

World.Net Services Limited

ABN 77 072 392 673

Appendix 4E: Preliminary final report For the year ended 30 June 2015 (Previous corresponding period - Year ended 30 June 2014)

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Appendix 4E
Preliminary final report
For the year ended 30 June 2015
(Previous corresponding period - Year ended 30 June 2014)

Name of entity: World.Net Services Limited

ABN: 77 072 392 673 Financial year ended: 30 June 2015

Results for announcement to the market (Item 2)

Item 2.1

Revenue from ordinary activities	down	5%	to	\$366,573
			from	\$386,270

Item 2.2

Profit (loss) from ordinary activities	down	13%	to	(\$247,631)
after tax attributable to members			from	(\$219,571)

Item 2.3

Net profit (loss) for the period	down	13%	to	(\$247,631)
attributable to members			from	(\$219,571)

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 2015

		Consolidated	
	Notes	2015	2014
		\$	\$
Continuing operations			
Revenue	3	366,573	386,270
Cost of sales		(2,875)	(5,191)
Gross profit		363,698	381,079
Employee benefits expense		(459,110)	(421,900)
Depreciation and amortisation expense		(2,592)	(6,366)
Rental expense	4	(16,260)	(23,007)
Professional fees expense		(63,433)	(48,397)
Sales and marketing expenses		(19,149)	(33,598)
General and administrative expenses		(43,460)	(60,521)
Other expenses		(6,558)	(6,624)
Loss from continuing operations		(246,864)	(219,334)
Finance costs	4	(767)	(237)
Net financing costs		(767)	(237)
Loss before income tax		(247,631)	(219,571)
Income tax expense		-	-
Loss attributable to members of the parent entity	16	(247,631)	(219,571)
Other comprehensive income			
Exchange differences on translating foreign controlled entities		(25,613)	2,274
Total comprehensive loss attributable to members of the parent entity		(273,244)	(217,297)
Loss per share			
		Cents / share	Cents / share
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 2015

		Consolidated	
		2015	2014
	Notes	\$	\$
Current assets			
Cash and cash equivalents	5	26,098	6,245
Trade and other receivables	6	7,685	18,751
Other current assets	7	22,488	10,637
Total current assets		56,271	35,633
Non-current assets			
Plant and equipment	8	8,242	3,962
Total non-current assets		8,242	3,962
Total assets		64,513	39,595
Current liabilities			
Trade and other payables	9	1,248,556	821,187
Short-term borrowings	10	1,288,380	1,288,010
Short-term provisions	11	83,298	-
Total current liabilities		2,620,234	2,109,197
Non-current liabilities			
Trade and other payables	12	130,000	259,577
Long-term provisions	13	-	83,298
Total non-current liabilities		130,000	342,875
Total liabilities		2,750,234	2,452,072
Net assets		(2,685,721)	(2,412,477)
Equity			
Issued capital	14	8,815,101	8,815,101
Reserves	15	(86,644)	(61,031)
Accumulated losses	16	(11,414,178)	(11,166,547)
Total parent entity interest		(2,685,721)	(2,412,477)
Total equity		(2,685,721)	(2,412,477)

The accompanying notes form part of these financial statements.

Preliminary consolidated statement of changes in equity (Item 6)
For the year ended 30 June 2015

	Share capital (ordinary) \$	Accumulated losses \$	Foreign currency translation reserve \$	Total \$
Balance at 1 July 2013	8,815,101	(10,946,976)	(63,305)	(2,195,180)
Loss attributable to members of parent entity	-	(219,571)	-	(219,571)
Other comprehensive income to be reclassified to profit and loss in subsequent periods				
Adjustments from translation of foreign controlled entities	-	-	2,274	2,274
Balance at 30 June 2014	8,815,101	(11,166,547)	(61,031)	(2,412,477)
Loss attributable to members of parent entity	-	(247,631)	-	(247,631)
Other comprehensive income to be reclassified to profit and loss in subsequent periods				
Adjustments from translation of foreign controlled entities	-	-	(25,613)	(25,613)
Balance at 30 June 2015	8,815,101	(11,414,178)	(86,644)	(2,685,721)

The accompanying notes form part of these financial statements.

Preliminary consolidated statement of cash flows (Item 5)
For the year ended 30 June 2015

		Consolidated	
		2015	2014
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers		378,308	379,438
Payments to suppliers and employees		(325,573)	(419,569)
Sundry income received		-	6,173
Finance costs		(767)	(237)
Net cash provided by (used in) operating activities	17	51,968	(34,195)
Cash flows from investing activities			
Purchase of plant and equipment		(8,950)	(1,654)
Net cash used in investing activities		(8,950)	(1,654)
Net increase (decrease) in cash held			
		43,018	(35,849)
Cash and cash equivalents at beginning of financial year		6,245	39,311
Effect of exchange rate changes on cash and cash equivalents		(23,535)	2,783
Cash and cash equivalents at end of financial year	5	25,728	6,245

The accompanying notes form part of these financial statements.

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

30 June 2015

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 2014.

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 \$244,272 and a loss after tax of \$247,631 for the year ended 30 June 2015. The Consolidated Entity had a deficiency in net assets of \$2,685,721. The Consolidated Entity had cash of \$26,098 and budgeted positive cash flows from operations for the period to 30 June 2016, 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. Whilst 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 three operating segments: Australia, UK 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.

Note 2: Segment information (continued)

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.
- 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 \$8,242 (2014: \$3,962) reside in Malaysia.

Major customers

Revenue attributable to two customers amount to \$337,336 (2014: \$334,922) and \$29,237 (2014: \$42,831) respectively, and are reported in the Malaysia segment.

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2015

Note 2: Segment information (continued)

2015	Australia \$	UK \$	Malaysia \$	Intersegment Elim/Unalloc (\$)	Consolidated \$
External sales	-	-	366,573	-	366,573
Other segments	-	-	-	-	-
Total sales revenue	-	-	366,573	-	366,573
Other revenue	-	-	-	-	-
Total revenue	-	-	366,573	-	366,573
Segment result	(129,338)	(409)	(117,884)	-	(247,631)
Unallocated revenue less unallocated expenses					-
Loss before income tax expense					(247,631)
Income tax expense					-
Loss after income tax					(247,631)
Profit from extraordinary items after income tax expense					-
Net loss					(247,631)
Segment assets	615,360	-	1,137,620	(1,688,467)	64,513
Unallocated assets					-
Total assets					64,513
Segment liabilities	3,005,066	1,698,294	1,522,637	(3,475,763)	2,750,234
Unallocated liabilities					-
Total liabilities					2,750,234
Acquisitions of non-current segment assets	-	-	8,950	-	8,950
Depreciation and amortisation of segment assets	-	-	2,592	-	2,592

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2015

Note 2: Segment information (continued)

2014	Australia \$	UK \$	Malaysia \$	Intersegment Elim/Unalloc (\$)	Consolidated \$
External sales	2,344	-	377,753	-	380,097
Other segments	-	-	-	-	-
Total sales revenue	2,344	-	377,753	-	380,097
Other revenue	6,173	-	-	-	6,173
Total revenue	8,517	-	377,753	-	386,270
Segment result	(96,004)	(509)	(123,058)	-	(219,571)
Unallocated revenue less unallocated expenses					-
Loss before income tax expense					(219,571)
Income tax expense					-
Loss after income tax					(219,571)
Profit from extraordinary items after income tax expense					-
Net loss					(219,571)
Segment assets	612,938	-	1,033,904	(1,607,247)	39,595
Unallocated assets					-
Total assets					39,595
Segment liabilities	2,873,306	1,495,548	1,290,690	(3,207,472)	2,452,072
Unallocated liabilities					-
Total liabilities					2,452,072
Acquisitions of non-current segment assets	-	-	1,654	-	1,654
Depreciation and amortisation of segment assets	-	-	6,366	-	6,366

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2015

	Notes	Consolidated	
		2015	2014
		\$	\$

Note 3: Revenue from continuing operations

Services revenue		366,573	380,097
Sundry income		-	6,173
Total revenue from continuing operations		<u>366,573</u>	<u>386,270</u>

Note 4: Expenses

Finance costs:			
Other persons		<u>767</u>	<u>237</u>
Bad and doubtful debts:			
Trade receivables		<u>860</u>	<u>5,871</u>
Rental expense on operating leases:			
Minimum lease payments		<u>16,260</u>	<u>23,007</u>
Loss on disposal of plant and equipment		<u>-</u>	<u>7,039</u>
Superannuation, pension, and EPF contributions		<u>32,317</u>	<u>31,594</u>

Note 5: Current assets - Cash and cash equivalents

Cash at bank and in hand		<u>26,098</u>	<u>6,245</u>
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Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		26,098	6,245
Bank overdrafts	10	(370)	-
Cash and cash equivalents in the statement of cash flows		<u>25,728</u>	<u>6,245</u>

Note 6: Current assets - Trade and other receivables

Trade receivables		41,210	42,830
Less: Provision for impairment of receivables		<u>(33,525)</u>	<u>(28,773)</u>
Net carrying value		<u>7,685</u>	<u>14,057</u>
Other receivables		-	4,694
Total trade and other receivables		<u>7,685</u>	<u>18,751</u>

Note 7: Current assets - Other current assets

Prepayments		20,785	5,806
Deposits		<u>1,703</u>	<u>4,831</u>
Total other current assets		<u>22,488</u>	<u>10,637</u>

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2015

		Consolidated	
		2015	2014
	Notes	\$	\$
Note 8: Non-current assets - Plant and equipment			
Plant and equipment			
At cost		60,617	51,667
Less: Accumulated depreciation		(52,375)	(47,705)
Total plant and equipment		8,242	3,962
Note 9: Current liabilities - Trade and other payables			
Unsecured liabilities			
Trade payables - related parties		847,027	661,151
Trade payables - other		177,648	125,546
Sundry payables and accrued expenses		223,881	34,490
Total trade and other payables		1,248,556	821,187
Note 10: Current liabilities - Short-term borrowings			
Unsecured liabilities			
Bank overdrafts	5	370	-
Unsecured loan - interest free		1,288,010	1,288,010
		1,288,380	1,288,010
Note 11: Current liabilities - Short-term provisions			
Employee entitlements		83,298	-
Note 12: Non-current liabilities - Trade and other payables			
Unsecured liabilities			
Sundry payables		130,000	259,577
Note 13: Non-current liabilities - Long-term provisions			
Employee entitlements		-	83,298
Note 14: Issued capital			
70,078,300 ordinary shares, fully paid		8,815,101	8,815,101
Note 15: Reserves			
Foreign currency translation reserve		(86,644)	(61,031)

Notes to the preliminary consolidated financial statements (Items 3, 4 and 5)
30 June 2015

	Consolidated	
	2015	2014
Notes	\$	\$
Note 16: Accumulated losses		
Accumulated losses at the beginning of the financial year	(11,166,547)	(10,946,976)
Loss attributable to members of the parent entity	(247,631)	(219,571)
Accumulated losses at the end of the financial year	(11,414,178)	(11,166,547)
Note 17: Reconciliation of net cash used in operating activities with loss after income tax		
Loss after income tax	(247,631)	(219,571)
Cash flows excluded from loss attributable to operating activities:		
Non-cash flows in loss		
Amortisation and depreciation	2,592	6,366
Net loss on disposal of plant and equipment	-	7,039
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Decrease in trade and term receivables	11,066	2,119
Decrease (increase) in deposits and prepayments	(11,851)	1,445
Increase in trade payables and accruals	297,792	168,407
Net cash provided by (used in) operating activities	51,968	(34,195)
Non-cash financing and investing activities		
During the year, no non-cash financing and investing activities took place.		
Note 18: Earnings per share		
	Cents	Cents
Basic EPS	(0.4)	(0.3)
Diluted EPS	(0.4)	(0.3)
	\$	\$
Reconciliation of loss		
Loss	(247,631)	(219,571)
Loss used in the calculation of basic EPS	(247,631)	(219,571)
Loss used in the calculation of diluted EPS	(247,631)	(219,571)
	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

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)

	2015	2014
	Cents	Cents
Net tangible asset backing per ordinary security	(3.8)	(3.4)

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.

Other disclosure items

30 June 2015

Significant features of operating performance (Item 14.3)

- Sales were down 4% in comparison with the previous financial year - from \$380,097 to \$366,573.
- Operating expenditure was up 2% in comparison with the previous financial year - from \$599,238 to \$610,845.
- EBITDA decreased by \$31,304 in comparison with the previous financial year - from a \$212,968 EBITDA loss to a \$244,272 EBITDA loss.

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:

	2015	2014	2013
	\$	\$	\$
Sales and fees revenue	366,573	380,097	1,266,520
Other revenue (excluding interest)	-	6,173	-
Total revenue (excluding interest)	366,573	386,270	1,266,520
Less: Operating expenses	(610,845)	(599,238)	(521,410)
EBITDA	(244,272)	(212,968)	745,110
Less: Depreciation, amortisation and impairment losses	(2,592)	(6,366)	(6,292)
EBIT	(246,864)	(219,334)	738,818
Less: Net interest expense	(767)	(237)	(196)
Profit (loss) before tax	(247,631)	(219,571)	738,622
Less: Income tax expense	-	-	-
Profit (loss) after tax	(247,631)	(219,571)	738,622

This year World.Net's business activities have remained stable. The majority of our focus continues to be on developing and managing our Internet travel booking engine, in partnership with PYO Travel ("PYO"). Also, our online coupon-based solution is continuing to power the myimart.com sites.

The infrastructure migration to AWS cloud services in Q4 2014 was successful, whereby all of our services have been running in the cloud for almost a year without any major issues. The ability to scale resources, such as server and storage capacity and bandwidth on demand, simply and reliably, is a tremendous boost for World.Net. Cost savings are also significant, whereby we no longer need specialist system administrators or the costs of periodic hardware upgrades.

Revenue from PYO has remained flat compared with previous years, and we are projecting modest transaction revenue growth in 2015/2016. Myimart.com revenue has also remained static for the current year. Myimart continues to establish itself as a high quality online coupon shopping service in Malaysia.

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 12 permanent, and 2 part-time staff.

Other disclosure items
30 June 2015

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 there is a significant uncertainty as to 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 2015