the financial support of its major shareholder and its major creditor. The directors have received confirmations from both of these parties, stating that they will continue to support the operations of the business so that it can continue as a going concern.

No adjustments have been made to the financial statements relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Note 2: Segment information

Identification of reportable operating segments

The Consolidated Entity is organised into two operating segments: Australia and Malaysia.

These operating segments are based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

- Australia - represents the holding company operations only. No trading income is generated in this segment.
- UK - this is a dormant segment, which was dissolved on 9 August 2016.
- Malaysia - develops, provides and sells information technology products and services. It provides services in connection with the implementation, hosting and maintenance and support of its core product Travel.World.Net ('TWN') (an integrated multi-user reservations and distributions system for use by suppliers and buyers of travel and tourism products).

Accounting policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, and plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes. The accounting policies adopted in the determination of segment information are consistent with those disclosed in Note 1 to the financial statements.

Intersegment transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Consolidated Entity at an arm's length. These transfers are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received and are eliminated on consolidation.

Geographical information

All revenue attributable to the Malaysia segment are revenues generated from Malaysia-domiciled external customers. Non-current assets of $9,160 (2015: $5,618) reside in Malaysia.

Sole customer

Revenue attributable to one customer amounts to $298,156 (2015: $342,943), being the total sales revenue for the year, and is reported in the Malaysia segment.

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2017

Note 2: Segment information (continued)

2017	Australia $	UK $	Malaysia $	Intersegment Elim/Unalloc ($)	Consolidated $
External sales	-	-	298,156	-	298,156
Other segments	-	-	-	-	-
Total sales revenue	-	-	298,156	-	298,156
Other revenue		-	7,048	-	7,048
Total revenue	-	-	305,204	-	305,204
Segment result	(8,218)	28,661	(71,716)	(153,299)	(204,572)
Unallocated revenue less unallocated expenses					-
Loss before income tax expense					(204,572)
Income tax expense					-
Loss after income tax					(204,572)
Profit from extraordinary items after income tax expense					-
Net loss					(204,572)
Segment assets	602,738	-	341,148	(890,349)	53,537
Unallocated assets					-
Total assets					53,537
Segment liabilities	3,106,663	-	777,281	(888,121)	2,995,823
Unallocated liabilities					-
Total liabilities					2,995,823
Acquisitions of non-current segment assets	-	-	7,709	-	7,709
Depreciation and amortisation of segment assets	-	-	3,707	-	3,707

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2017

Note 2: Segment information (continued)

2016	Australia $	UK $	Malaysia $	Intersegment Elim/Unalloc ($)	Consolidated $
External sales	-	-	359,245	-	359,245
Other segments	-	-	-	-	-
Total sales revenue	-	-	359,245	-	359,245
Other revenue	-	-	-	-	-
Total revenue	-	-	359,245	-	359,245
Segment result	(106,001)	-	(71,581)	(15,756)	(193,338)
Unallocated revenue less unallocated expenses					-
Loss before income tax expense					(193,338)
Income tax expense					-
Loss after income tax					(193,338)
Profit from extraordinary items after income tax expense					-
Net loss					(193,338)
Segment assets	610,205	-	1,175,266	(1,763,850)	21,621
Unallocated assets					-
Total assets					21,621
Segment liabilities	3,105,912	1,493,891	1,576,961	(3,310,303)	2,866,461
Unallocated liabilities					-
Total liabilities					2,866,461
Acquisitions of non-current segment assets	-	-	152	-	152
Depreciation and amortisation of segment assets	-	-	2,493	-	2,493

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2017

	Notes	Consolidated 2017 $	2016 $

Note 3: Revenue from continuing operations

		2017 $	2016 $
Services revenue		298,156	359,245
Total revenue from continuing operations		298,156	359,245
Other income:			
Bad debt recovered		6,865	-
Sundry income		183	-

Note 4: Expenses

		2017 $	2016 $
Finance costs:			
Other persons		651	265
Bad and doubtful debts:			
Trade receivables		-	7,406
Rental expense on operating leases:			
Minimum lease payments		13,257	13,395
Superannuation, pension, and EPF contributions		22,951	27,457

Note 5: Current assets - Cash and cash equivalents

		2017 $	2016 $
Cash at bank and in hand		36,142	1,793

Note 6: Current assets - Trade and other receivables

		2017 $	2016 $
Trade receivables		3,112	37,676
Less: Provision for impairment of receivables		(860)	(37,021)
Total trade and other receivables		2,252	655

Note 7: Current assets - Other current assets

		2017 $	2016 $
Prepayments		4,948	11,909
Deposits		1,035	1,646
Total other current assets		5,983	13,555

Note 8: Non-current assets - Plant and equipment

		2017 $	2016 $
Plant and equipment			
At cost		61,144	58,735
Less: Accumulated depreciation		(51,984)	(53,117)
Total plant and equipment		9,160	5,618

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $

Note 9: Current liabilities - Trade and other payables

	2017 $	2016 $
Unsecured liabilities		
Trade payables - related parties	955,110	903,662
Trade payables - other	59,566	125,377
Sundry payables and accrued expenses	267,445	170,054
Total trade and other payables	1,282,121	1,199,093

Note 10: Current liabilities - Short-term borrowings

	2017 $	2016 $
Unsecured liabilities		
Unsecured loans - interest free	1,288,010	1,288,010
	1,288,010	1,288,010

Note 11: Current liabilities - Short-term provisions

	2017 $	2016 $
Employee entitlements	53,298	83,298

Note 12: Non-current liabilities - Trade and other payables

	2017 $	2016 $
Unsecured liabilities		
Directors' fees payable	130,000	130,000

Note 13: Non-current liabilities - Long-term borrowings

	2017 $	2016 $
Unsecured liabilities		
Unsecured loans from directors - interest free	242,394	166,060

Note 14: Issued capital

	2017 $	2016 $
70,078,300 ordinary shares, fully paid	8,815,101	8,815,101

Note 15: Reserves

	2017 $	2016 $
Foreign currency translation reserve	232,359	(52,425)

Note 16: Accumulated losses

	2017 $	2016 $
Accumulated losses at the beginning of the financial year	(11,607,516)	(11,414,178)
Loss attributable to members of the parent entity	(382,230)	(193,338)
Accumulated losses at the end of the financial year	(11,989,746)	(11,607,516)

	Notes	Consolidated 2017 $	Consolidated 2016 $

Note 17: Reconciliation of net cash used in operating activities with loss after income tax

	2017 $	2016 $
Loss after income tax	(382,230)	(193,338)
Cash flows excluded from loss attributable to operating activities:		
Non-cash flows in loss		
Amortisation and depreciation	3,707	2,493
Exchange differences on translation of discontinued operations	192,304	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Decrease (increase) in trade and term receivables	(1,597)	7,030
Decrease in deposits and prepayments	7,572	8,933
Increase (decrease) in trade payables and accruals	83,028	(49,463)
Decrease in provisions	(30,000)	-
Net cash used in operating activities	(127,216)	(224,345)

Non-cash financing and investing activities

During the year, no non-cash financing and investing activities took place.

Note 18: Earnings per share

	2017	2016
	Cents	**Cents**
Basic EPS	(0.5)	(0.3)
Diluted EPS	(0.5)	(0.3)
	$	**$**
Reconciliation of loss		
Loss	(382,230)	(193,338)
Loss used in the calculation of basic EPS	(382,230)	(193,338)
Loss used in the calculation of diluted EPS	(382,230)	(193,338)
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	70,078,300	70,078,300
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	70,078,300	70,078,300

	Notes	Consolidated 2017 $	Consolidated 2016 $

Note 19: Discontinued operations

World.Net Services (UK) Limited, a wholly owned subsidiary of World.Net Services Limited, was voluntarily dissolved on 9 August 2016. The operations of World.Net Services (UK) Limited have been deemed to have discontinued on 9 August 2016. Financial information relating to the discontinued operation is set our below.

	2017 $	2016 $
Gain on disposal of assets and liabilities on loss of control of subsidiary before income tax	14,646	-
Exchange differences on translation of discontinued operations	(192,304)	-
Income tax expense	-	-
Loss on disposal of assets and liabilities on loss of control of subsidiary after income tax	(177,658)	-
Total loss after tax attributable to the discontinued operation	(177,658)	-

There were no cash flows associated with the discontinued operation.

Details of individual and total dividends and dividend payments (Item 7)

No dividends were paid or declared since the start of the financial year and no recommendation for payment of dividends has been made.

Details of dividend reinvestment plans in operation (Item 8)

No dividend reinvestment plans were in operation at the date of this report.

Net tangible assets per security (Item 9)

	2017	2016
	Cents	Cents
Net tangible asset backing per ordinary security	(4.2)	(4.1)

Details of entities over which control has been gained or lost (Item 10)

World.Net Services (UK) Limited, a wholly owned subsidiary of World.Net Services Limited, was voluntarily dissolved on 9 August 2016. Refer to Note 19 (Discontinued Operations) to the Preliminary Final Financial Statements for further information.

Details of associates and joint venture entities (Item 11)

There were no associates or joint venture entities at the date of this report.

Other significant information (Item 12)

All significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position are disclosed in this report.

Commentary on the results for the period (Item 14)

Earnings per security (Item 14.1)

Refer to Note 18 to the preliminary consolidated financial statements.

Returns to shareholders (Item 14.2)

There were no returns to shareholders, including distributions and buy backs, during the year.

Significant features of operating performance (Item 14.3)

- Sales were down 17% in comparison with the previous financial year - from $359,245 to $298,156.
- Operating expenditure was down 8% in comparison with the previous financial year - from $549,825 to $505,418.
- EBITDA fell by $9,634 in comparison with the previous financial year - from a $190,580 EBITDA loss to a $200,214 EBITDA loss.

Other disclosure items
30 June 2017

The results of segments (Item 14.4)

Refer to Note 2 to the preliminary consolidated financial statements.

Discussion of trends in performance (Item 14.5)

The table below summarises the Consolidated Entity's operating performance over the past three years:

	2017	2016	2015
	$	$	$
Sales and fees revenue	298,156	359,245	366,573
Other revenue (excluding interest)	7,048	-	-
Total revenue (excluding interest)	305,204	359,245	366,573
Less: Operating expenses	(505,418)	(549,825)	(610,845)
EBITDA	(200,214)	(190,580)	(244,272)
Less: Depreciation, amortisation and impairment losses	(3,707)	(2,493)	(2,592)
EBIT	(203,921)	(193,073)	(246,864)
Less: Net interest expense	(651)	(265)	(767)
Loss before tax	(204,572)	(193,338)	(247,631)
Less: Income tax expense	-	-	-
Loss after tax	(204,572)	(193,338)	(247,631)

World.Net continues to be focused on PYO Travel ("PYO") as the main commercial driver for its technology strategy. Over the past number of years, the Company has completed a major re-architecture of all of its systems, from the baseline cloud infrastructure, through to our technology stack for data management and business rule injections, ultimately redefining our User Interface (UI) and User Experience (UX) paradigms, to offer a modern, flexible, and adaptive UI and UX for all device form factors.

Now that all of these building block technologies are in place, World.Net is now focused on the future, looking ahead to see where online travel is trending, and what technologies will be essential to give us a sustainable competitive advantage over the next 3 to 5 years.

It is clear that recent advances in artificial intelligence (AI) techniques, and machine learning, specifically provides a rich field of opportunity, the potential of which has so far not been fully exploited in the online travel domain. Exploring these trends and implementing machine learning techniques for the automation of supply chain management and distribution control will form the basis of World Net's development focus for the next few years, as we continue to adopt the AI first model.

Other factors which have affected results in the period or which are likely to affect results in the future (Item 14.6)

The Company's development plans for the next 12 months will focus on providing upgrades to the PYO engine and associated services. Again for this next year, the technical innovations the Company implements will continue to provide PYO with a strong platform with which to grow their market share of Asian regional travel online services.

PYO will continue to be the sole major client for World.Net for the next 12 months.

Staff levels have reduced slightly this year, currently at 9 full-time, and 1 part-time staff.

Other disclosure items
30 June 2017

Audit status (Items 15, 16 and 17)

This report is based on accounts which are in the process of being audited.

The auditors observed that material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern, and expect this to be reflected in their audit report when issued.

Ernst van Oeveren
Director / Chief Executive Officer

31 August 2017