



## **APPENDIX 4E PRELIMINARY FINAL REPORT**

Entity: World Wide Entertainment Group Limited

ABN: 49 007 686 955

Period: Full year ended 30 June 2009

The following documents comprise the information required to be given to the ASX in accordance with Listing Rule 4.3A

28 August 2009

PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

**WORLD WIDE ENTERTAINMENT GROUP LIMITED**

ABN or equivalent reference #

**49 007 686 955**

Reporting period

**30 JUNE 2009**

Previous corresponding period

**30 JUNE 2008**

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## 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

|        |
|--------|
| AS'000 |
|--------|

|  |      |        |    |       |
|--|------|--------|----|-------|
| Revenue from ordinary activities   | Up   | 31.96% | to | 8,922 |
| Profit(Loss) from ordinary activities after income tax attributable to members | Down | 43.88% | to | 470   |
| Net profit (loss) for the period attributable to members                       | Down | 43.88% | to | 470   |

### Dividends per Share

|         | Amount per share | Franked amount per share at 30% tax |
|---------|------------------|-------------------------------------|
| Final   | 0 cents          | 0 cents                             |
| Interim | 0 cents          | 0 cents                             |

Record date for determining entitlements to dividends N/A

### Explanations

Revenue for the year to 30 June 2009 was 31.96% up on the prior comparable period ('pcp').

Revenue increased in the financial year ending 30 June 2009 from the revenue achieved in the previous financial year for the following reasons:

1. The value of licensing agreements increased by 51.6% between July 2008 and December 2008 when compared to the same period in the previous financial year; and
2. The value of the Australian dollar fell from 98 US cents in August to as low as 61 US cents increasing the value of World Wide's US dollar contracts (note approximately 70% of contracts are written in US dollars).

Revenue was negatively impacted by a downturn in the market from March 2009. As a result of the global financial crisis, broadcasters around the world reduced their investment in licensing fresh content choosing instead to re-run old programmes. This resulted in reduced license fees for World Wide's programming. The downturn in sales co-incided with the strengthening of the Australian dollar which exacerbated the impact of the downturn. The value of licensing agreements in the January to June half year were down by 57%<sup>1</sup> compared to the same period in the previous year.

Also, in August 2008, the company signed a fixed price distribution contract to allow sub-licensing of World Wide's library in Africa. The contract began on 1 January 2009 and was worth \$2 million over 2 years. Due to lack of sales in the 6 months ending 30 June 2009, the client requested a release from the distribution contract. The company agreed to the client's request. This reduced expected profit from Africa by approximately \$200,000 below forecast in the financial year.

Note: 1. When compared on a US dollar basis

## 2. COMMENTARY ON RESULTS

### Accounting Standards

Applicable Australian accounting standards have been used in compiling the information contained in this Appendix 4E.

### Earnings Per Share

Earnings per Share was calculated at 2 cents during 2009

### Dividends Per Share (including buy backs)

Nil

### Significant Features of Operating Performance

Although revenue increased from financial year 2008 to financial year 2009, profit declined due to increased operating expenses and increased amortisation of programming library.

Increased operating expenses are due to cost increases in following areas:

- Higher sales commissions and bonuses paid to sales team due to higher receipts from customers;
- Increased marketing activity namely increased attendance at international tradeshows and international client visits by sales team;
- Expansion of management and administration team to include a Chief Operating Officer and Compliance Manager;
- Increased expenses due to ASX listing (directors' fees, legal fees and listing fees);
- Increased level of provisions for doubtful debts; and
- Increased non-programming depreciation and amortisation on equipment.

Increased programming amortisation is due to the amortisation of increased levels of investment in programming during the last two years. During financial year ending June 2008, World Wide Entertainment increased investment in programming through increasing the production values of its programming and transitioning production from magazine format to one-off specials and light documentary styles. This resulted in higher production costs per hour of programming and increased overall investment in programming. This increased investment level is amortised on a reducing basis over 4 years.

### 3. CONDENSED CONSOLIDATED INCOME STATEMENT

|  | Current Period<br>AS'000 | Previous<br>corresponding<br>period<br>AS'000 |
|--|--------------------------|---|
| Revenue from continuing operations                         | 8,635                    | 6,619   |
| Other income from continuing operations                    | 287                      | 142   |
| Expenses from continuing operations                        | (7,992)                  | (5,305)                                       |
| Finance costs of continuing operations                     | (481)                    | (533)   |
| Profit from continuing operations before tax               | 449                      | 923   |
| Income tax (expense)/revenue                               | 21                       | (86)  |
| Profit (Loss) from ordinary activities after tax           | 470                      | 837   |
| Net profit (Loss) attributable to outside equity interests | -                        | -   |
| Profit (Loss) attributable to members of the parent entity | 470                      | 837   |

#### Earnings per share

|                     |           |           |
|---------------------|-----------|-----------|
| Basic               | 2 cents   | N/A       |
| Diluted             | 2 cents   | N/A       |
| Dividends Per Share | 0.0 cents | 0.0 cents |

#### 3.1 Revenue

Revenue from continuing and discontinued operations consisted of the following items

|                    | Current Period<br>AS'000 | Previous<br>corresponding<br>period<br>AS'000 |
|--------------------|--------------------------|---|
| Revenue from sales | 8,636                    | 6,619   |
| Interest revenue   | 32                       | 1   |
| Other revenue      | 254                      | 141   |
|                    | 8,922                    | 6,761   |

### 3.2 Expenses from Ordinary Activities

Administrative & Corporate expenses  
 Programme library amortisation  
 Realised and unrealised hedging losses  
 Loss on impairment of assets  
 Finance costs

|  | Current Period<br>AS'000 | Current Period<br>AS'000 |
|--|--------------------------|--------------------------|
|  | 4,591                    | 3,593                    |
|  | 2,667                    | 1,712                    |
|  | 611                      | -                        |
|  | 123                      | -                        |
|  | 481                      | 533                      |
|  | 8,473                    | 5,838                    |

Included in the above expenses disclosed by function are:

|                                  |     |     |
|----------------------------------|-----|-----|
| Depreciation and amortisation    | 491 | 403 |
| Provisions for Doubtful debts    | 525 | 400 |
| Provisions for Employee benefits | 16  | 70  |

### 3.3 Individually Significant Items

The Directors elected to write down the value of assets as follows:

| <u>Description</u>               | \$000's |
|----------------------------------|---------|
| Shareholding in UK Media Company | 123     |

### 3.4 Amortisation and Impairment Expenses

| Consolidated - Current period                     |                      |                       |   |  |
|---|----------------------|-----------------------|---|--|
|   | Before tax<br>AS'000 | Related tax<br>AS'000 | Related outside<br>equity interests<br>AS'000 | Amount (after<br>tax) attributable<br>to members<br>AS'000 |
| Amortisation of goodwill                          | -                    | -                     | -   | -  |
| Amortisation of other intangibles                 | -                    | -                     | -   | -  |
| Total amortisation of intangibles                 | -                    | -                     | -   | -  |
| Write Down in carrying value of goodwill          | -                    | -                     | -   | -  |
| Write Down in carrying value of other intangibles | -                    | -                     | -   | -  |
| Write Down in carrying value of other assets      | 123                  | (37)                  | -   | 86   |
|   | 123                  | (37)                  | -   | 86   |

### 3.5 Comparison of Half-Year Profits

|  | Current<br>Period<br>AS'000 | Previous<br>corresponding<br>period<br>AS'000 |
|--|-----------------------------|---|
| Consolidated profit(loss) from ordinary activities after tax attributable to members reported for the 1st half yearly report | 545                         | N/A   |
| Consolidated profit(loss) from ordinary activities after tax attributable to members for the 2nd half year                   | (75)                        | N/A   |

4. CONDENSED CONSOLIDATED BALANCE SHEET

|                                     | Current Period<br>A\$'000 | Previous<br>corresponding<br>period<br>A\$'000 |
|-------------------------------------|---------------------------|--|
| <b>Current Assets</b>               |                           |  |
| Cash and cash equivalents           | 558                       | 135  |
| Trade and other receivables         | 3,646                     | 2,450  |
| Inventories                         | 398                       | 319  |
| Other assets                        | 189                       | 189  |
| <b>Total Current Assets</b>         | 4,791                     | 3,093  |
| <b>Non-Current Assets</b>           |                           |  |
| Trade and other receivables         | -                         | 275  |
| Financial assets                    | 41                        | 165  |
| Deferred tax assets                 | 123                       | 243  |
| Property, plant and equipment (net) | 8,223                     | 7,123  |
| Intangible assets (net)             | 400                       | -  |
| <b>Total Non-Current Assets</b>     | 8,787                     | 7,806  |
| <b>TOTAL ASSETS</b>                 | 13,578                    | 10,899   |

|                                      |       |       |
|--------------------------------------|-------|-------|
| <b>Current Liabilities</b>           |       |       |
| Trade and other payables             | 1,201 | 994   |
| Short - term financial liabilities   | 596   | 951   |
| Short - term provisions              | 156   | 143   |
| <b>Total Current Liabilities</b>     | 1,953 | 2,088 |
| <b>Non-Current Liabilities</b>       |       |       |
| Long - term financial liabilities    | 3,593 | 5,463 |
| Deferred tax liabilities             | 102   | 329   |
| Long - term provisions               | 52    | 48    |
| <b>Total Non-Current Liabilities</b> | 3,747 | 5,840 |
| <b>TOTAL LIABILITIES</b>             | 5,700 | 7,928 |
| <b>NET ASSETS</b>                    | 7,878 | 2,971 |

|  |       |       |
|--|-------|-------|
| <b>Equity</b>  |       |       |
| Issued capital   | 6,161 | 745   |
| Reserves   | 123   | 124   |
| Retained Profits   | 1,594 | 2,102 |
| <b>Equity Attributable to Members of the Parent Entity</b> | 7,878 | 2,971 |
| Outside equity interests in controlled entities            | -     | -     |
| <b>Total Equity</b>  | 7,878 | 2,971 |



## 4.1

**Consolidated Retained Profits**

Retained earnings at the beginning  
of the financial period  
Net profits attributable to members  
Transfer from Reserve  
Dividends and other equity distributions paid or payable

**Retained earnings at the end of the financial period**

|  | <b>Current Period<br/>AS'000</b> | <b>Previous<br/>corresponding<br/>period<br/>AS'000</b> |
|--|----------------------------------|---|
|  | 1,124                            | 1,265   |
|  | 470                              | 837   |
|  | -                                | -   |
|  | -                                | -   |
|  | 1,594                            | 2,102   |

5. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

**Cash flows related to operating activities**

Receipts from customers

Payments to suppliers and employees

Net cash flow from hedging

Interest received

Interest and other costs of finance paid

Income taxes paid

**Net cash flows from operating activities**

**Cash flows related to investing activities**

Payments for purchases of property, plant and equipment

Payments for footage

Payments for programme library

**Net cash flows from investing activities**

**Cash flows related to financing activities**

Proceeds from issues of securities (shares, options etc)

Proceeds from acquisition

Proceeds from loans

Repayment of borrowings

**Net cash flows from financing activities**

**Net increase (decrease) in cash and cash equivalents held**

Cash and cash equivalents at beginning of period - refer 5.1 below

**Cash and cash equivalents at end of period - refer 5.1 below**

|   | Current Period<br>A\$'000 | Previous<br>corresponding<br>period<br>A\$'000 |
|---|---------------------------|--|
|   |                           |  |
| Receipts from customers                                 | 7,440                     | 6,202  |
| Payments to suppliers and employees                     | (3,367)                   | (2,680)  |
| Net cash flow from hedging                              | (592)                     | 201  |
| Interest received                                       | 33                        | 1  |
| Interest and other costs of finance paid                | (481)                     | (533)  |
| Income taxes paid                                       | -                         | -  |
| <b>Net cash flows from operating activities</b>         | <b>3,033</b>              | <b>3,191</b>                                   |
|   |                           |  |
| <b>Cash flows related to investing activities</b>       |                           |  |
| Payments for purchases of property, plant and equipment | (188)                     | (237)  |
| Payments for footage                                    | (412)                     | (445)  |
| Payments for programme library                          | (3,703)                   | (4,002)  |
| <b>Net cash flows from investing activities</b>         | <b>(4,303)</b>            | <b>(4,684)</b>                                 |

**Cash flows related to financing activities**

Proceeds from issues of securities (shares, options etc)

Proceeds from acquisition

Proceeds from loans

Repayment of borrowings

**Net cash flows from financing activities**

**Net increase (decrease) in cash and cash equivalents held**

Cash and cash equivalents at beginning of period - refer 5.1 below

**Cash and cash equivalents at end of period - refer 5.1 below**

|   |              |              |
|---|--------------|--------------|
|   |              |              |
| Proceeds from issues of securities (shares, options etc)            | 657          | 305          |
| Proceeds from acquisition   | 1,106        | -            |
| Proceeds from loans   | -            | 1,124        |
| Repayment of borrowings   | (70)         | -            |
| <b>Net cash flows from financing activities</b>                     | <b>1,693</b> | <b>1,429</b> |
|   |              |              |
| <b>Net increase (decrease) in cash and cash equivalents held</b>    | <b>423</b>   | <b>(64)</b>  |
| Cash and cash equivalents at beginning of period - refer 5.1 below  | 135          | 199          |
| <b>Cash and cash equivalents at end of period - refer 5.1 below</b> | <b>558</b>   | <b>135</b>   |

5.1 Reconciliation of Cash

Cash on hand and at bank

Bank overdraft

**Total cash at end of period**

|                                    | Current Period<br>A\$'000 | Previous<br>corresponding<br>period<br>A\$'000 |
|------------------------------------|---------------------------|--|
| Cash on hand and at bank           | 558                       | 135  |
| Bank overdraft                     | -                         | -  |
| <b>Total cash at end of period</b> | <b>558</b>                | <b>135</b>                                     |

**OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

| Current Period | Previous corresponding period |
|----------------|-------------------------------|
| 31 cents       | N/A                           |

6. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

7. DETAILS OF CONTROLLED ENTITIES

7.1 Control Gained Over Entities During the Period

Not Applicable

7.2 Loss of Control of Entities During the Period

Not Applicable

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not Applicable

9. DIVIDENDS

Not Applicable

10. ACCOUNTING STANDARDS

Australian Equivalents to International Financial Reporting Standards have been used in compiling the information contained in this Appendix 4E.

11. OTHER INFORMATION REGARDING THE ACCOUNTS

11.1 The information contained in this Appendix 4E is based on accounts which (choose one):

- have been audited

- are in the process of being audited

- have not yet been audited

11.2 Audit Disputes or Qualifications

Not applicable

12. OTHER SIGNIFICANT INFORMATION

World Wide Entertainment Group Limited is listed on the Australian Stock Exchange. Coneco Limited completed the legal acquisition of World Wide Entertainment Production and Sales Pty Ltd on 17 January 2009. Under the terms of AASB 3 Business Combinations, World Wide Entertainment Production and Sales Pty Ltd was deemed to be the accounting acquirer in the business combination. On the date of acquisition Coneco Limited changed its name to World Wide Entertainment Group Limited.

*Coneco Limited will be referred to in the report as "Coneco"; the original World Wide Entertainment Production and Sales Pty Ltd as "WWEPS"; and the combined group as "WWEG".*

This transaction has been accounted for as a reverse acquisition under AASB 3. Accordingly the consolidated financial statements of WWEG have been prepared as a continuation of the consolidated financial statements of WWEPS. WWEPS, as the deemed acquirer, has accounted for the acquisition of Coneco from 17 January 2009. The comparative information from 1 July 2008 presented in the consolidated financial statements is that of WWEPS.