

WORLD.NET SERVICES LIMITED (ABN: 77 072 392 673)

CORPORATE GOVERNANCE STATEMENT

World.Net Services Limited and the Board are strongly committed to achieving high standards of corporate governance.

A description of the Company's main corporate governance practices is set out below, and on the Company's website (www.world.net). All of these practices, unless otherwise stated, comply with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations", and were in place for the entire financial year.

The Board aims to ensure that any departures from the guidelines do not have a negative impact on the best interests of the shareholders.

Foundations for management and oversight

The Board monitors the business affairs of the Company on behalf of its shareholders, by whom they are elected, and to whom they are accountable. In recognition of this responsibility, the Board has formally adopted a corporate governance policy. This policy is designed to encourage Directors to focus their attention on accountability, risk management, and ethical conduct.

The Company has a policy of undertaking appropriate checks before appointing a person, or putting forward to security holders, a candidate for election as a Director, and to provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Board seeks to ensure that it has an appropriate level and combination of expertise and experience. The skills, experience and expertise relevant to the position of each Director in office are detailed in the Directors' Report. Where necessary, a Director, with the approval of the Chairman, may seek independent professional advice from external advisers at the Company's expense.

Issues of substance affecting the Company are to be considered by the full Board, with advice from external professional advisers as required. The Directors must declare any conflict of interest when it arises, and those Directors with a conflict will excuse themselves from the meeting, and will not vote on any resolutions pertaining to a matter where there is a material personal interest.

The Board's functions are set out in the Company's Board Charter. Key matters reserved to the Board include:

- oversight of the Company, including its control and accountability systems;
- appointing and removing the Chief Executive Officer (or equivalent);
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

The Board has proposed to undertake an annual self-assessment of its collective performance. The assessment will include a review of the Board Charter, Board composition, committee structure, and functions of the Board. As part of the performance evaluation, the Board proposes to review the independence of Directors and ensure that the Directors collectively have the appropriate mix of skills required to maximise the Board's effectiveness, and ensure that the Company is able to meet its goals and objectives.

The Company does not currently have a written agreement with every director and senior executive setting out the terms of their appointment, due to resource constraints. However, the Company intends to execute such agreements as soon as practicable (Recommendation 1.3).

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Structure of the board

Under the Company's Constitution, the maximum number of Directors is ten, or such other number approved by the shareholders. The minimum number is four. At each Annual General Meeting, any Director who has held office for three years, and any Director who is appointed by the Directors in the preceding year, must retire and is then eligible for re-election. The quorum for a Directors' meeting is four. The Chairman has a casting vote at Directors' meetings unless there are only two Directors present.

The Board of World.Net Services Limited presently comprises the following Directors:

Dato' Eng Kwong Gan	Non-executive Chairman
Mr Ernst M R van Oeveren	Chief Executive Officer
Mr James A Norriss	Non-executive Director
Mr Swe Cheong Thong	Non-executive Director
Mr Christopher J Yong	Non-executive Director

The majority of the Board are Non-executive Directors.

Each Director has the skills and experience necessary for the proper supervision and leadership of the Company, and brings together a broad range of qualifications. Details of the Directors, their experience, and their special responsibilities, are set out in the Directors' Report.

The Board has delegated responsibility for day-to-day management of the Company to the Chief Executive Officer (CEO). However, the CEO must consult the Board on matters that are sensitive, extraordinary, or of a highly strategic nature.

The Board has adopted specific principles in relation to Directors' independence. These state that to be deemed independent, a Director must be a Non-executive and:

- is not a substantial shareholder of the Company or an Officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years, has not been employed in an executive capacity by the Company, or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years, has not been a principal of a material professional adviser or a material consultant to the Company, or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company, or other group member, or an Officer of, or otherwise associated directly or indirectly with, a material supplier or customer;
- has no material contractual relationship with the Company, or another group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest, and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or group is considered material for these purposes.

The Company has a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

At present, having regard to the size of the Company, and the size and composition of the Board, the Board does not consider it necessary for a majority of the Directors to be independent. Furthermore, the current Directors have the appropriate mix of skills required to maximise the effectiveness of the Board, and ensure that the Company is able to meet its goals and objectives. The Board will make an assessment each year as to whether there would be a material net benefit to the Company in appointing more Directors, and if so, future appointments to the Board will be made, having regard to balancing the Board towards a greater number of independent Directors (Recommendation 2.4).

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The Board believes that given his experience, expertise and knowledge of the industry and the Company, Dato' Eng Kwong Gan has the most suitable attributes and the leadership skills necessary to perform the role of Chairman of the Board. At present, the Board does not believe that there would be any material net benefit to the Company in appointing an independent Chairperson (Recommendation 2.5).

At present, having regard to the size of the Company, and the size and composition of the Board, the Board does not consider it necessary for a nomination committee to be established. The typical areas of responsibility of a nomination committee are currently addressed and considered by the full Board. The Board will make an assessment each year as to whether changes in circumstances justify the establishment of a nomination committee (Recommendation 2.1).

Ethical and responsible decision making

The Company aims to maintain the highest standard of ethical conduct. In maintaining its ethical standards, the Company encourages its personnel to act with the utmost integrity, objectivity, and in compliance with the letter and the spirit of the law and company policies.

The Company has a policy that Directors and senior Executives are restricted from trading in the Company's shares outside of an approved trading window. The current approved trading window is a period of six weeks after the Company announces to the ASX its half year or full year trading results. Clearance may be sought from the Board for trading outside of the approved trading window.

The Company also has a policy which restricts Directors, officers, and employees from acting on material information until it has been released to the market.

The Company has not yet established a diversity policy, however, the Company is committed to promoting an environment that promotes diversity, and recognises the corporate benefits which arise from employee and Board diversity. Whilst there is no formal diversity policy in place, the Company is committed to promoting equality and the treatment of all individuals with respect, regardless of religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference. The Company intends to establish a diversity policy as soon as practicable (Recommendation 1.5).

The Company's female representation is as follows:

▪ Proportion of female employees in the whole Company:	50%
▪ Proportion of female employees in Senior Executive positions:	Nil
▪ Proportion of female employees on the Board:	Nil

Integrity in financial reporting

World.Net Services Limited formed an Audit Committee in the 2000 financial year, prior to listing on the Australian Securities Exchange (ASX).

The committee's responsibilities were to assist the Board in ensuring the maintenance of satisfactory internal controls throughout the Company, and the fulfilment of its responsibilities under the Corporations Law, the Listing Rules and other statutory obligations. The Audit Committee was to review the performance of the external auditors and meet with them to review the audit plans, reports emanating out of the audit, material changes in accounting policy, and other matters of relevance. It was to investigate any matter within its terms of reference, and retain external advisers to assist in the conduct of any investigation where necessary.

The Audit Committee has been inactive since the commencement of the 2002 financial year, from which time the full Board took over the committee's typical areas of responsibility. At that time, the Board was of the opinion that given the size of the Company, and the size and composition of the Board, there was no overall benefit to the Company in retaining an Audit Committee. The Board will make an assessment each year as to whether, due to changes in circumstances, there would be a material net benefit to the Company in reintroducing the Audit Committee (Recommendation 4.1).

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Timely and balanced disclosure and rights of shareholders

The Company is committed to comply with its continuous disclosure obligations, and seeks to provide relevant and timely information to shareholders and investors through ASX releases, written reports, and the Company's website.

The Company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company, and its controlled entities, that could reasonably be expected to have a material effect on the price of the Company's securities. Such policies and procedures include mechanisms for ensuring that relevant matters are communicated, and that the information is released in a timely and balanced manner.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media, and the public. All information disclosed to the ASX is posted on the Company's website after it has been disclosed to the ASX.

The Company aims to keep shareholders informed of the Company's performance and major developments. All shareholders receive a copy of the Company's Annual Report and are encouraged to visit the Company's website (www.world.net), where the most recent company announcements, media briefings, press releases and financial reports are available.

The Company gives security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Recognition and management of risk

The Board is responsible for establishing and implementing a sound system of risk oversight and management and internal control, and has designed a system to identify, assess, monitor and manage material risk throughout the group. Although the Company does not have a formally documented risk management system, it is generally compliant with Principle 7.

The Chief Executive Officer and the Chief Financial Officer have made the following representations to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition of the Company, and are in accordance with the relevant accounting standards; and
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that compliance and control is operating efficiently and effectively in all material respects.

The Company's Auditor is invited to attend Annual General Meetings, and is available to answer questions from the members of the Company about the conduct of the audit, and the preparation and content of the auditor's report.

The Company will disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Board is not aware of any material exposure to economic, environmental or social sustainability risks to which the Company may be subject.

At present, having regard to the size of the Company, and the size and composition of the Board, the Board does not consider it necessary for a risk management committee to be established. The typical areas of responsibility of a risk management committee are currently addressed and considered by the full Board. The Board will make an assessment each year as to whether changes in circumstances justify the establishment of a risk management committee (Recommendation 7.1).

The Company does not have an internal audit function, primarily due to resource constraints, however, it employs processes for evaluating and continually improving the effectiveness of its risk management and internal control processes. The Board and Management reviews the Company's risk management and internal control processes after each annual audit, taking into consideration best practice and recommendation by the Company's external auditors (Recommendation 7.3).

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Remunerate fairly and responsibly

The Board of Directors is responsible for determining and reviewing remuneration packages for the Directors and the Executive team. The Board assesses the appropriateness of the nature and amount of emoluments on a periodic basis, having regard to relevant employment market conditions and the Company's financial and operational performance, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Executives are entitled to participate in the employee share and share option plans. The payment of bonuses, share options and other incentive payments are put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes which must be justified by reference to measurable performance criteria. Remuneration and other terms of employment for the Chief Executive Officer are formalised in a service agreement.

Information pertaining to the Company's remuneration policies is detailed in the Directors' Report.

At present, having regard to the size of the Company, and the size and composition of the Board, the Board does not consider it necessary for a remuneration committee to be established. The typical areas of responsibility of a remuneration committee are currently addressed and considered by the full Board. The Board will make an assessment each year as to whether changes in circumstances justify the establishment of a remuneration committee (Recommendation 8.1).