WORLD.NET

World.Net Services Limited

ABN 77 072 392 673

(the "Company")
and its subsidiaries
(the "Group")

ASX Appendix 4D (Half Year Report)
(incorporating the Half Year Financial Report)
for the six months ended 31 December 2018
given to ASX under Listing Rule 4.2A

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This Half Year Financial Report does not include all of the information required for a full Annual Financial Report, and should be read in conjunction with the Annual Report of the Group, as at, and for the year ended 30 June 2018, and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

World.Net Services Limited

ABN 77 072 392 673

Results for Announcement to the Market
for the six months ended 31 December 2018

Results for announcement to the market (Item 2)

Item 2.1 **Revenue from ordinary activities**	down	15%	to	$159,832
Item 2.2 **Profit (loss) from ordinary activities after tax attributable to members**	up	115%	to	($117,410)
Item 2.3 **Net profit (loss) for the period attributable to members**	up	115%	to	($117,410)
Item 2.4 **Dividends**	It is not proposed to pay dividends			
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 read in conjunction with the entire ASX Appendix 4D (Half Year Report).

Refer to "Review of Operations" in the Directors' Report for further details of the Group's operations, and the results of those operations, during the interim period.

ASX Appendix 4D Additional Information
for the six months ended 31 December 2018

Net tangible assets per security (Item 3)

	31-Dec-2018 AUD	31-Dec-2017 AUD
Net tangible asset backing per ordinary security	(0.05)	(0.04)

Details of entities over which control has been gained or lost (Item 4)

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

Details of individual and total dividends and dividend payments (Item 5)

No dividends were paid or declared since the start of the interim period, and no recommendation for payment of dividends has been made.

Details of dividend reinvestment plans in operation (Item 6)

No dividend reinvestment plans were in operation during the interim period and at the date of this report.

Details of associates and joint venture entities (Item 7)

There were no associates or joint venture entities during the interim period and at the date of this report.

For foreign entities - accounting standards used (Item 8)

Not applicable

Audit dispute(s) or qualification(s) (Item 9)

None

Directors' Report

The directors present their report together with the Consolidated Financial Report for the six months ended 31 December 2018, and the Review Report thereon.

Directors

The directors of the Company at any time during, or since, the end of the interim period are:

- Dato' Eng Kwong Gan
- Ernst M R van Oeveren
- James A Norriss
- Swe Cheong Thong
- Christopher J Yong

Directors were in office for the entire period unless otherwise stated.

Review of Operations

The net loss of the Group for the six months ended 31 December 2018 was $117,410 (six months ended 31 December 2017: $54,585 net loss).

The table below summarises the operating performance of the Group during the interim period, and shows a comparative analysis of this with the previous corresponding period:

	31-Dec-2018 AUD	31-Dec-2017 AUD	Change AUD	Change %
Revenue and other income (excluding interest)	159,832	188,040	(28,208)	(15%)
Employee benefits expense	(203,578)	(187,681)	(15,897)	(8%)
Other expenses (excluding depreciation, amortisation, impairment losses and interest)	(71,011)	(53,034)	(17,977)	(34%)
EBITDA	**(114,757)**	**(52,675)**	**(62,082)**	**(118%)**
Depreciation, amortisation and impairment losses	(2,072)	(1,552)	(520)	(34%)
EBIT	**(116,829)**	**(54,227)**	**(62,602)**	**(115%)**
Net interest	(581)	(358)	(223)	(62%)
EBT	**(117,410)**	**(54,585)**	**(62,825)**	**(115%)**

Review of Operations (continued)

A 15% decrease in revenue and other income (from $188,040 to $159,832), an 8% increase in employee benefits expense (from $187,681 to $203,578), and a 34% increase in other expenses (from $53,034 to $71,011) resulted in a $62,082 decline in EBITDA (from a $52,675 EBITDA loss to a $114,757 EBITDA loss) during the half year.

World.Net continues to be focused on PYO Travel (“PYO”) as the main commercial driver for its technology strategy.

The Company's development plans for the next 12 months will focus on delivering upgrades to the PYO engine and associated services. 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.

Auditor’s Independence Declaration

The Auditor’s Independence Declaration is set out on page 6, and forms part of the Directors’ Report for the six months ended 31 December 2018.

Dated at Sydney this 27th day of February 2019.

Signed in accordance with a resolution of the directors:

Dato’ Eng Kwong Gan
Director

To the Board of Directors of World.Net Services Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit partner for the review of the interim financial statements of World.Net Services Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

Yours sincerely

Nexia Sydney Partnership

Stephen Fisher
Partner

Date: 27 February 2019

Sydney Office
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

World.Net Services Limited

ABN 77 072 392 673

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2018

	Note	31-Dec-2018 AUD	31-Dec-2017 AUD
Operations			
Revenue		159,832	179,469
Cost of sales		(479)	(912)
Gross profit		**159,353**	**178,557**
Other income		-	8,571
Employee benefits expense		(203,578)	(187,681)
Depreciation and amortisation expense		(2,072)	(1,552)
Foreign currency translation losses		(20,570)	-
Administrative expenses		(49,962)	(52,122)
Loss from operations		**(116,829)**	**(54,227)**
Finance income		-	-
Finance expenses		(581)	(358)
Net finance expense		**(581)**	**(358)**
Loss before income tax		**(117,410)**	**(54,585)**
Income tax expense		-	-
Loss after income tax		**(117,410)**	**(54,585)**
Loss attributable to owners of World.Net Services Limited		**(117,410)**	**(54,585)**
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(4,797)	(5,231)
Total comprehensive loss attributable to members of World.Net Services Limited		**(122,207)**	**(59,816)**
Earnings per share			
Basic loss per share (cents per share)		(0.2)	(0.1)
Diluted loss per share (cents per share)		(0.2)	(0.1)

The Condensed Notes form an integral part of these Consolidated Half Year Financial Statements.

World.Net Services Limited
ABN 77 072 392 673

Condensed Consolidated Statement of Financial Position
as at 31 December 2018

	Note	31-Dec-2018 AUD	30-Jun-2018 AUD
Assets			
Cash and cash equivalents		30,793	20,869
Trade and other receivables		-	-
Other current assets		6,982	5,566
Total current assets		**37,775**	**26,435**
Plant and equipment	9	10,338	9,879
Total non-current assets		**10,338**	**9,879**
Total assets		**48,113**	**36,314**
Liabilities			
Trade and other payables		1,461,809	1,374,992
Short-term borrowings	10	1,288,010	1,288,010
Short-term provisions		53,298	53,298
Total current liabilities		**2,803,117**	**2,716,300**
Trade and other payables		130,000	130,000
Long-term borrowings	10	390,729	343,540
Total non-current liabilities		**520,729**	**473,540**
Total liabilities		**3,323,846**	**3,189,840**
Net liabilities		**(3,275,733)**	**(3,153,526)**
Equity			
Issued capital		8,815,101	8,815,101
Reserves		210,881	215,678
Accumulated losses		(12,301,715)	(12,184,305)
Total deficiency	11	**(3,275,733)**	**(3,153,526)**

The Condensed Notes form an integral part of these Consolidated Half Year Financial Statements.

Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 December 2018

	Share capital AUD	Translation reserve AUD	Accumulated losses AUD	Total equity AUD
Balance at 1 July 2018	8,815,101	215,678	(12,184,305)	(3,153,526)
Loss for the period			(117,410)	(117,410)
Other comprehensive income				
Foreign currency translation differences		(4,797)		(4,797)
Balance at 31 December 2018	8,815,101	210,881	(12,301,715)	(3,275,733)

	Share capital AUD	Translation reserve AUD	Accumulated losses AUD	Total equity AUD
Balance at 1 July 2017	8,815,101	232,359	(11,989,746)	(2,942,286)
Loss for the period			(54,585)	(54,585)
Other comprehensive income				
Foreign currency translation differences		(5,231)		(5,231)
Balance at 31 December 2017	8,815,101	227,128	(12,044,331)	(3,002,102)

The Condensed Notes form an integral part of these Consolidated Half Year Financial Statements.

Condensed Consolidated Statement of Cash Flows
for the six months ended 31 December 2018

	Note	31-Dec-2018 AUD	31-Dec-2017 AUD
Cash flows from operating activities			
Cash receipts from customers		217,640	181,121
Cash paid to suppliers and employees		(246,995)	(252,167)
Finance expenses		(581)	(358)
Net cash used in operating activities		**(29,936)**	**(71,404)**
Cash flows from investing activities			
Acquisition of plant and equipment	9	(2,371)	(851)
Net cash used in investing activities		**(2,371)**	**(851)**
Cash flows from financing activities			
Proceeds from borrowings	10	47,189	63,488
Net cash provided by financing activities		**47,189**	**63,488**
Net increase (decrease) in cash and cash equivalents		**14,882**	**(8,767)**
Cash and cash equivalents at 1 July		20,869	36,142
Effect of exchange rate changes on cash and cash equivalents		(4,958)	(5,536)
Cash and cash equivalents at 31 December		**30,793**	**21,839**

The Condensed Notes form an integral part of these Consolidated Half Year Financial Statements.

1. Reporting Entity

World.Net Services Limited (the "Company") is a company domiciled in Australia. The Consolidated Half Year Financial Report of the Company, as at, and for the six months ended 31 December 2018 comprises the Company and its subsidiary (together referred to as the "Group").

The Consolidated Annual Financial Report of the Group, as at, and for the year ended 30 June 2018 can be downloaded from the Company's website (www.world.net).

2. Statement of Compliance

The Consolidated Half Year Financial Report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Consolidated Half Year Financial Report does not include all of the information required for a full Annual Financial Report, and should be read in conjunction with the Consolidated Annual Financial Report of the Group, as at, and for the year ended 30 June 2018, and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Consolidated Half Year Financial Report was approved by the Board of Directors on 27 February 2019.

3. Significant Accounting Policies

The accounting policies applied by the Group in this Consolidated Half Year Financial Report are the same as those applied by the Group in its Consolidated Financial Report, as at, and for the year ended 30 June 2018, except for the impact of new Accounting Standards on accounting policies as set out in Note 4.

4. New or revised Standards and Interpretations that are first effective in the current reporting period

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of these Accounting Standards did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2018 and not expected to have any significant impact on the financial performance for the full financial year ending 30 June 2019.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

5. Going Concern

The Group recorded a net loss after tax of $117,410 for the six months ended 31 December 2018. At balance date, the Group had a deficiency in net assets of $3,275,733 and cash of $30,793.

Furthermore, as disclosed in Note 8, the Group derives approximately 99% of its revenue from one customer, and is economically dependent on that customer.

The ability of the Group to continue as a going concern is therefore dependent upon:

1. the continuation of the Group's relationship with its principal customer, and its ability to generate sufficient revenue and cash flow from that customer;
2. the Group's ability to generate revenue from other sources;
3. the continued financial support provided by the Chairman, who also controls the Group's major shareholder; and
4. the continued support of 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.

In the opinion of the Directors, there is a reasonable basis to believe that the Company and the Group can continue as going concerns. However, should the matters stated above not occur, there is significant uncertainty that the Group can continue as a going concern and realise its assets and settle its obligations at the amounts recognised in the financial statements.

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 Group not continue as a going concern.

6. Estimates

The preparation of the Half Year Financial Report requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

7. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the Consolidated Financial Report, as at, and for the year ended 30 June 2018.

8. Segment Reporting

Identification of reportable operating segments

The Group 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.

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.

Condensed Notes to the Consolidated Half Year Financial Statements for the six months ended 31 December 2018 (continued)

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 3 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 Group 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 $10,338 (2017: $8,764) reside in Malaysia.

Sole customer
Revenue attributable to the sole customer amounts to $158,324 (2017: $179,469), and is reported in the Malaysia segment.

For the six month period ended 31 December

	Australia		Malaysia		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
External revenue	-	-	159,832	179,469	-	-	159,832	179,469
Other segments	-	-	-	-	-	-	-	-
Segment revenue	-	-	159,832	179,469	-	-	159,832	179,469
Segment result	(67,200)	(36,878)	(50,210)	(17,707)	-	-	(117,410)	(54,585)

As at

	Australia		Malaysia		Eliminations		Consolidated	
	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018
	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Segment assets	301,171	299,903	48,827	38,259	(301,885)	(301,848)	48,113	36,314
Segment liabilities	3,029,724	2,961,257	295,889	230,350	(1,767)	(1,767)	3,323,846	3,189,840

Condensed Notes to the Consolidated Half Year Financial Statements for the six months ended 31 December 2018 (continued)

9. Plant and Equipment

During the six months ended 31 December 2018, the Group acquired new assets with a cost of $2,371 (six months ended 31 December 2017: the Group acquired new assets with a cost of $851).

10. Loans and Borrowings

There were new loans and borrowings, net of repayments, totalling $47,189, during the interim period (six months ended 31 December 2017: there were new loans and borrowings, net of repayments, totalling $63,488).

11. Capital and Reserves

For a reconciliation of movements in capital and reserves, refer to the Consolidated Statement of Changes in Equity on page 9.

12. Contingencies

There were no material changes in contingencies during the interim period.

13. Related Parties

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the 30 June 2018 Annual Financial Report.

Directors' Declaration

In the opinion of the directors of World.Net Services Limited (the "Company"):

1. the financial statements and notes, set out on pages 7 to 16, are in accordance with the *Corporations Act 2001*, including:

    (a) giving a true and fair view of the Group's financial position as at 31 December 2018, and of its performance for the six month period ended on that date; and

    (b) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, with the continued financial support of major shareholders and creditors.

Dated at Sydney this 27th day of February 2019.

Signed in accordance with a resolution of the directors:

Dato' Eng Kwong Gan
Director

Nexia Australia

Independent Auditor's Review Report to the members of World.Net Services Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of World.Net Services Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of World.Net Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Sydney Office
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of World.Net Services Limited is not in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of Group's financial position as at 31 December 2018 and of its performance for the period ended on that date; and

ii. complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 5 of the financial statements which indicates that the Group has incurred a net loss of $117,410 during the period ended 31 December 2018 and, as of that date, the Group's total liabilities exceeded its total assets by $3,275,733. As stated in Note 5, these events or conditions, along with other matters as set forth in Note 5, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Nexia Sydney Partnership

Stephen Fisher
Partner
Sydney, NSW

27 February 2019