

# World.Net Services Limited

ABN 77 072 392 673

## Appendix 4E: Preliminary final report For the year ended 30 June 2019 (Previous corresponding period - Year ended 30 June 2018)

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**Appendix 4E**  
**Preliminary final report**  
**For the year ended 30 June 2019**  
**(Previous corresponding period - Year ended 30 June 2018)**

Name of entity: World.Net Services Limited

ABN: 77 072 392 673 Financial year ended: 30 June 2019

**Results for announcement to the market (Item 2)**

**Item 2.1**

Revenue from ordinary activities	down	53%	to	\$195,561
			from	\$418,046

**Item 2.2**

Profit (loss) from ordinary activities	down	30%	to	(\$252,608)
after tax attributable to members			from	(\$194,559)

**Item 2.3**

Net profit (loss) for the period	down	30%	to	(\$252,608)
attributable to members			from	(\$194,559)

**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 2019**

	Notes	Consolidated 2019 \$	2018 \$
<b>Continuing operations</b>			
Revenue	3	185,969	374,212
Cost of sales		(1,531)	(1,937)
<b>Gross profit</b>		<b>184,438</b>	<b>372,275</b>
Other income		9,592	43,834
Employee benefits expense		(323,919)	(390,209)
Depreciation and amortisation expense		(4,497)	(3,877)
Rental expense	4	(12,054)	(15,164)
Professional fees expense		(36,620)	(43,933)
Sales and marketing expenses		(2,925)	(9,038)
General and administrative expenses		(35,837)	(47,201)
Foreign currency translation losses	4	(21,884)	(90,384)
Other expenses		(7,828)	(10,280)
<b>Loss from continuing operations</b>		<b>(251,534)</b>	<b>(193,977)</b>
Finance costs	4	(1,074)	(582)
<b>Net financing costs</b>		<b>(1,074)</b>	<b>(582)</b>
<b>Loss before income tax</b>		<b>(252,608)</b>	<b>(194,559)</b>
Income tax expense		-	-
<b>Loss from continuing operations after income tax</b>		<b>(252,608)</b>	<b>(194,559)</b>
<b>Loss attributable to members of the parent entity</b>	16	<b>(252,608)</b>	<b>(194,559)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign controlled entities		(8,261)	(16,681)
<b>Total comprehensive loss attributable to members of the parent entity</b>		<b>(260,869)</b>	<b>(211,240)</b>
<b>Loss per share</b>		<b>Cents / share</b>	<b>Cents / share</b>
Basic	18	(0.4)	(0.3)
Diluted	18	(0.4)	(0.3)

*The accompanying notes form part of these financial statements.*

**Preliminary consolidated statement of financial position (Item 4)**  
**As at 30 June 2019**

	Notes	Consolidated 2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	5	835	20,869
Trade and other receivables	6	-	-
Other current assets	7	5,621	5,566
Total current assets		<u>6,456</u>	<u>26,435</u>
<b>Non-current assets</b>			
Plant and equipment	8	7,998	9,879
Total non-current assets		<u>7,998</u>	<u>9,879</u>
<b>Total assets</b>		<b><u>14,454</u></b>	<b><u>36,314</u></b>
<b>Current liabilities</b>			
Trade and other payables	9	1,526,050	1,374,992
Short-term borrowings	10	1,288,010	1,288,010
Short-term provisions	11	53,298	53,298
Total current liabilities		<u>2,867,358</u>	<u>2,716,300</u>
<b>Non-current liabilities</b>			
Trade and other payables	12	130,000	130,000
Long-term borrowings	13	431,491	343,540
Total non-current liabilities		<u>561,491</u>	<u>473,540</u>
<b>Total liabilities</b>		<b><u>3,428,849</u></b>	<b><u>3,189,840</u></b>
<b>Net liabilities</b>		<b><u>(3,414,395)</u></b>	<b><u>(3,153,526)</u></b>
<b>Equity</b>			
Issued capital	14	8,815,101	8,815,101
Reserves	15	207,417	215,678
Accumulated losses	16	(12,436,913)	(12,184,305)
Total parent entity interest		<u>(3,414,395)</u>	<u>(3,153,526)</u>
<b>Deficiency in equity</b>		<b><u>(3,414,395)</u></b>	<b><u>(3,153,526)</u></b>

*The accompanying notes form part of these financial statements.*

**Preliminary consolidated statement of changes in equity (Item 6)**  
**For the year ended 30 June 2019**

	Share capital (ordinary) \$	Accumulated losses \$	Foreign currency translation reserve \$	Total \$
<b>Balance at 1 July 2017</b>	8,815,101	(11,989,746)	232,359	(2,942,286)
Loss attributable to members of parent entity	-	(194,559)	-	(194,559)
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>				
Adjustments from translation of foreign controlled entities	-	-	(16,681)	(16,681)
<b>Balance at 30 June 2018</b>	<b>8,815,101</b>	<b>(12,184,305)</b>	<b>215,678</b>	<b>(3,153,526)</b>
Loss attributable to members of parent entity	-	(252,608)	-	(252,608)
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>				
Adjustments from translation of foreign controlled entities	-	-	(8,261)	(8,261)
<b>Balance at 30 June 2019</b>	<b>8,815,101</b>	<b>(12,436,913)</b>	<b>207,417</b>	<b>(3,414,395)</b>

*The accompanying notes form part of these financial statements.*

**Preliminary consolidated statement of cash flows (Item 5)**  
**For the year ended 30 June 2019**

		Consolidated		
		2019	2018	
	Notes	\$	\$	
<b>Cash flows from operating activities</b>				
Receipts from customers		280,712	399,053	
Payments to suppliers and employees		(376,746)	(493,613)	
Finance costs		(1,074)	(582)	
<b>Net cash used in operating activities</b>	<b>17</b>	<b>(97,108)</b>	<b>(95,142)</b>	
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment		(2,395)	(3,853)	
<b>Net cash used in investing activities</b>		<b>(2,395)</b>	<b>(3,853)</b>	
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		87,951	101,146	
<b>Net cash provided by financing activities</b>		<b>87,951</b>	<b>101,146</b>	
<b>Net increase (decrease) in cash held</b>		<b>(11,552)</b>	<b>2,151</b>	
Cash and cash equivalents at beginning of financial year		20,869	36,142	
Effect of exchange rate changes on cash and cash equivalents		(8,482)	(17,424)	
<b>Cash and cash equivalents at end of financial year</b>	<b>5</b>	<b>835</b>	<b>20,869</b>	
<b>Reconciliation of liabilities arising from financing activities</b>				
		<b>30-Jun-2018</b>	<b>Cash flows</b>	<b>30-Jun-2019</b>
Unsecured liabilities	<b>13</b>	343,540	87,951	431,491

*The accompanying notes form part of these financial statements.*

## Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)

### 30 June 2019

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#### **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 2018.

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 \$247,037 and a loss after tax of \$252,608 for the year ended 30 June 2019 (2018: loss after tax was \$194,559). The Consolidated Entity had a deficiency in cash generated from operating activities of \$97,108 (2018: \$95,142), net current liabilities of \$2,860,902 (2018: \$2,689,865) and a deficiency in net assets of \$3,414,395 (2018: \$3,153,526). The Consolidated Entity had cash of \$835 as at 30 June 2019.

These matters give rise to a material uncertainty that may cast significant doubt upon the Consolidated Entity's ability to continue as a going concern. The ongoing operation of the Consolidated Entity is dependent upon it:

- (a) achieving cash flow positive trading operations from its existing business; and
- (b) continued financial support from its current financiers.

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.

## Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)

### 30 June 2019

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#### **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 former segment. World.Net Services (UK) Limited, a wholly owned UK subsidiary of World.Net Services Limited, 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 \$7,998 (2018: \$9,879) reside in Malaysia.

##### **Sole customer**

Revenue attributable to one customer amounts to \$185,969 (2018: \$374,212), 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 2019**

**Note 2: Segment information (continued)**

2019	Australia \$	Malaysia \$	Intersegment Elim/Unalloc (\$)	Consolidated \$
External sales	-	185,969	-	185,969
Total sales revenue	-	185,969	-	185,969
Other revenue	9,592	-	-	9,592
Total revenue	9,592	185,969	-	195,561
Segment result	(106,885)	(145,723)	-	(252,608)
Unallocated revenue less unallocated expenses				-
Loss before income tax expense				(252,608)
Income tax expense				-
Loss after income tax				(252,608)
Loss from extraordinary items after income tax expense				-
Net loss				(252,608)
Segment assets	300,349	15,320	(301,215)	14,454
Unallocated assets				-
Total assets				14,454
Segment liabilities	3,068,588	361,475	(1,214)	3,428,849
Unallocated liabilities				-
Total liabilities				3,428,849
Acquisitions of non-current segment assets	-	2,395	-	2,395
Depreciation and amortisation of segment assets	-	4,497	-	4,497

**Note 2: Segment information (continued)**

2018	Australia \$	Malaysia \$	Intersegment Elim/Unalloc (\$)	Consolidated \$
External sales	-	374,212	-	374,212
Total sales revenue	-	374,212	-	374,212
Other revenue		43,834	-	43,834
Total revenue	-	418,046	-	418,046
Segment result	(157,428)	(37,131)	-	(194,559)
Unallocated revenue less unallocated expenses				-
Loss before income tax expense				(194,559)
Income tax expense				-
Loss after income tax				(194,559)
Loss from extraordinary items after income tax expense				-
Net loss				(194,559)
Segment assets	299,903	38,259	(301,848)	36,314
Unallocated assets				-
Total assets				36,314
Segment liabilities	2,961,257	230,350	(1,767)	3,189,840
Unallocated liabilities				-
Total liabilities				3,189,840
Acquisitions of non-current segment assets	-	3,853	-	3,853
Depreciation and amortisation of segment assets	-	3,877	-	3,877

**Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)**  
**30 June 2019**

	Notes	Consolidated 2019 \$	2018 \$
<b>Note 3: Revenue from continuing operations</b>			
<b>Revenue</b>			
Services revenue		185,969	374,212
Other income:			
Sundry income		9,592	43,834
<b>Note 4: Expenses</b>			
Finance costs:			
Other persons		1,074	582
Foreign currency translation losses		21,884	90,384
Bad and doubtful debts:			
Trade receivables		-	3,090
Rental expense on operating leases:			
Minimum lease payments		12,054	15,164
Superannuation, pension, and EPF contributions		16,510	23,897
<b>Note 5: Current assets - Cash and cash equivalents</b>			
Cash at bank and in hand		835	20,869
<b>Note 6: Current assets - Trade and other receivables</b>			
Trade receivables		-	-
Less: Provision for impairment of receivables		-	-
Total trade and other receivables		-	-
<b>Note 7: Current assets - Other current assets</b>			
Prepayments		-	104
Deposits		5,621	5,462
Total other current assets		5,621	5,566
<b>Note 8: Non-current assets - Plant and equipment</b>			
<b>Plant and equipment</b>			
At cost		75,821	71,345
Less: Accumulated depreciation		(67,823)	(61,466)
Total plant and equipment		7,998	9,879
<b>Note 9: Current liabilities - Trade and other payables</b>			
<b>Unsecured liabilities</b>			
Trade payables - related parties		1,199,966	1,083,419
Trade payables - other		173,923	133,973
Sundry payables and accrued expenses		152,161	157,600
Total trade and other payables		1,526,050	1,374,992

**Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)**  
**30 June 2019**

	Notes	Consolidated 2019 \$	2018 \$
<b>Note 10: Current liabilities - Short-term borrowings</b>			
<b>Unsecured liabilities</b>			
Unsecured loans - interest free		1,288,010	1,288,010
<b>Note 11: Current liabilities - Short-term provisions</b>			
Employee entitlements		53,298	53,298
<b>Note 12: Non-current liabilities - Trade and other payables</b>			
<b>Unsecured liabilities</b>			
Directors' fees payable		130,000	130,000
<b>Note 13: Non-current liabilities - Long-term borrowings</b>			
<b>Unsecured liabilities</b>			
Unsecured loans from directors - interest free		431,491	343,540
<b>Note 14: Issued capital</b>			
70,078,300 ordinary shares, fully paid		8,815,101	8,815,101
<b>Note 15: Reserves</b>			
Foreign currency translation reserve		207,417	215,678
<b>Note 16: Accumulated losses</b>			
Accumulated losses at the beginning of the financial year		(12,184,305)	(11,989,746)
Loss attributable to members of the parent entity		(252,608)	(194,559)
Accumulated losses at the end of the financial year		(12,436,913)	(12,184,305)
<b>Note 17: Reconciliation of net cash used in operating activities with loss after income tax</b>			
Loss after income tax		(252,608)	(194,559)
Cash flows excluded from loss attributable to operating activities:			
Non-cash flows in loss			
Amortisation and depreciation		4,497	3,877
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
Decrease in trade and term receivables		-	2,252
Decrease (increase) in deposits and prepayments		(55)	417
Increase in trade payables and accruals		151,058	92,871
Net cash used in operating activities		(97,108)	(95,142)
<b>Non-cash financing and investing activities</b>			
During the year, no non-cash financing and investing activities took place.			

**Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)**  
**30 June 2019**

	Notes	Consolidated	
		2019	2018
		\$	\$
<b>Note 18: Earnings per share</b>			
		<b>Cents</b>	<b>Cents</b>
Basic Loss Per Share		(0.4)	(0.3)
Diluted Loss Per Share		(0.4)	(0.3)
		<b>\$</b>	<b>\$</b>
<b>Reconciliation of loss</b>			
Loss after tax		(252,608)	(194,559)
Loss used in the calculation of basic Loss Per Share		(252,608)	(194,559)
Loss used in the calculation of diluted Loss Per Share		(252,608)	(194,559)
		<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic Loss Per Share		70,078,300	70,078,300
Weighted average number of ordinary shares outstanding during the year used in calculating diluted Loss Per Share		70,078,300	70,078,300

#### 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)

	2019 Cents	2018 Cents
Net tangible asset backing deficiency per ordinary security	(4.9)	(4.5)

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

There were no entities over which control had been gained or lost during the year.

#### 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 50% in comparison with the previous financial year - from \$374,212 to \$185,969.
- Operating expenditure was down 19% in comparison with the previous financial year - from \$517,762 to \$420,714.
- EBITDA fell by \$56,937 in comparison with the previous financial year - from a \$190,100 EBITDA loss to \$247,037 EBITDA loss. \$21,884 of the EBITDA loss was attributable to foreign currency translation losses.

##### The results of segments (Item 14.4)

Refer to Note 2 to the preliminary consolidated financial statements.

## Other disclosure items

### 30 June 2019

#### Discussion of trends in performance (Item 14.5)

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

	2019	2018	2017
	\$	\$	\$
Sales and fees revenue	185,969	374,212	298,156
Other revenue (excluding interest)	9,592	43,834	7,048
Total revenue (excluding interest)	195,561	418,046	305,204
Less: Operating expenses	(420,714)	(517,762)	(505,418)
Less: Foreign currency translation losses	(21,884)	(90,384)	-
EBITDA	(247,037)	(190,100)	(200,214)
Less: Depreciation, amortisation and impairment losses	(4,497)	(3,877)	(3,707)
EBIT	(251,534)	(193,977)	(203,921)
Less: Net interest expense	(1,074)	(582)	(651)
Loss before tax	(252,608)	(194,559)	(204,572)
Less: Income tax expense	-	-	-
Loss after tax	(252,608)	(194,559)	(204,572)

In March 2019, PYO Travel Sdn Bhd (PYO) shut down all of its web services and embarked on an internal restructuring program, and consequently World.Net Services Sdn Bhd (a wholly owned subsidiary of World.Net Services Limited) and PYO terminated their Sales and Services Agreement. As a result, World.Net Services Sdn Bhd ceased providing services to PYO, and ceased generating revenue from PYO. The Company has since terminated the services of all of its technical staff, while it explores options to revitalise its operations. World.Net is also considering options to recapitalise the Company.

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

No other factors to report.

#### 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

30 August 2019