



World Reach Limited
ABN 39010 568 804

5 / 8 Anzed Court, Mulgrave,
Victoria, Australia 3170

T +61 3 8561 4200

F +61 3 9560 9055

E: info@worldreach.com.au

23 February 2017

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4D Half Year Report and Financial Report

The Company encloses its Appendix 4D (Half Year Report) and Half Year Financial Report for the six months ended 31 December 2016, including audited Financial Statements, Notes to the accounts, Directors Report and Auditors Review Report, for immediate release.

Yours faithfully

A handwritten signature in black ink, appearing to read "Dennis Payne". The signature is written in a cursive style with a large, sweeping initial "D".

Dennis Payne
Company Secretary

WORLD REACH LIMITED
ABN 39 010 568 804

Appendix 4D
Half Year Report
Half Year ended 31 December 2016

The information contained in this Appendix 4D should be read in conjunction with the most recent Annual Report covering the financial year ending 30 June 2016.

1. Reporting periods

Current reporting period	Half year ended 31 December 2016
Previous corresponding periods	Half year ended 31 December 2015
	Financial year ended 30 June 2016

2. Results for announcement to the market

		\$A	
2.1	Total revenue	Down 30.58%	to \$4,738,668
2.2	Profit (loss) from ordinary activities after tax attributable to members	Down \$543,384 from profit for half year 31 December 2015 of \$264,420	to \$(278,964)
2.3	Net profit (loss) for the period attributable to members	Down \$543,384 from profit for half year 31 December 2015 of \$264,420	to \$(278,964)
2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
	Previous corresponding period:		
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A	

2.6 EXPLANATION

Over the course of the first half of FY2017, the Company's revenue achievement has been lower than anticipated and ended the first half financial year 30% lower than the same period of FY2016. Although such fluctuations are not unusual, there are a series of factors that are potentially impacting the Company's overall sales performance, including:

- Some delays to customer commitments and a preference amongst our trading partners to moderate the size of orders;
- Various demand-impacting and largely uncontrollable global economic conditions which have impacted longer term delivery requests and delayed purchases;
- Volatility in respect to the USD against other base currencies including the AUD;
- A moderation of the earnings growth experienced in the SatPhoneShop, which has been particularly impacted by higher USD pricing; and
- Deliveries under the third order for Iridium GO![®] will not recommence until April 2017 (the last delivery was in December 2015).

The Company is exercising restraint in terms of overhead expenditure, nevertheless the significant reduction in revenue over the corresponding period of last year has severely impacted profit for this half year. A full year profit for FY2017 is still expected, while the Company seeks to complete its two major development projects which will bring to market new products later in 2017.

3. Net Tangible Assets per security

	31 December 2016 Cents per share	30 June 2016 Cents per share
Net tangible assets per security	9.7203¢	13.0509¢

4. Details of entities over which control has been gained or lost during the period:

4.1 Name of the entity.

N/A

4.2 The date of the gain or loss of control.

N/A

4.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Current period	Previous corresponding Period
N/A	N/A

5. Individual and Total Dividend or Distribution Payments

Dividend or distribution payments:	Amount	Date on which each dividend or distribution is payable	Amount per security of foreign sourced dividend or distribution (if known)
N/A	N/A	N/A	N.A
Total			

6. Dividend or Distribution Reinvestment Plans

N/A

7. Details of associates and joint venture

Name of entity	% Holding	Aggregate Share of profit (losses)		Contribution to net profit	
		Current period	Previous corresponding period	Current period	Previous corresponding period
N/A					

8. Foreign entity accounting standards

N/A

9. Independent review of the financial report

The financial report has been independently reviewed and all matters are adequately stated.

Signed by Chairman:



Name: Mr Simon Wallace

Date: 23 February 2017

**World Reach Limited
and Controlled Entities**

ABN 39 010 568 804

Half-year financial report
for the half-year ended 31 December 2016

**WORLD REACH LIMITED
AND CONTROLLED ENTITIES
ABN 39 010 568 804**

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016**

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DIRECTORS' REPORT

The Directors of World Reach Limited submit herewith the Condensed Consolidated Financial Report of World Reach Limited and controlled entities ('Group') for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Directors:

The names of the Directors of the Company during or since the end of the half-year are:

Non-Executive Directors:

Mr Carl Cheung Hung

Mr David Dawson (resigned 22 December 2016)

Mr Simon Wallace

Managing Director:

Mr Michael Ian Capocchi

Review of Operations

The consolidated Group financial results for the half-year ended 31 December 2016 and comparative results for the half-year ended 31 December 2015 are as follows:

	1 July 2016 to 31 Dec 2016 \$	1 July 2015 to 31 Dec 2015 \$
Revenue	4,738,668	6,826,537
Operating expenses	<u>(4,991,711)</u>	<u>(6,523,043)</u>
Operating profit/(loss) before interest and tax	(253,043)	303,494
Interest	(24,522)	(25,944)
Income tax expense	<u>(1,398)</u>	<u>(13,130)</u>
Profit/(loss) for the period	<u>(278,963)</u>	<u>264,420</u>
	At 31 Dec 2016	At 31 Dec 2015
Financial position / total equity	\$7,432,138	\$7,305,655
Cash and cash equivalents	\$ 766,112	\$1,705,443

Over the course of the first half of FY2017, the Group's revenue achievement has been lower than anticipated and ended the first half financial year 30% lower than the same period of FY2016. Although such fluctuations are not unusual, the emerging tendency of monthly sales performances to fall below expectations gave rise to a review by senior management, in conjunction with the Board, of the first half year results.

While the results of that review did not point to any shift in the market inferred to be permanent, nor were any fundamental changes to the current strategy and distribution model considered to be warranted, it did highlight a series of factors that are potentially impacting the consolidated Group's overall sales performance, including:

- Some delays to customer commitments and a preference amongst our trading partners to moderate the size of orders;
- Various demand-impacting and largely uncontrollable global economic conditions which have impacted longer term delivery requests and delayed purchases;

- Volatility in respect to the USD against other base currencies including the AUD;
- A moderation of the earnings growth experienced in the SatPhoneShop, which has been particularly impacted by higher USD pricing; and
- Deliveries under the third order for Iridium GO![®] will not recommence until April 2017 (the last delivery was in December 2015).

The Group is exercising restraint in terms of overhead expenditure, nevertheless the significant reduction in revenue over the corresponding period of last year brought about by the above mentioned market factors, has severely impacted profit for this half year, leading to a net loss for the period to 31 December 2016 of \$278,963.

In a release to the Australian Securities Exchange ('ASX') on 25 January 2017 the Group advised that revenues for FY2017 are expected to be less than those enjoyed in FY2016 but a full year profit is still anticipated with net profit before tax for FY2017 expected to be in the range of \$100,000 to \$250,000.

The Directors further advise that whilst the reduction in FY2017 revenues naturally impacts cash usage, the Group exercises strong cost control and the cash balance is supplemented by pre-approved and undrawn loan facilities of A\$3,400,000. The Group currently has no debt and no convertible notes remain on issue.

While the short-term trading outlook will always be a key consideration of the Board and senior management, the Group is well placed and well-funded to navigate a period of volatility.

In the first half of the 2016 financial year and continuing through calendar 2017 the subsidiary Beam Communications Pty Ltd ('Beam'), worked towards completing its two current major development projects, which will bring to market new products later in 2017. These projects are proceeding in accordance within the expected timeframe and budgetary allowances and the Board remains determined to continue investments in innovative and advanced technologies over the medium and long terms.

The Directors are confident that, despite the revised FY2017 guidance and the trading patterns that have necessitated the recent update, the Group's revenues in FY2018 will benefit significantly from the release to market of our newly developed products.

Amortization of the major Iridium GO![®] development project, to design a product giving smartphone access to global satellite communications, commenced in June 2014. Beam completed the second major order for this product in December 2015 and will commence deliveries under the third order in April 2017. Following this change to expectations it was decided to make a second extension to the minimum life of this product, to four years, and hence extend the straight-line amortization period to better match the expected revenue stream. This reduced the amortization cost in the six months to 31 December 2016 as detailed in Note 5 to the financial statements. In a partial offset, the R&D grants received in relation to this product development, being brought to account monthly on a straight-line basis, have been similarly extended which reduces the gain to profit in the six months to 31 December 2016 as detailed in Note 6.

As announced via the ASX on 19 October 2016 Beam was granted approval from a key existing client, Inmarsat plc, to develop and manufacture a new, innovative satellite data terminal. Beam will be undertaking the new product development concurrently with its other major product development project for Thuraya Telecommunications Company of Dubai. As one of Inmarsat's early adopter launch partners, Beam's new terminal will be developed utilising Inmarsat's soon to be released BGAN Radio Module. This new radio module will also facilitate and form the basis of lower cost terminals to target the increasing need for mobile and fixed satellite communications. Beam will invest over \$2,000,000 on this new product initiative giving Beam a completely new platform for the development of various Inmarsat data solutions following the successful launch of the first terminal.

As part of the Inmarsat development project, World Reach Limited has entered into a loan agreement for the provision of a secured loan finance facility of up to \$US2,000,000, ('*Finance Facility*') to be provided by SGV1 Holdings Limited ('SGV1'). The interests of SGV1 are secured by a general security interest granted

over the Company's assets and undertakings. The security ranks behind the interests of the Company's transactional financier, National Australia Bank Limited.

The Finance Facility has been available to be drawn from 1 January 2017 and the term of the facility is 36 months. The Company believes revenues generated by the project for which the Finance Facility will be used, along with the Group's continuing organic revenues from existing operations, will be sufficient to enable repayment of the loan from its own resources.

The Group's relationship with Season Group ('Season') continues to strengthen. Season provides engineering, tool making and testing facilities for new products as well as contract manufacturing for the majority of Beam's products in Guangdong, China. Season also has manufacturing facilities in the USA, Canada, UK, Malaysia and Mexico. World Reach Limited Group director Mr Carl Hung is President and CEO of Season Group and managing director of SGV1, an associated company, which holds a strategic investment of 21.41% in World Reach Limited.

The principal activity of the Group during the half-year ended 31 December 2016 has been the manufacture and global distribution of satellite communication terminals and handheld phone accessories. Beam had only developed products to specifically suit the two major global satellite networks of Iridium and Inmarsat prior to undertaking the project with Thuraya. That project is anticipated to continue until late FY2017 and has minimum contracted revenues of US\$3,000,000 in the first 12 months after sales begin.

The Group continues to benefit from the Australian Government R&D cash grant which subsidises costly investment in new product development, receiving \$224,000 in August 2016 related to expenditure in FY2015. Profit will be enhanced on a monthly straight-line basis, as described above. The Group is currently preparing an R&D grant submission for lodgement in April 2017 related to FY2016 which will be of a greater magnitude than last year's claim.

On 22 December the board appointed a new Chairman, Mr Simon Wallace, following the resignation of Mr David Dawson, the changeover was smoothly handled and the Group's affairs continued uninterrupted. As stated above and in the revised profit outlook, the second half of FY2017 is expected to be profitable. Expenditure and investment will continue in 2017 on the two concurrent major projects for two satellite network operators as we recommence Iridium GO![®] deliveries. The Directors looks forward to updating the market further regarding the progress of our product developments as we approach the global launch of these sophisticated satellite communication devices, designed and engineered by our local team.

Significant changes in the state of affairs

Other than stated above, there have been no significant changes in the consolidated group's state of affairs during the period.

Auditor's Declaration of Independence

The auditor's independence declaration is included in the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the directors.



Mr Simon Wallace
Chairman

Signed in Melbourne, 23 February 2017

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of World Reach 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:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS**

J S Croall
Partner

Melbourne, VIC
23 February 2017

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	Half-year ended	
		31-Dec-16	31-Dec-15
		\$	\$
Revenue		4,738,668	6,826,537
Changes in inventories of raw materials, finished goods and work in progress		(299,646)	767,764
Raw materials, consumables and other costs of sale		(2,497,268)	(4,086,873)
Employee benefits expense		(1,081,148)	(1,790,246)
Amortisation expense		(254,864)	(401,164)
Depreciation expense		(37,609)	(23,760)
Production engineering costs		(28,862)	(88,431)
Finance costs expense		(24,522)	(25,944)
Consultancy and contractor expense		(137,813)	(190,708)
Legal and insurance expense		(96,546)	(73,037)
Accounting, share registry and secretarial expenses		(37,839)	(42,139)
Auditor remuneration expense		(29,373)	(18,747)
Other expenses		(490,743)	(575,702)
Profit/ (loss) before income tax		(277,565)	277,550
Income tax expense	3	(1,398)	(13,130)
Profit / (loss) for the half-year		(278,963)	264,420
Other comprehensive income		-	-
Total comprehensive income / (loss) for the half-year		(278,963)	264,420
Profit / (loss) and total comprehensive income / (loss) are both fully attributable to owners of the Company			
Overall operations			
Basic earnings / (loss) per share (cents)	2	(0.65)	0.61
Diluted earnings / (loss) per share (cents)	2	(0.65)	0.59

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
 ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2016

	Note	31-Dec-16 \$	30-Jun-16 \$
Current assets			
Cash and cash equivalents		766,112	2,287,898
Inventories		3,234,127	3,533,773
Trade and other receivables	4	1,417,720	1,162,452
Total current assets		<u>5,417,959</u>	<u>6,984,123</u>
Non-current assets			
Plant and equipment		192,878	174,403
Deferred tax assets		1,483,943	1,483,943
Intangible assets	5	3,235,567	2,076,589
Total non-current assets		<u>4,912,388</u>	<u>3,734,934</u>
Total assets		<u>10,330,347</u>	<u>10,719,057</u>
Current liabilities			
Trade and other payables	6	2,143,497	2,157,791
Short-term provisions		740,046	826,845
Total current liabilities		<u>2,883,543</u>	<u>2,984,636</u>
Non-current liabilities			
Long-term provisions		14,666	23,320
Total non-current liabilities		<u>14,666</u>	<u>23,320</u>
Total liabilities		<u>2,898,209</u>	<u>3,007,956</u>
Net assets		<u>7,432,138</u>	<u>7,711,101</u>
Equity			
Issued capital	8	5,784,925	5,784,925
Reserves		561,687	668,780
Retained earnings		1,085,526	1,257,396
Total equity		<u>7,432,138</u>	<u>7,711,101</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued capital \$	Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2015	5,784,925	304,696	763,149	6,852,770
Total comprehensive profit attributable to owners of the Company	-	-	264,420	264,420
Transactions with owners in their capacity as owners				
- Remuneration based option payments	-	188,465	-	188,465
Balance at 31 December 2015	5,784,925	493,161	1,027,569	7,305,655
Balance at 1 July 2016	5,784,925	668,780	1,257,396	7,711,101
Total comprehensive profit attributable to owners of the Company	-	-	(278,963)	(278,963)
Transactions with owners in their capacity as owners				
- Remuneration based option payments	-	-	-	-
- Adjustment for employee share options lapsed	-	(107,093)	107,093	-
Balance at 31 December 2016	5,784,925	561,687	1,085,526	7,432,138

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
 ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half-year ended	
	31-Dec-16	31-Dec-15
	\$	\$
Cash flow from operating activities		
Receipts from customers	4,767,701	7,369,966
Payments to suppliers and employees	(5,019,953)	(7,930,981)
Interest and finance charges paid	(24,522)	(25,944)
Income tax paid	(1,398)	(13,130)
Interest received	2,361	534
Net cash provided by / (used in) operating activities	(275,811)	(599,555)
Cash flow from investing activities		
Development costs capitalised	(1,413,843)	(324,575)
Purchases of plant and equipment	(56,084)	(87,851)
Research and development grant receipts	223,952	-
Net cash used in investing activities	(1,245,975)	(412,426)
Cash flow from financing activities		
Net loan repayments	-	(411,862)
Net cash used in financing activities	-	(411,862)
Net decrease in cash and cash equivalents	(1,521,786)	(1,423,843)
Cash and cash equivalents at beginning of half-year	2,287,898	3,129,286
Cash and cash equivalents at end of half-year	766,112	1,705,443

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1 Summary of significant accounting policies

(a) Reporting entity

World Reach Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX Code: WRR). The condensed consolidated interim financial report of the company at 31 December 2016 comprises the parent company and its subsidiaries (together referred to as 'the consolidated entity' or 'the Group').

(b) General information and basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not include all of the information required in annual financial statements in accordance with Australian Accounting Standards. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the following half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The consolidated interim financial statements have been approved and authorised for issue by the Board of Directors on 22 February 2017.

(c) Accounting policies

The accounting policies applied in preparing these condensed consolidated financial statements for the half-year ended 31 December 2016 are the same as those applied by the consolidated entity in its consolidated annual financial report as at and for the year ended 30 June 2016.

2 Earnings per share

Overall operations

Basic earnings per share
 Diluted earnings per share

Half-year ended	
31-Dec-16	31-Dec-15
cents	cents

(0.65) 0.61
 (0.65) 0.59

No. No.

Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share

43,173,452 43,173,452

Adjustment for calculation of diluted earnings per share

- 1,950,158

Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Diluted Earnings per share

43,173,452 45,123,610

Anti-dilutive options on issue not used in dilutive EPS calculation due to the average market price being less than the exercisable price.

- 735,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31-Dec-16	31-Dec-15
	\$	\$
3 Income tax		
Income tax expense	1,398	13,130

Income tax expense relates to the payment of income tax by the company's wholly owned subsidiary, Beam Communications USA Inc, a company incorporated in the USA. Profits earned in the USA are not offset by the tax losses available to the Australian operations, which were disclosed in the most recent annual financial report as at 30 June 2016.

	31-Dec-16	30-Jun-16
	\$	\$
4 Trade and other receivables		
(a) Current		
Trade receivables	1,098,573	999,865
Provision for doubtful debts	(58,420)	(58,420)
Other receivables and prepayments	274,844	116,184
Rental security deposit	102,723	104,823
	<u>1,417,720</u>	<u>1,162,452</u>

(b) Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
			31 - 60	61 - 90	90+	
31-Dec-16						
<u>Current</u>						
Trade receivables	1,098,573	664,856	301,748	68,325	5,224	58,420
Other receivables	274,844	274,844	-	-	-	-
Rental security deposit	<u>102,723</u>	<u>102,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30-Jun-16						
<u>Current</u>						
Trade receivables	999,865	652,062	236,998	51,370	1,016	58,420
Other receivables	116,184	116,184	-	-	-	-
Rental security deposit	<u>104,823</u>	<u>104,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

All trade receivables past due terms but not impaired are expected to be received in the normal course of business.

	31-Dec-16	30-Jun-16
	\$	\$
5 Intangible assets		
Cost	8,874,663	7,460,821
Accumulated amortisation and impairment	(5,639,096)	(5,384,232)
	<u>3,235,567</u>	<u>2,076,589</u>

(a) Movements in carrying amounts		
Balance at the beginning of period	2,076,589	1,752,419
Additional costs capitalised	1,413,842	1,164,474
Amortisation expense	(254,864)	(840,304)
Balance at the end of period	<u>3,235,567</u>	<u>2,076,589</u>

Due to a deferred product implementation programme, an assessment of the effective life of the Iridium GO! development cost intangible asset has been revised at 1 July 2016 from a total effective life of 36 months with 11 months remaining to a 48 month life with 23 months remaining at that date. Accordingly, the amortisation charge against profit has been reduced in the period to 31 December 2016 to \$254,864. Had this revision not occurred the amortisation charge would have been \$439,140.

When taking into account the effect of the corresponding revision in the time over which the related R&D grant income is brought to account as detailed in Note 6, there is a net increase in profit of \$61,404 for the period to 31 December 2016.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31-Dec-16	30-Jun-16
	\$	\$
6 Trade and other payables		
(a) Current		
Trade payables and accruals	1,026,161	1,086,077
Deferred income	1,117,337	1,071,714
	<u>2,143,497</u>	<u>2,157,791</u>

Due to the deferral of Development Cost Intangible Asset amortisation as indicated in Note 5, the related deferred R&D grant income has been brought to account over the amended amortisation period resulting in \$177,530 of R&D grant income being recognised in the statement of profit & loss for the period ending 31 December 2016. Had no revision of grant income been made \$300,402 of grant income would have been recognised over this period.

7 Finance facilities

Bank facilities

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Group's assets including uncalled capital and called but unpaid capital. At 31 December 2016, the group had the following unused bank facilities:

- an Australian dollar overdraft with a limit of \$300,000. The overdraft was not utilised at 31 December 2016.
- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 31 December 2016.

Other facilities

The group has a secured loan finance facility with SGV1 Holdings Limited for US\$2,000,000. As at 31 December 2016 none of this facility had been drawn down with drawdowns only available from 1 January 2017. The security is a general security interest over the group's assets and undertakings, ranking second behind the bank's facilities. The secured loan facility is for a 36 month term and will be utilized mainly for the purposes of funding development of a new Inmarsat data terminal.

8 Issued capital

Issued and paid up capital

	31-Dec-16		30-Jun-16	
	Shares	\$	Shares	\$
Ordinary shares fully paid	43,173,452	5,784,925	43,173,452	5,784,925
Total issued capital	<u>43,173,452</u>	<u>5,784,925</u>	<u>43,173,452</u>	<u>5,784,925</u>

	Number of shares		\$	
Balance at 30 June 2015 & 30 June 2016	43,173,452	5,784,925		
Balance at 31 December 2016	<u>43,173,452</u>	<u>5,784,925</u>		

9 Segment reporting

Sole operating segment

The Group has identified operating segments based upon internal reports that are reviewed and used by the Directors in assessing performance and determining the allocation of resources in respect of its satellite communications products services and online sales. The company considers its aggregate segment as its sole segment and accordingly, revenue and results are fully disclosed in the condensed consolidated statement of profit or loss and other comprehensive income for this aggregated sole operating segment. The condensed consolidated statement of financial position also discloses the sole operating segment assets and liabilities which are held within Australia.

10 Related party transactions

(a) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(b) Finance facility with related parties:

On 19 October 2016 the Group entered into a secured finance facility with a major shareholder, SGV1 Holdings Limited, a company associated with Mr Carl Hung, a Director of World Reach Limited. Refer to note 7 for further details.

11 Events after the end of the interim period

The Directors are not aware of any significant events since the end of the interim period.

DIRECTORS' DECLARATION

The directors of World Reach Limited declare that:

1. the financial statements and notes as set out in pages 6 to 12 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
 - (b) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the period ended on that date of the company and consolidated group;
 - (c) the financial records of the company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
 - (d) any other matters that are prescribed by the regulations for the purposes of this declaration in relation to the financial statements and the notes for the financial year are also satisfied.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the half year ending 31 December 2016.

This declaration is made in accordance with a resolution of the Board of Directors on 23 February 2017.



Mr Simon Wallace
Chairman

Signed in Melbourne, 23 February 2017

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF****WORLD REACH LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of World Reach Limited which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity'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 Reach 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 Reach Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 Reach Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



J S Croall
Partner

Melbourne, VIC
23 February 2017