



W O R L D . N E T

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 2016
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 2016, 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 2016

Results for announcement to the market (Item 2)

Item 2.1

Revenue from ordinary activities

down 25% to \$153,580

Item 2.2

Profit (loss) from ordinary activities
after tax attributable to members

up 19% to (\$96,644)

Item 2.3

Net profit (loss) for the period
attributable to members

up 238% to (\$274,302)

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.

World.Net Services Limited

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ASX Appendix 4D Additional Information for the six months ended 31 December 2016

Net tangible assets per security (Item 3)

	31-Dec-2016 AUD	31-Dec-2015 AUD
Net tangible asset backing per ordinary security	(0.04)	(0.04)

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

World.Net Services (UK) Limited, a wholly owned subsidiary of World.Net Services Limited, was voluntarily dissolved on 9 August 2016. Refer to Note 14 (Discontinued Operations) to the Financial Statements for further information.

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 2016, 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 2016 was \$274,302 (six months ended 31 December 2015: \$81,129 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-2016 AUD	31-Dec-2015 AUD	Change AUD	Change %
Revenue and other income (excluding interest)	153,580	203,966	(50,386)	(25%)
Employee benefits expense	(196,558)	(216,409)	19,851	9%
Other expenses (excluding depreciation, amortisation, impairment losses and interest)	(52,222)	(67,347)	15,125	22%
EBITDA	(95,200)	(79,790)	(15,410)	(19%)
Depreciation, amortisation and impairment losses	(1,094)	(1,230)	136	11%
EBIT	(96,294)	(81,020)	(15,274)	(19%)
Net interest	(350)	(109)	(241)	(221%)
EBT	(96,644)	(81,129)	(15,515)	(19%)

**Directors' Report
(continued)**

Review of Operations (continued)

A 25% decrease in revenue and other income (from \$203,966 to \$153,580), a 9% decrease in employee benefits expense (from \$216,409 to \$196,558), and a 22% decrease in other expenses (from \$67,347 to \$52,222) resulted in a \$15,410 decline in EBITDA (from a \$79,790 EBITDA loss to a \$95,200 EBITDA loss) during the half year.

World.Net continued to focus on the ongoing development and management of PYO Travel and associated travel web sites and mobile apps. All of the core modules required for PYO operations are working well and are fit for purpose, so for the remainder of the year the Company has the scope to focus more on innovative ideas and solutions for PYO. Consequently, we are excited about our development pipeline, and have established clear targets to launch a range of new and innovative features for PYO during the second half of the 2017 financial year.

This major site refresh is aimed at improving our profile in the competitive online travel space in Asia, and drive increased revenue.

The performance of our cloud hosting has continued to be a success, achieving all the project objectives for improved performance, reliability, scalability, and ease of management.

The Company's staff levels have reduced slightly during the period, with 11 full-time and 1 part-time staff.

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 2016.

Dated at Sydney this 28th day of February 2017.

Signed in accordance with a resolution of the directors:



Dato' Eng Kwong Gan
Director

The Board of Directors
World.Net Services Limited
Level 14, Lumley House
309 Kent Street
Sydney, NSW 2000

28 February 2017

Dear Board Members

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


As lead audit partner for the review of the financial statements of World.Net Services Limited for the half year ended 31 December 2016, 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



Andrew Hoffmann
Partner
Sydney, NSW

28 February 2017

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World.Net Services Limited

ABN 77 072 392 673

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2016

	Note	31-Dec-2016 AUD	31-Dec-2015 AUD
Continuing operations			
Revenue		153,580	203,966
Cost of sales		(1,139)	(1,070)
Gross profit		152,441	202,896
Employee benefits expense		(196,558)	(216,409)
Depreciation and amortisation expense		(1,094)	(1,230)
Other expenses		(51,083)	(66,277)
Loss from continuing operations		(96,294)	(81,020)
Finance income		-	-
Finance expenses		(350)	(109)
Net finance expense		(350)	(109)
Loss before income tax		(96,644)	(81,129)
Income tax expense		-	-
Loss from continuing operations after income tax		(96,644)	(81,129)
Discontinued operations after income tax			
Loss from discontinued operations after income tax	14	(177,658)	-
Loss attributable to owners of World.Net Services Limited		(274,302)	(81,129)
Other comprehensive income, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		100,477	87,707
<i>Reclassification adjustments</i>			
Reclassification to gain from discontinued operations after income tax	14	192,304	-
Total comprehensive income attributable to members of World.Net Services Limited		18,479	6,578
Earnings per share			
Basic earnings per share (cents per share)		(0.4)	(0.1)
Diluted earnings per share (cents per share)		(0.4)	(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

Consolidated Statement of Financial Position as at 31 December 2016

	Note	31-Dec-2016 AUD	30-Jun-2016 AUD
Assets			
Cash and cash equivalents		23,695	1,793
Trade and other receivables		361	655
Other current assets		10,295	13,555
Total current assets		34,351	16,003
Plant and equipment	9	4,120	5,618
Total non-current assets		4,120	5,618
Total assets		38,471	21,621
Liabilities			
Trade and other payables		1,163,643	1,199,093
Short-term borrowings	10	1,288,010	1,288,010
Short-term provisions		83,298	83,298
Total current liabilities		2,534,951	2,570,401
Trade and other payables		130,000	130,000
Long-term borrowings	10	199,881	166,060
Total non-current liabilities		329,881	296,060
Total liabilities		2,864,832	2,866,461
Net assets		(2,826,361)	(2,844,840)
Equity			
Issued capital		8,815,101	8,815,101
Reserves		240,356	(52,425)
Accumulated losses		(11,881,818)	(11,607,516)
Total equity	11	(2,826,361)	(2,844,840)

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Consolidated Statement of Changes in Equity for the six months ended 31 December 2016

	Share capital AUD	Translation reserve AUD	Accumulated losses AUD	Total equity AUD
Balance at 1 July 2016	8,815,101	(52,425)	(11,607,516)	(2,844,840)
<i>Other comprehensive income</i>				
Foreign currency translation differences		100,477		100,477
Transfer from reserves on discontinued operation (Note 14)		192,304		192,304
Loss for the period			(274,302)	(274,302)
Balance at 31 December 2016	8,815,101	240,356	(11,881,818)	(2,826,361)

	Share capital AUD	Translation reserve AUD	Accumulated losses AUD	Total equity AUD
Balance at 1 July 2015	8,815,101	(86,644)	(11,414,178)	(2,685,721)
<i>Other comprehensive income</i>				
Foreign currency translation differences		87,707		87,707
Loss for the period			(81,129)	(81,129)
Balance at 31 December 2015	8,815,101	1,063	(11,495,307)	(2,679,143)

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

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Consolidated Statement of Cash Flows for the six months ended 31 December 2016

	Note	31-Dec-2016 AUD	31-Dec-2015 AUD
Cash flows from operating activities			
Cash receipts from customers		163,106	216,898
Cash paid to suppliers and employees		(275,556)	(440,275)
Finance expenses		(350)	(109)
Net cash used in operating activities		(112,800)	(211,751)
Cash flows from investing activities			
Acquisition of plant and equipment	9	-	-
Net cash used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings*	10	33,821	110,376
Net cash provided by financing activities		33,821	110,376
Net increase (decrease) in cash and cash equivalents*		(78,979)	(113,110)
Cash and cash equivalents* at 1 July		1,793	25,728
Effect of exchange rate changes on cash and cash equivalents		100,881	88,296
Cash and cash equivalents* at 31 December		23,695	914

* Net of bank overdrafts

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

**Condensed Notes to the Consolidated Half Year Financial Statements
for the six months ended 31 December 2016**

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 2016 comprises the Company and its subsidiaries (together referred to as the "Group").

The Consolidated Annual Financial Report of the Group, as at, and for the year ended 30 June 2016 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 2016, 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 28 February 2017.

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 2016.

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

A number of new and revised accounting standards were applicable from 1 July 2016. However, none of the standards identified had any impact on the Group during the period.

**Condensed Notes to the Consolidated Half Year Financial Statements
for the six months ended 31 December 2016
(continued)**

5. Going Concern

The Group recorded a net loss after tax of \$274,302 for the six months ended 31 December 2016. At balance date, the Group had a deficiency in net assets of \$2,826,361 and cash of \$23,695.

Furthermore, as disclosed in Note 8, the Group derives approximately 100% 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 2016.

**Condensed Notes to the Consolidated Half Year Financial Statements
for the six months ended 31 December 2016
(continued)**

8. Segment Reporting

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 dormant segment, which 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 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 Consolidated Entity at an arm's length. These transfers are eliminated on consolidation.

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Condensed Notes to the Consolidated Half Year Financial Statements for the six months ended 31 December 2016 (continued)

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 \$4,120 (2015: \$6,423) reside in Malaysia.

Sole customer

Revenue attributable to the sole customer amounts to \$153,394 (2015: \$190,093), and is reported in the Malaysia segment.

For the six month period ended 31 December

	Australia		UK		Malaysia		Eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
External revenue	-	-	-	-	153,580	203,966	-	-	153,580	203,966
Other segments	-	-	-	-	-	-	-	-	-	-
Segment revenue	-	-	-	-	153,580	203,966	-	-	153,580	203,966
Segment result	47,023	(65,142)	28,661	-	(71,167)	(15,987)	(278,819)	-	(274,302)	(81,129)

As at

	Australia		UK		Malaysia		Eliminations		Consolidated	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Segment assets	610,381	610,205	-	-	1,075,345	1,175,266	(1,647,255)	(1,763,851)	38,471	21,621
Segment liabilities	3,059,065	3,105,912	-	1,493,891	1,516,213	1,576,961	(1,710,446)	(3,310,303)	2,864,832	2,866,461

**Condensed Notes to the Consolidated Half Year Financial Statements
for the six months ended 31 December 2016
(continued)**

9. Plant and Equipment

During the six months ended 31 December 2016, the Group did not acquire any new assets (six months ended 31 December 2015: the Group did not acquire any new assets).

10. Loans and Borrowings

There were new loans and borrowings, net of repayments, totalling \$33,821, during the interim period (six months ended 31 December 2015: there were new loans and borrowings, net of repayments, totalling \$110,486).

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 2016 Annual Financial Report.

14. Discontinued Operations

World.Net Services (UK) Limited, a wholly owned subsidiary of World.Net Services Limited, was voluntarily dissolved on 9 August 2016. The operations of World.Net Services (UK) Limited have been deemed to have discontinued on 9 August 2016. Financial information relating to the discontinued operation is set out below.

	31-Dec-2016	31-Dec-2015
	AUD	AUD
Gain on disposal of assets and liabilities on loss of control of subsidiary before income tax	14,646	-
Exchange differences on translation of discontinued operations	(192,304)	-
Income tax expense	-	-
Gain on disposal of assets and liabilities on loss of control of subsidiary after income tax	177,658	-
Total gain after tax attributable to the discontinued operation	177,658	-

There were no cash flows associated with the discontinued operation.

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 15, 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 2016, 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 28th day of February 2017.

Signed in accordance with a resolution of the directors:



Dato' Eng Kwong Gan
Director

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 2016, 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 2016 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of World.Net Services Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Independent Auditor's Review Report (continued)

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 2016 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter Regarding Continuation as a Going Concern

Without modifying our review conclusion above, we draw attention to Note 5 of the financial statements "Going Concern". The financial statements have been prepared on the basis that the Company is a going concern. The Group has incurred a net loss during the period of \$81,998 and at balance date its total liabilities exceed its total net assets by \$2,826,361.

These conditions, along with the matters described in Note 5, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and settle its liabilities in the normal course of business.



Nexia Sydney Partnership



Andrew Hoffmann
Partner
Sydney, NSW

28 February 2017