World Reach Limited
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30 August 2017

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4E and Audited Financial Statements and Reports for year ending 30 June 2017

The Company encloses its Appendix 4E (Final Report) together with Audited FY2017 Financial Statements and Reports including all Notes to the Accounts as well as the Chairman's and Directors' Reports.

Yours faithfully

Dennis Payne
Company Secretary

WORLD REACH LIMITED
ABN 39 010 568 804

Appendix 4E
Final Report
Year ended 30 June 2017

1. Reporting periods

Current reporting period	Year ended 30 June 2017
Previous corresponding period	Year ended 30 June 2016

2. Results for announcement to the market

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2.1	Revenue from ordinary activities	Down 20%	To 9,880,153
2.2	Profit from ordinary activities after tax attributable to members	Loss of 558,321 for FY 2017	Profit of 481,422 for FY 2016
2.3	Net profit for the period attributable to members	Loss of 558,321 for FY 2017	Profit of 481,422 for FY 2016
2.4	Dividends (distributions)	Amount per security	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

In the first half of FY2017 the Group's revenue achievement was lower than anticipated and ended 30% lower than the same period of FY2016. Subsequent performance improved significantly with the second half only 7% lower than the corresponding period last year.

There were several factors in the reduction of revenues and of net profit including a delay in recommencing deliveries of Iridium GO!® until April 2017 and a decrease in sales of docking stations due to lower handset sales by both major network operators. Being a high margin category, the profit impact is significant.

Refer also to Item 14 – Commentary on results for the year.

3, 4, 5 & 6. Statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity.

Refer to the attached financial statements together with notes for the year ended 30 June 2017.

7. 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			

8. Dividend or distribution reinvestment plans

N/A

9. Net tangible assets/(liabilities) per security

	30 June 2017 Cents per share	30 June 2016 Cents per share
Net tangible assets / (deficiency of assets) per security	6.5188c	13.0509c

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

10.1 Name of the entity.	N/A	
10.2 The date of the gain or loss of control.	N/A	
	Current period	**Previous corresponding Period**
10.3 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.	$ N/A	$ N/A

11. Details of associates and joint venture entities

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

12. Other significant information

On 28 August 2017 the Group announced the placement of 9,700,000 ordinary shares to Australian investor interests at an issue price of $0.20 per share which will raise $1,940,000, enabling the Group to fund the progression of product development projects and limit reliance on debt facilities. Placement funds are expected to be received by 15 September. The placement also confers the right to appoint a director to the Group's Board.

Other than the above, there have been no significant events since the end of the reporting period.

13. Foreign entities

N/A

14. Commentary on results for the year

The principal activities of the Group during the year were the design, development, manufacture and global sales and distribution of its extensive range of satellite communication terminals, accessories and data airtime services.

A summary of the results for the year follows:

	2017 ($000)	**2016 ($000)**
Revenue	$9,880	$12,378
Deduct:		
Cost of goods sold, research & development, administrative marketing and corporate expenses	$(9,751)	$(11,015)
Operating profit before amortisation, depreciation, interest and tax	**$129**	**$1,363**
Deduct:		
Amortisation	$(424)	$(840)
Depreciation	$(78)	$(55)
Interest	$(50)	$(51)
Operating profit/(loss)	**$(423)**	**$417**
Net tax benefit/(expense)	$(135)	$64
Net profit/(loss) for year	**$(558)**	**$481**

In the first half of FY2017 the Group's revenue achievement was lower than anticipated and ended 30% lower than the same period of FY2016. Subsequent performance improved significantly with the second half only 7% lower than the corresponding period last year.
The major factors that impacted the Group's overall sales and profit performance, were:

- Demand for remote satellite data and telephony services remains subdued across the global industry, with continued modest order sizes reflective of a reluctance by distributors to retain and hence fund larger stock inventories.

- Sales of docking stations have decreased due to lower handset sales by both major network operators. Being a high margin category, the profit impact is significant.

- Deliveries under the third order for Iridium GO!® did not recommence until April 2017 (the previous delivery was in December 2015).

- With new, enhanced products known to be coming to market in the near term, we believe some orders are being deferred to take advantage of the greater product capabilities shortly to be available to consumers.

The Group exercised restraint in terms of overhead expenditure, nevertheless the significant reduction in revenue brought about by the above mentioned market factors, severely impacted profit for this year, leading to a net loss after three consecutive years of profitable trading.

Amortization of the major Iridium GO!® development project commenced in June 2014. subsidiary Beam Communications Pty Ltd (‘*Beam*’) completed the second major order for this product in December 2015 and commenced 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 year. 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 reduced the gain to profit in the year.

In addition to various tax items in FY2017 which are largely offsetting, the lowering of the Australian corporate tax rate to 27.5% necessitated an adjustment to the future value of those tax losses already reflected in the Group’s accounts. An amount of $134,154 has been removed from the value of the tax asset previously recognized, thereby impacting the Group’s final net profit after tax figure by that sum.

Throughout FY2017 Beam worked towards completing its two current major development projects, which will bring to market new products, the first later in calendar 2017 and the second in mid calendar 2018. These projects are proceeding in accordance within the expected timeframe and budgetary allowances. The new products, which will not replace but rather augment our existing offerings, will enable greater flexibility, capability and choice for consumers and we are consequently not only expecting, but are contractually assured of receiving major additional Group revenues.

15. Audit

The financial statements for the year ended 30 June 2017 have been audited and will not be qualified or include any emphasis of matter.

Signed by Chairman:

Mr Simon Wallace
Date: 30 August 2017

CONTENTS

DIRECTORATE

NON-EXECUTIVE CHAIRMAN
Mr Simon Lister Wallace

MANAGING DIRECTOR
Mr Michael Ian Capocchi

NON-EXECUTIVE DIRECTORS
Mr Carl Cheung Hung

COMPANY SECRETARY
Mr Dennis Frank Payne

REGISTERED OFFICE

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ASX OFFICE

Based in Melbourne

ASX CODE

WRR

CHAIRMAN'S REPORT

I am pleased to provide the following Chairman's Report on the World Reach Group of companies for the year ended 30 June 2017.

Summary

Assessed in isolation, FY2017 clearly delivered a financial performance that was weaker than both anticipated or desired, with the Group sustaining its only loss in the last four financial years.

Although sales volumes and order frequencies were lower than anticipated, this has been fairly representative across our industry generally. I am however, both pleased and proud to say that our investment in future product opportunities has been sustained, and even expanded during this period.

We have also invested considerably in our online presence and capabilities, with the rebuilt and relaunched website of World Reach Limited subsidiary Beam Communications Pty Ltd (**Beam**) (www.beamcommunications.com.au) receiving two distinguished industry accolades during the year, as well as effusive praise and increased traffic from users. Following the success of the new Beam website, we are currently undertaking a major revamp of the SatPhone Shop website to further increase custom and expand our overall product offering. That SatPhone Shop surpassed $1,000,000 in annual revenues for the first time was significant, and directly related to the commitment we have shown to funding and building that business over the last five years.

The fruits of our other recent and ongoing investments are expected to be enjoyed in coming years, such that we are confident that our net result for FY2017 will in due course be shown to have been an aberration.

Financial Performance and Factors

While the Group's short–term trading outlook will always be a key consideration of the Board and senior management, we are now well placed and well-funded to navigate periods of revenue and profit volatility.

The witnessing of lower order volumes and frequencies in the first half of the year led directly to the exercise of significant cost management and scrutiny. The Group's net performance in the second half of FY2017 improved considerably, as more key products were delivered to key clients.

The lowering of the Australian corporate tax rate to 27.5% necessitated a balance sheet adjustment to the future value of those tax losses already reflected in the Group's accounts. We look forward to utilising that tax asset in coming years. Indeed, the Board expects the Group to return to profit for FY2018 and FY2019, as new product developments are released to market.

The Group continues to benefit from the Australian Government R&D rebate, which subsidises our costly investments in new product development. We received $601,000 in July 2017, related to expenditure in FY2016, and the Group will soon lodge a submission related to its FY2017 expenditure, which will be of a greater magnitude than last year's claim.

Capital and Funds Management

During FY2017, we were pleased to receive the support of SGV1 Holdings Limited (**SGV**), being an entity associated with Group director Mr Carl Hung, which has agreed to provide World Reach Limited with a secured loan finance facility of up to US$2M. As yet undrawn, that facility will greatly aid our ability to progress our existing product aspirations and in particular will be used to develop an innovative new terminal in conjunction with Inmarsat plc.

On 28 August 2017, we were delighted to announce that Australian telecommunications icon David Stewart had agreed to invest $1,940,000, by way of a placement of ordinary shares priced at a level 60% above World Reach's then on-market bid price. After agreeing to the placement, David indicated that he would take up the conferred right to join the Board. These moves will reinforce the Group's financial capacity as well as its collective managerial experience and acumen.

Product Developments

Two major product development projects from Beam are scheduled for widespread release within the next 12 months, with considerable expected revenue impacts, in FY2018 and FY2019. These products, which will not replace but rather augment our existing offerings, will enable greater flexibility, capability and choice for consumers and we are consequently not only expecting, but for one of the projects, we are contractually assured of receiving a minimum of US$3M in revenues.

It is a credit to our management and engineering staff that new products, such as the dual mode hotspot unit, to be known as the Thuraya WE, will soon commence deliveries. I encourage all shareholders to visit http://www.worldreach.com.au/we_video/, both to observe this unit's impressive capabilities and utility, but also to appreciate the technical expertise required to design and produce it.

As announced in October 2016, and with the assistance of committed support from SGV as mentioned earlier, Beam was also granted approval from Inmarsat plc to develop and manufacture a new, innovative satellite data terminal, which when completed will provide Beam with a completely new platform for the development of various Inmarsat data solutions.

Beam's reputation for timely, innovative and quality communications developments continues to be enhanced and the Board remains unapologetically committed to funding, leveraging and adding to its engineering and project management expertise.

Appreciation to Staff and Board

In closing, I would like to thank the previous Chairman, Mr David Dawson, for tightly overseeing the Group's activities during his Chairmanship period of two years, making my transition in December 2016 seamless.

I would also like to express my appreciation to fellow directors Carl Hung and Michael Capocchi, as well as Michael's executive team, for their on-going efforts to drive our Group to deliver the best possible returns for those we all ultimately serve: our shareholders.

Mr Simon Wallace
Chairman
Date: 30 August 2017

DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entities for the financial year ended 30 June 2017.

DIRECTORS

The persons who have been a Director of the Company since the start of the financial year to the date of this report are:

Simon Wallace
Michael Ian Capocchi
David Dawson (resigned 22 December 2016)
Carl Cheung Hung

The qualifications, experience and special responsibilities of each of the directors who held office during the year are:

Simon Lister Wallace – Chairman

Age: 43

Simon Wallace is a corporate lawyer. Having previously worked at Gadens Lawyers for many years, Simon is a founding partner of Melbourne-based commercial and corporate law practice Nick Stretch Legal, established in 2010.

Simon has extensive legal and commercial proficiency, with particular expertise in the areas of project finance, fundraising and corporate governance. He also has substantial professional experience in the areas of investment banking, structured and direct equity investments, product formulation and sales.

More recently, he was a director of ASX-listed Hastings Rare Metals Limited.

Simon is admitted to practise as a barrister and solicitor of the Supreme Court of Victoria, the Federal Court of Australia and the High Court of Australia, and he holds degrees from the Australian National University in both Law and Commerce.

Simon was elected Chairman following the resignation of David Dawson on 22 December 2016.

Michael Ian Capocchi – Managing Director

Age: 46

Michael Capocchi has over 20 years' experience in the ICT industry and has held several senior management positions. Michael is based in Chicago, USA, which places him closer to the important centres for satellite communications in the USA and UK/Europe.

Michael joined World Reach Limited as the General Manager of the subsidiary, Beam Communications Pty Ltd, in 2003 and was appointed as Managing Director of World Reach Limited in March 2008.

Prior to joining World Reach, Michael was the Regional Sales Director for Iridium Satellite LLC, directly managing the sales, distribution and channel management strategies for the Asia-Pacific region.

Michael has held senior management positions as the Sales and Marketing Director of Pacific Internet responsible for establishing the Australian operations of the company and with Optus Communications and Myer Stores Limited.

Michael Capocchi is an integral part of the World Reach business, including managing the day to day operations of the group which occasions extensive domestic and international travel.

Mr Carl Cheung Hung – Non Executive Director

Age: 33

Mr Hung has a Bachelor of Commerce degree from the University of British Columbia and an Executive Masters of Business Administration from University of Western Ontario's (UWO) Richard Ivey School of Business. He is a Six Sigma Black Belt certified by SGS. He is also a Certified Management Accountant.

Mr Hung is President and CEO of Season Group International Inc, a global Electronic Manufacturing Services provider. He has helped grow the company from USD15 million in 2002 to USD161 million in 2016, expanding the company's footprint from China, Canada and Malaysia to include the USA, Mexico and UK.

Season Group has been the preferred contract manufacturer for Beam Communications Pty Ltd for several years and has been instrumental in rationalising Beam's manufacturing and supply processes.

David Antony Dawson – Chairman
(Resigned 22 December 2016)

Indemnification of Directors and Officers

During the year, the economic entity has paid premiums in respect of an insurance contract to indemnify it's directors and officers against liabilities that may arise from their positions. Directors and officers indemnified include the Company Secretary, all directors and all executive officers participating in the management of the economic entity.

Further disclosure required under section 300(9) of the Corporations Law is prohibited under the terms of the insurance contract.

Directorships of Other Listed Companies

Simon Wallace held the position of non-executive director of Hastings Rare Metals Ltd from 9 December 2013 to 18 November 2014. No other director of World Reach Limited has been a director of a listed company in the three years immediately before the end of the financial year.

COMPANY SECRETARY

Dennis Frank Payne has held the position of Company Secretary since 2010. Dennis joined the Company in 2005 and has also served since that date as Chief Financial Officer.

Prior to joining World Reach Limited Dennis held senior financial and commercial roles at Cadbury Schweppes and Optus Communications. He has a Bachelor of Economics and is a qualified CPA.

PRINCIPAL ACTIVITIES

The activities of the company and its controlled entities during year were the development and marketing of a range of communication products and services, mainly satellite based.

OPERATING RESULTS AND REVIEW OF ACTIVITIES

The Consolidated Group reports a total comprehensive loss of $558,321 for the year on total revenue of $9,880,153 (2016: total comprehensive income of $481,422 on revenue of $12,378,060).

A summary of the result for the year is as follows:

	2017 $000	2016 $000
Revenue	9,880	12,378
Deduct		
Cost of goods sold, research & development, administrative marketing and corporate expenses	9,751	11,015
Operating profit before amortisation, depreciation, interest and tax	129	1,363
Deduct		
Amortisation	424	840
Depreciation	78	55
Interest	50	51
Profit (loss) before income tax	(423)	417
Tax (expense) / benefit	(135)	64
Net profit (loss) for the year	(558)	481
Total comprehensive income (loss) for the year	(558)	481

Performance FY2017

In the first half of FY2017 the Group's revenue achievement was lower than anticipated and ended 30% lower than the same period of FY2016. Following targeted cost saving initiatives, as well as higher revenues flowing from deliveries of key products, the Group's second half performance improved significantly with the second half only 7% lower than the corresponding period last year. Although such fluctuations are not unusual, there was an emerging tendency of monthly sales performances to fall below expectations and the Board has both sought to address these fluctuations as well as adjusting its forecasts accordingly.

The major factors that impacted the Group's overall sales and profit performance, are:

- Demand for remote satellite data and telephony services remains subdued across the global industry, with continued modest order sizes reflective of a reluctance by distributors to retain and hence fund larger stock inventories.
- Sales of docking stations have decreased due to lower handset sales by both major network operators. Being a high margin category, the profit impact is significant.
- Deliveries under the third order for Iridium GO!® did not recommence until April 2017 (the previous delivery was in December 2015).
- With new, enhanced products known to be coming to market in the near term, we believe some orders are being deferred to take advantage of the greater product capabilities shortly to be available to consumers.

Pleasingly, and deliberately, the Group is at the forefront of these new product developments and accordingly we expect to benefit significantly from the substantial investment and work we have undertaken, as previously revealed to the market.

In particular, two major product development projects from subsidiary Beam Communications Pty Ltd ('*Beam*') are scheduled for widespread release with sales impact in FY2018 and FY2019. These products, which will not replace but rather augment our existing offerings, will enable greater flexibility, capability and choice for consumers and we are consequently not only expecting, but are contractually assured of receiving major additional Group revenues.

The Group is exercising restraint in terms of overhead expenditure, nevertheless the significant reduction in revenue brought about by the above mentioned market factors, has severely impacted profit for this year, leading to a net loss after three consecutive years of profitable trading. The Board expects FY2017 to be an aberration, with a return to profit for FY2018 and FY2019 anticipated as new product developments are released to market.

Investors will recall that for FY2015, a significant tax benefit of $1,406,402 was realised following the recognition on the balance sheet of 50% of the Group's accumulated tax losses. In FY2016, a further 10% of the Group's accumulated tax losses was recognized resulting in the tax benefit increasing by a further $77,541. Although the Directors expect sufficient future profitability to enable the full value of deferred tax assets to be utilized, the decision has been taken not to increase the proportion taken up at this time, with a demonstration of the Group's return to profitability required before the Board would consider doing so.

In addition to various tax items in FY2017 which are largely offsetting, the lowering of the Australian corporate tax rate to 27.5% necessitated a balance sheet adjustment to the future value of those tax losses already reflected in the Group's accounts. An amount of $134,154 has been removed from the value of the tax asset previously recognized, thereby impacting the Group's final net profit after tax figure by that sum.

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 FY2017 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 expected to be completed in September 2017 and has minimum contracted revenues of US$3,000,000 in the first 12 months after sales begin.

Products

Throughout FY2017 Beam worked towards completing its two current major development projects, which will bring to market new products, the first later in calendar 2017 and the second mid calendar 2018. 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.

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 commenced 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 year as detailed in Note 9 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 year as detailed in Note 10.

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 has undertaken 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.

Funding

Although the reduction in FY2017 revenues naturally impacts cash usage, the Board has previously secured the requisite financial accommodation to ensure the Group's ongoing investment in new products and funding of our operations is not affected by cyclical revenue variations.

To ensure 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 Group'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 Board 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, to the extent it is required to be drawn, from its own resources.

The largely undrawn loan facilities, including bank facilities a total of A$3,400,000, when combined with contracted revenues of US$3,000,000 in respect to the imminent release to market of the new product development undertaken for valued Beam client Thuraya Communications, give us confidence and enthusiasm as to the Company's prospects and revenue outlook for FY2018 and beyond. This would not have been possible had the Board not taken a prudent approach to cash management in the recent past, while also funding new developments to ensure the Group remains a market leader in its chosen segments.

While the Company's short–term trading outlook will always be a key consideration of the Board and senior management, the Company is well placed and well-funded to navigate periods of revenue and profit volatility.

Outlook FY2018

The Directors are confident that, despite the result in FY2017 the Group's revenues in FY2018 will benefit significantly from the release to market of our newly developed products. Sales from the project for Thuraya are expected to commence in September 2017 as we continue Iridium GO!® deliveries while expenditure and investment will continue on the Inmarsat project which will produce initial products for sale later in FY2018.

SatPhone Shop, being World Reach's on-line business, again steadily and pleasingly improved its sales performance in FY2017, with revenues for the year of just over $1,000,000. This business is expected to contribute incremental revenue gains in FY2018 as the market for rental equipment and pre-paid sim cards expands.

The Board remains determined to continue, and where appropriate expand, its investments in innovative and advanced technologies over the medium and long terms.

The Group continues to benefit from the Australian Government R&D cash grant which subsidises costly investment in new product development, receiving $601,000 in July 2017 related to expenditure in FY2016. Profit will be enhanced on a monthly straight-line basis, as described above. The Group will lodge an R&D grant submission before April 2018 related to FY2017 expenditure, which will be of a greater magnitude than last year's claim.

We look forward to updating the market very shortly 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 STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Group during the financial year.

EVENTS AFTER REPORTING DATE

On 28 August 2017 the Group announced the placement of 9,700,000 ordinary shares to Australian investor interests at an issue price of $0.20 per share which will raise $1,940,000, enabling the Group to fund the progression of product development projects and limit reliance on debt facilities. Placement funds are expected to be received by 15 September.

The placement also confers the right to appoint a director to the Group's Board.

Other than the above, there have been no significant events since the end of the reporting period.

DIVIDENDS PROPOSED OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

ENVIRONMENTAL ISSUES

The economic entity's operations are not regulated by any significant environmental regulation under any Commonwealth, State or Territory laws.

FUTURE DEVELOPMENTS

The company will continue the development of the Satellite Communications Services and related businesses.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of the Company were issued during the year ended 30 June 2017 on the exercise of options.

DIRECTORS' INTERESTS

The relevant interests of the Directors in the securities of the Company are detailed in the Remuneration Report as part of the Directors' Report.

DIRECTORS' REPORT (continued)

OPERATING RESULTS (continued)

SHARES UNDER OPTION

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Issue Date	Date of Expiry	Exercise Price	Number Under Option
31.03.15	31.03.20	$0.1950	789,525
24.12.15	31.08.20	$0.1950	789,525
24.12.15	30.11.20	$0.1950	907,500
			2,486,550

DIRECTORS' MEETINGS

During the year ended 30 June 2017 the Company held 15 meetings of Directors (including Audit Committee meetings). Attendances by each Director during the year were:

	Directors meetings		**Committees**	
Director	Attended	Maximum Possible Attended	Attended	Maximum Possible Attended
M Capocchi	12	12	0	0
D Dawson	6	6	2	2
C Hung	12	12	1	1
S Wallace	12	12	3	3

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each director of World Reach Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The Company is committed to remunerating its executive directors and senior executives in a manner that is market competitive, consistent with best practice and supports the interests of shareholders. The Company aims to align the interests of executive directors and senior executives with those of shareholders by remunerating through performance and long-term incentive plans in addition to fixed remuneration.

The remuneration of Non-executive Directors is determined by the Board having regard to the level of fees paid to non-executive directors by other companies of similar size and stature and in aggregate must not exceed the maximum annual amount approved by the Company's shareholders, currently $500,000 as determined at the General Meeting held on 3 August 2007.

Senior executives' remuneration consists of the following elements:

- fixed salary;
- short-term incentive bonus where applicable based on performance;
- long-term incentive share option scheme; and:
- other benefits including superannuation.

Fixed Salary

The salary of senior executives is determined from a review of the market and reflects core performance requirements and expectations. In addition, the Company considers the following:

- The scope of the individual's role;
- The individual's level of skill and experience;
- The Company's legal and industrial obligations;
- Labour market conditions; and
- The size and complexity of the Company's business.

Performance Bonus

The purpose of the performance bonus is to reward an individual's actual achievement of performance objectives and for materially improved company performance. Consequently, performance-based remuneration is paid where a clear contribution to successful outcomes for the company is demonstrated and the individual attains and excels against pre-agreed key performance indicators during a performance cycle.

The Managing Director has a performance bonus potential of 10% of the Group net profit for the financial year, subject to the achievement of a minimum operating profit before amortisation, depreciation, interest and tax of $1,000,000. For FY2017 the minimum target level was not attained and therefore none of the Managing Director's potential performance bonus became payable.

No other key management executive has a contractual performance bonus entitlement.

In assessing the relative performance of the senior executives and the Group as a whole on the primary objective of enhancing shareholder value, the Board has regard to key financial indicators measured over time. In accordance with Section 300A of the Corporations Act 2001 the following table summarises the Group's performance over the last 5 years.

		2017	2016	2015	2014	2013
Net profit before tax ($'000)		(423)	417	645	439	(835)
EBITDA ($'000)		129	1,363	2,571	1846	872
Basic earnings per share	(a)	(1.29)	1.12	5.13	3.45	(7.13)
Share price at 30 June ($)	(a)	0.13	0.23	0.31	0.33	0.2
Market Capitalisation at 30 June		5.61	9.93	13.38	4.83	2.34
Dividends per share		Nil	Nil	Nil	Nil	Nil

(a) Normalised figures for 2013 (on 3/7/2012 the issued share capital of World Reach Limited was altered by consolidating every 100 shares into 1 share).

The Board believes that during FY2017, many factors largely beyond the direct control or influence of senior executives conspired to affect negatively the Group's overall financial results, and that the Group's net profit result is not wholly reflective of the performance of senior executives during that year. Setting FY2017 aside, the board believes the above table illustrates the improved performance and condition of the Group over the past 5 years, but acknowledges that the FY2017 result does not justify the payment of incentives for this period.

REMUNERATION REPORT (continued)

Long-term Incentives

The Company's Share Options Incentive Plan in which executive directors and senior executives may participate was approved by shareholders on 18 November 2014 and authorises the Directors to issue up to 10% of the issued shares.

The Company ensures that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

No options were issued to key management personnel or to Directors during FY2017.

Other Benefits

Senior executives are entitled to statutory superannuation and other bonus payments subject to the discretion of the Managing Director and the Board.

Employment Contracts

Employment Contracts of Senior Executives

The employment contract of the Managing Director was extended by the Company on 30 June 2014 for a further 4 years expiring on 30 June 2018. It can only be terminated by the Company in the event of specified breaches by the employee or on payment of all amounts becoming due under the contract.

All other key management personnel are permanent employees.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

(a) Names and positions held of consolidated group Key Management Personnel in office at any time during the financial year are:

Directors

Mr D Dawson	Non-Executive Chairman (resigned 22 December 2016)
Mr S Wallace	Non-Executive Chairman (appointed Chairman 22 December 2016)
Mr M Capocchi	Executive Managing Director
Mr C Hung	Non-Executive Director

Other key management personnel

Mr D Payne	Chief Financial Officer and Company Secretary
Mr W Christie	Chief Technical Officer

(b) Details of remuneration for the year

The remuneration for each director and each of the other key management personnel of the consolidated group receiving the highest remuneration during the year was as follows:

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments			
2017	**Cash salary & fees $**	**Cash bonus & Commi-ssions $**	**Motor vehicle & other allowances $**	**Employee benefits payable [b] $**	**Super-annuation $**	**Employee benefits payable $**	**Eligible termination benefits $**	**Options [a] $**	**Total $**	**Performance related %**	**Remuneration consisting of options %**
Directors											
Mr D Dawson	20,833							-	20,833	0.00%	0.00%
Mr S Wallace	45,138							-	45,138	0.00%	0.00%
Mr M Capocchi [c]	456,966	-	31,655	(2,643)	43,412	9,366		-	538,756	0.00%	0.00%
Mr C Hung	45,138							-	45,138	0.00%	0.00%
Other											
Mr D Payne	186,748	-	-	(2,050)	17,741	(3,929)		-	198,510	0.00%	0.00%
Mr W Christie	170,000	-	-	1,196	16,150	3,273		-	190,619	0.00%	0.00%
Total	924,823	-	31,655	(3,497)	77,303	8,710	-	-	1,038,994		

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments			
2016	**Cash salary & fees $**	**Cash bonus & Commi-ssions $**	**Motor vehicle & other allowances $**	**Employee benefits payable [b] $**	**Super-annuation $**	**Employee benefits payable $**	**Eligible termination benefits $**	**Options [a] $**	**Total $**	**Performance related %**	**Remuneration consisting of options %**
Directors											
Mr D Dawson	33,333							74,282	107,615	0.00%	69.03%
Mr S Wallace	33,333							37,247	70,580	0.00%	52.77%
Mr M Capocchi [c]	473,335	41,701	44,466	1,053	44,967	16,615		189,065	811,202	5.14%	23.31%
Mr C Hung	33,333							-	33,333	0.00%	0.00%
Other											
Mr D Payne	186,748	20,000	-	6,714	17,741	5,176		16,437	252,816	7.91%	6.50%
Mr W Christie	170,000	25,000	-	4,607	16,150	7,300		23,482	246,539	10.14%	9.52%
Total	930,082	86,701	44,466	12,374	78,858	29,091	-	340,513	1,522,085		

[a] Option based compensation relates to the value of options issued to date and brought to account pro-rata to the time period from the date of granting to the date of vesting, except where Accounting Standard AASB 2 required expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options, in the case of Directors was subject to shareholder approval, and in the case of key management employees, subject to performance review.

[b] Employee benefits payable represents net increase in benefits payable charged to the consolidated statement of profit or loss and other comprehensive income in the current year.

[c] The majority of Mr Capocchi's remuneration is in US dollars. For 2017 his remuneration has been converted into AU dollars at the exchange rate on 30 June 2017 of 0.7692.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

(c) (i) Options granted as part of remuneration for the year

2017	Grant date [a]	Granted number	Value per option at grant date $	Value of options granted during the year $	Value of options exercised during year $	Value of options lapsed during year $	Total $
Directors							
Mr D Dawson	-	-	-	-	-	(96,400)	(96,400)
Mr S Wallace	-	-	-	-	-	(48,600)	(48,600)
Mr M Capocchi	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-
Other							
Mr D Payne	-	-	-	-	-	(1,300)	(1,300)
Mr W Christie	-	-	-	-	-	(1,300)	(1,300)

2016	Grant date [a]	Granted number	Value per option at grant date $	Value of options granted during the year $	Value of options exercised during year $	Value of options lapsed during year $	Total $
Directors							
Mr D Dawson	24/12/15	400,000	0.2410	96,400	-	-	96,400
Mr S Wallace	24/12/15	200,000	0.2430	48,600	-	-	48,600
Mr M Capocchi	24/12/15	907,500	0.2530	229,598	-	-	229,598
Mr C Hung	-	-	-	-	-	-	-
Other							
Mr D Payne	-	-	-	-	-	(1,900)	(1,900)
Mr W Christie	-	-	-	-	-	(2,850)	(2,850)

[a] Option based compensation relates to the value of options issued to date and brought to account pro-rata to the time period from the date of granting to the date of vesting, except where Accounting Standard AASB 2 required expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options, in the case of Directors was subject to shareholder approval. Until shareholder approval was obtained at the Annual General Meeting in November 2015 and the options subsequently issued, the options were not deemed to be granted.

(c) (ii) Options granted and/or vested during the year

2017	Vested No.	Granted No.	Terms & conditions for each grant: Grant date [a]	Value per option at grant date $	Exercise price $	Expiry date	First exercise date	Last exercise date
Directors								
Mr D Dawson	-	-	-	-	-	-	-	-
Mr S Wallace	-	-	-	-	-	-	-	-
Mr M Capocchi	200,000	-	-	0.1480	0.6500	01/07/17	01/07/16	01/07/17
Mr C Hung	-	-	-	-	-	-	-	-
Other								
Mr D Payne	-	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-	-
Total	200,000	-						

2016	Vested No.	Granted No.	Terms & conditions for each grant: Grant date [a]	Value per option at grant date $	Exercise price $	Expiry date	First exercise date	Last exercise date
Directors								
Mr D Dawson	400,000	400,000	24/12/15	0.2410	0.1950	18/11/16	30/06/16	18/11/16
Mr S Wallace	200,000	200,000	24/12/15	0.2430	0.1950	05/02/17	30/06/16	05/02/17
Mr M Capocchi	1,107,500	907,500	24/12/15	0.2530	0.1950	30/11/20	30/06/16	30/11/20
Mr C Hung	-	-	-	-	-	-	-	-
Other								
Mr D Payne	190,575	-	23/03/15	0.1150	0.1950	31/08/20	30/06/16	31/08/20
Mr W Christie	272,250	-	23/03/15	0.1150	0.1950	31/08/20	30/06/16	31/08/20
Total	2,170,325	1,507,500						

[a] Option based compensation relates to the value of options issued to date and brought to account pro-rata to the time period from the date of granting to the date of vesting, except where Accounting Standard AASB 2 required expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options, in the case of Directors was subject to shareholder approval. Until shareholder approval was obtained at the Annual General Meeting in November 2015 and the options subsequently issued, the options were not deemed to be granted.

For further details relating to options, refer to Note 18 to the financial statements.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

(d) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each key management person including their personally related parties is set out below.

2017	Balance 1.07.16	Granted as Rem-uneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.17	Total Vested 30.06.17	Exer-cisable 30.06.17	Unexer-cisable 30.06.17
Directors									
D Dawson	400,000	-	-	-	(400,000)	-	-	-	-
S Wallace	200,000	-	-	-	(200,000)	-	-	-	-
M Capocchi	1,507,500	-	-	-	-	1,507,500	1,507,500	1,507,500	-
C Hung	-	-	-	-	-	-	-	-	-
Other									
D Payne	391,150	-	-	-	(10,000)	381,150	381,150	391,150	-
W Christie	554,500	-	-	-	(10,000)	544,500	544,500	554,500	-
Total	3,053,150	-	-	-	(620,000)	2,433,150	2,433,150	2,453,150	-

2016	Balance 1.07.15	Granted as Rem-uneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.16	Total Vested 30.06.16	Exer-cisable 30.06.16	Unexer-cisable 30.06.16
Directors									
D Dawson	-	400,000	-	-	-	400,000	400,000	400,000	-
S Wallace	-	200,000	-	-	-	200,000	200,000	200,000	-
M Capocchi	600,000	907,500	-	-	-	1,507,500	1,307,500	1,307,500	200,000
C Hung	-	-	-	-	-	-	-	-	-
Other									
D Payne	401,150	-	-	-	(10,000)	391,150	391,150	391,150	-
W Christie	569,500	-	-	-	(15,000)	554,500	554,500	554,500	-
Total	1,570,650	1,507,500	-	-	(25,000)	3,053,150	2,853,150	2,853,150	200,000

REMUNERATION REPORT (continued)

(e) Share Holdings

The number of shares in the Company held during the financial year by each key management person including their personally related parties are set out below.

2017	Balance 1.07.16	Received as Remuneration	Options Exercised	Net Change Other [a]	Balance 30.06.17
Directors					
D Dawson	300,000	-	-	(300,000)	-
S Wallace	-	-	-	178,600	178,600
Mr M Capocchi	1,408,561	-	-	195,338	1,603,899
Mr C Hung	9,243,207	-	-	-	9,243,207
Other					
Mr D Payne	328,570	-	-	-	328,570
Mr W Christie	62,778	-	-	-	62,778
	11,343,116	-	-	73,938	11,417,054

2016	Balance 1.07.15	Received as Remuneration	Options Exercised	Net Change Other [a]	Balance 30.06.16
Directors					
D Dawson	300,000	-	-	-	300,000
S Wallace	-	-	-	-	-
Mr M Capocchi	1,212,245	-	-	196,316	1,408,561
Mr C Hung	9,243,207	-	-	-	9,243,207
Other					
Mr D Payne	328,570	-	-	-	328,570
Mr W Christie	62,778	-	-	-	62,778
	11,146,800	-	-	196,316	11,343,116

[a] Net Change Other refers to shares purchased or sold on-market or off-market at current market prices during the financial year.

REMUNERATION REPORT (continued)

(f) Convertible notes

No convertible notes were issued, sold or matured during the financial year to key management person, including their personally related parties, in the financial year ended 30 June 2017, or in the comparative year ended 30 June 2016.

(g) Shares issued on exercise of remuneration options

No options were exercised by key management personnel during the financial year ended 30 June 2017 and comparative year ended 30 June 2016.

(h) Voting and comments made at the Company's 2016 Annual General Meeting (AGM)

At the Company's most recent AGM, a resolution to adopt the prior year remuneration report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the remuneration report at the AGM.

NON AUDIT SERVICES

No non audit services were undertaken by the external auditors during the year ended 30 June 2017.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is attached and forms part of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors dated 30 August 2017.

Mr Simon Wallace
Chairman
Date: 30 August 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of World Reach Limited for the year ended 30 June 2017, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 30 August 2017
Melbourne, VIC

World Reach Limited
and Controlled Entities

ABN 39 010 568 804

Final report
for the financial year ended 30 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	Year ended 30 June 2017 $	30 June 2016 $
Revenue	2(a)	9,880,153	12,378,060
Changes in inventories		(908,716)	13,915
Raw materials, consumables and other costs of sale	2(b)	(5,021,607)	(6,105,854)
Employee benefits expense		(2,196,194)	(2,838,492)
Depreciation expense	7(a)	(78,381)	(54,889)
Amortisation expense	9(a)	(423,782)	(840,304)
Finance costs expense	2(c)	(49,447)	(50,594)
Auditor remuneration expense	19	(58,000)	(59,000)
Accounting, share registry and secretarial expense		(72,844)	(80,743)
Consultancy and contractor expense		(260,632)	(441,928)
Legal, insurance and patent expense		(169,686)	(135,252)
Share based payments expense		-	(376,909)
Marketing and ICT expense		(262,727)	(344,769)
Other expenses	2(d)	(800,907)	(646,230)
(Loss) / profit before income tax		(422,769)	417,011
Tax (expense) / benefit	3(a)	(135,551)	64,411
Net (loss) / profit for the year		(558,320)	481,422
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(558,320)	481,422

Net (loss) / profit and total comprehensive income are both fully attributable to owners of the Company

	Note	30 June 2017	30 June 2016
Basic earnings / (loss) per share (cents)	21	(1.29)	1.12
Diluted earnings / (loss) per share (cents)	21	(1.29)	1.04

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 $	30 June 2016 $
Current assets			
Cash and cash equivalents	4	595,734	2,287,898
Inventories	5	2,625,058	3,533,773
Trade and other receivables	6	1,617,641	1,162,452
Total current assets		4,838,433	6,984,123
Non-current assets			
Plant and equipment	7	169,432	174,403
Deferred tax assets	8	1,349,789	1,483,943
Intangible assets	9	4,338,410	2,076,589
Total non-current assets		5,857,631	3,734,934
Total assets		10,696,064	10,719,057
Current liabilities			
Trade and other payables	10	2,895,417	2,157,791
Provisions	12	638,671	826,845
Total current liabilities		3,534,088	2,984,636
Non-current liabilities			
Provisions	12	9,195	23,320
Total non-current liabilities		9,195	23,320
Total liabilities		3,543,283	3,007,956
Net assets		7,152,781	7,711,101
Equity			
Issued capital	13	5,784,925	5,784,925
Reserves		493,089	668,780
Retained earnings		874,767	1,257,396
Total equity		7,152,781	7,711,101

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued capital $	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2015	5,784,925	304,696	763,149	6,852,770
Total profit and other comprehensive income for the year	-	-	481,422	481,422
Transactions with owners in their capacity as owners				
- Remuneration based option payments	-	376,909	-	376,909
- Adjustment for employee share options lapsed	-	(12,825)	12,825	-
Balance at 30 June 2016	5,784,925	668,780	1,257,396	7,711,101
Balance at 1 July 2016	5,784,925	668,780	1,257,396	7,711,101
Total loss and other comprehensive income for the year	-	-	(558,320)	(558,320)
Transactions with owners in their capacity as owners:				
- Adjustment for employee share options lapsed		(175,691)	175,691	-
Balance at 30 June 2017	5,784,925	493,089	874,767	7,152,781

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Cash flow from operating activities			
Receipts from customers		10,338,855	13,379,276
Payments to suppliers and employees		(9,442,298)	(12,549,461)
Interest received		(2,307)	892
Interest and finance charges paid		(49,447)	(50,594)
Income tax paid		(1,398)	(13,130)
Export market development grant receipts		-	103,823
Net cash provided by operating activities	16(a)	843,405	870,805
Cash flow from investing activities			
Purchases of plant and equipment	7(a)	(73,918)	(135,857)
Development costs capitalised	9(a)	(2,685,603)	(1,164,474)
Research and development grant receipts		223,952	-
Net cash used in investing activities		(2,535,569)	(1,300,331)
Cash flow from financing activities			
Net loan payments		-	(411,862)
Net cash used in financing activities		-	(411,862)
Net decrease in cash and cash equivalents		(1,692,164)	(841,388)
Cash and cash equivalents at beginning of year		2,287,898	3,129,286
Cash and cash equivalents at end of financial year	16(b)	595,734	2,287,898

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

1. Summary of significant accounting policies

(i) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Reporting Basis and Conventions

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by AASB that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(ii) Accounting policies

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (World Reach Limited) and all of the subsidiaries which are entities the parent controls. A list of the subsidiaries is provided in Note 24.

(b) Income tax

Income tax expense (benefit) for the year comprises current income tax expense and deferred income tax expense (benefit).

A net deferred tax expense has been recognised in the current year reflecting the movements in deferred tax assets and liabilities for the period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. At each reporting date, the consolidated group re-assesses unrecognised deferred tax assets as to the extent that it has become probable that future tax profit will enable recognition.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1. Summary of significant accounting policies (continued)

(ii) Accounting policies (continued)

(b) Income tax (continued)

World Reach Limited and its wholly owned Australian subsidiaries have formed a tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own tax expense and deferred tax. The current tax liability of each group entity and deferred tax assets arising from tax losses are immediately assumed by the parent entity.

(c) Plant & equipment

Plant and equipment is carried at cost less any accumulated depreciation and impairment losses, where applicable.

The carrying amount of plant and equipment is reviewed at each reporting date by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Repairs and maintenance to plant and equipment is charged to the statement of profit or loss and other comprehensive income during the financial period in which it is incurred.

The depreciable amount of plant and equipment is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The straight line depreciation rates for plant and equipment were:

Office furniture and equipment	10%
Computer and test equipment	33%
Rental equipment	20% - 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials and direct labour.

(e) Product development

Development costs are capitalised only when it is probable that the expected future economic benefits would flow to the company and can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to future production. Expenditure not related to the creation of a new product is recognised as an expense when incurred.

The amortisation rate for capitalised development costs is dependent on an assessment of the minimum useful life of each project. Recent projects/products have been assessed at 4 years giving a 25% amortisation rate during 2017.

(f) Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.
The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

1. Summary of significant accounting policies (continued)

(ii) Accounting policies (continued)

(f) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

Option based compensation relates to the value of options issued to date and brought to account pro-rata to the time period from the date of issue to the date of vesting, except in the case of Director's where Accounting Standard AASB 2 requires expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options is subject to shareholder approval.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(g) Financial instruments

Financial instruments in the form of trade receivables, trade payables and other financial assets and liabilities are initially measured at transaction cost on trade date when the related contractual rights or obligations arise. Realised and unrealised gains or losses arising from changes in the fair value of these assets or liabilities are included in the statement of profit or loss and other comprehensive income in the period in which they arise. At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Refer Note 14 for a detailed review of the group's financial instruments.

The Group does not designate any interests in subsidiaries as being subject to the requirements of Financial Instruments accounting standards.

(h) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Where applicable, bank overdrafts are disclosed within other financial liabilities in current liabilities on the statement of financial position.

(j) Revenue recognition

Revenue from the sale of goods and services is recognised at the fair value of the consideration received upon delivery of goods or performance of services to customers.

Interest revenue and rental income is recognised when it becomes receivable. Other revenue is recognised when the right to receive the revenue has been established.

1. Summary of significant accounting policies (continued)

(ii) Accounting policies (continued)

(k) Government Grants

Government grants in the form of refundable Research and Development Tax Offsets received in respect of capitalised Development Costs are initially recognised as deferred income upon receipt, and brought to account as income on a systematic basis over the useful life of the related Development Cost assets.

Export market development grants are brought to account in the statement of profit or loss and other comprehensive income in the period received.

There are no unfulfilled conditions or other contingencies attaching to government grants recognised in the financial statements.

(l) Foreign currency transactions and balances

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

(m) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(n) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the asset or expense cost. Receivables and Payables are shown in the statement of financial position as inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

(o) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Accounting estimates and judgements made in relation to the recognition of deferred tax assets are indicated in Note 3(c).

1. Summary of significant accounting policies (continued)

(ii) Accounting policies (continued)

(p) New accounting standards for application in future periods

Accounting Standards and Interpretations issued by AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The directors anticipate that the adoption of AASB 9 may have little, if any, impact on the Group's financial instruments.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. The new revenue model in AASB 15 will apply to all contracts with customers which requires the company to recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled.

  The directors are examining the Group's current contracts to determine if there may be varying unit pricing over successive years in contracts (including possible future contracts) that are related and if such circumstances will require certain revenues to be reported differently from FY2019 onwards. The directors recognise that if the circumstances are found to be those that AASB 15 is intended to cover, then the adoption of AASB 15 may possibly have significant impact on the Group's financial statements but it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related interpretations. AASB 16 introduces a single lease accounting model that eliminates the requirement for leases to be classified as operating or finance leases and recognises a right to use asset, depreciation and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets), with additional disclosure requirements.

  The transitional provisions of AASB 16 permit a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

  The directors' review of AASB 16 shows that its adoption will have an impact on the Group's financial statements with leases greater than 12 months to be recognised on balance sheet as a lease liability and a related right to use asset. It is anticipated that the Net Present Value of the Group's lease commitments greater than 12 months will be brought to account on the balance sheet from FY2020. The NPV of the commitments shown in Note 15 is $980,000.

		Year ended	
		30 June 2017	30 June 2016
		$	$
2	**(Loss) / profit before income tax**		
(a)	Revenue		
	Sales revenue		
	- Equipment sales	9,499,988	11,434,474
	- Other	89,259	45,315
		9,589,247	11,479,789
	Other income		
	- Gain on loan settlement	-	218,478
	- Other realised and unrealised foreign currency net gain	-	124,836
	- Export market development grant	-	103,823
	- Research and Development grant	290,906	450,242
	- Interest	-	892
		290,906	898,271
		9,880,153	12,378,060
(b)	Cost of sales		
	Opening inventories	3,533,773	3,519,858
	Add: Purchases and other stock adjustments	5,021,607	6,105,854
		8,555,380	9,625,712
	Closing inventories (Note 5)	(2,625,058)	(3,533,773)
		5,930,322	6,091,939
(c)	Finance costs expense		
	Interest expense on financial liabilities	49,447	50,594
(d)	Other expenses include		
	- Product development costs expensed	59,530	152,699
	- Operating lease payments	234,285	212,734
3	**Income tax**		
(a)	The components of tax expense / (benefit) comprise:		
	Current tax		
	- Current tax expense (d)	1,398	13,130
	- Current movement of temporary difference in net deferred tax assets	249,442	303,475
	- Movement in deferred tax asset associated with carry forward tax losses	(115,289)	(381,016)
	Income tax expense / (benefit) transferred to statement of profit or loss and other comprehensive income	135,551	(64,411)
(b)	Reconciliation of income tax expense / (benefit) and tax at statutory rate:		
	(Loss) / profit from ordinary activities	(422,769)	417,011
	Income tax (benefit) / expense at statutory rate of 27.5% (2016: 30%)	(116,261)	125,103
	Add / (Less):		
	Tax effect of:		
	- Tax reconciling items	117,659	(111,973)
	- Deferred tax assets expensed / (portion of tax losses brought to account)	134,154	(77,541)
	Income tax (benefit) / expense attributable to the Consolidated Group	135,551	(64,411)

3 Income tax (continued)

(c) The deferred tax expense reflects the movements in the deferred assets and liabilities. The directors have maintained a conservative approach and have recognised 60% (2016: 60%) of the deferred tax assets and liabilities inclusive of carried forward tax losses.

Although the Directors expect sufficient future profitability to enable the full value of all deferred tax assets to be utilized, the decision has been taken not to increase the proportion taken up at this time, with a demonstration of the Group's return to profitability required before the Board would consider doing so.

The lowering of the Australian corporate tax rate applicable to the Group, which necessitated an adjustment to the future value of deferred tax assets and liabilities, as well as various current year tax items that are largely offsetting, resulted in a current year tax adjustment of $134,154 as disclosed in Note 3(a) above.

The amount of unused net deferred tax assets which have not been brought to account (being the 40% portion) is $3,272,215 (2016: $3,297,651); and capital tax losses, which have also been affected by the change in the applicable tax rate, of $1,850,085 (2016: $2,018,274).

The amount of net deferred tax assets which may be realised in the future is dependent on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Income tax expense comprises current year tax of $1,398 incurred by the Group's USA subsidiary which is unable to be claimed against Australian tax losses and $134,154 related to the movements in the deferred tax assets and liabilities and the impact of the taxation rate change from 30.0% to 27.5%.

(e) There are no franking credits available to equity holders.

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
4 Cash and cash equivalents		
Cash at bank and on hand	595,734	2,287,898
5 Inventories		
Raw materials	872,992	1,031,433
Finished goods	1,752,066	2,502,340
	2,625,058	3,533,773
6 Trade and other receivables		
(a) Current		
Trade receivables	1,231,608	999,865
Less: Provision for impairment of receivables	(58,420)	(58,420)
Other receivables and prepayments	328,423	116,184
Rental & other security deposits	116,030	104,823
	1,617,641	1,162,452

(b) Ageing reconciliation	**Gross amount**	**Within trade terms**	**Past due but not impaired (days overdue) 31 - 60**	**61 - 90**	**90+**	**Past due & impaired**
2017						
Current						
Trade receivables	1,231,608	965,740	91,395	92,256	23,797	58,420
Other receivables	328,423	328,423	-	-	-	-
Rental and other security deposits	116,030	116,030	-	-	-	-
2016						
Current						
Trade receivables	999,865	652,062	236,998	51,370	1,016	58,420
Other receivables	116,184	116,184	-	-	-	-
Rental & other security deposits	104,823	104,823	-	-	-	-

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

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
7 Plant and equipment		
Office furniture and equipment - at cost	449,551	439,150
Less: Accumulated depreciation and impairment	(390,014)	(373,288)
	59,537	65,862
Computer and test equipment - at cost	315,979	293,255
Less: Accumulated depreciation and impairment	(245,220)	(202,004)
	70,759	91,251
Rental equipment - at cost	58,963	22,238
Less: Accumulated depreciation and impairment	(19,827)	(4,948)
	39,136	17,290
Total plant and equipment	169,432	174,403

(a) Movements in carrying amounts
Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the current financial year

	Office Furniture & Equipment	Computer & Test Equipment	Rental Equipment	Total
Balance at 1 July 2015	38,068	52,041	3,326	93,435
Additions	44,017	72,928	18,912	135,857
Disposals	-	-	-	-
Depreciation expense	(16,223)	(33,718)	(4,948)	(54,889)
Balance at 30 June 2016	65,862	91,251	17,290	174,403
Additions	10,401	25,598	37,919	73,918
Disposals	-	-	(508)	(508)
Depreciation expense	(16,726)	(46,090)	(15,565)	(78,381)
Balance at 30 June 2017	59,537	70,759	39,136	169,432

8 Tax

Non-current

Deferred tax assets

	Opening balance	Charged to Income	Closing balance
Deferred tax assets:			
Provision for doubtful debts	17,526	(7,887)	9,639
Carrying amount of patents and capital raising costs	923	(229)	694
Accruals	39,234	(19,290)	19,944
Provisions	255,049	(129,177)	125,873
Tax losses	1,794,188	115,289	1,909,477
	2,106,920	(41,293)	2,065,627
Deferred tax liability:			
Product development costs	(622,977)	(92,861)	(715,838)
Balance as at 30 June 2017	**1,483,943**	**(134,154)**	**1,349,789**

9 Intangible assets

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Development costs capitalised - at cost	10,146,425	7,460,821
Accumulated amortisation and impairment	(5,808,014)	(5,384,232)
	4,338,410	2,076,589

(a) Movements in carrying amounts

	30 June 2017 $	30 June 2016 $
Balance at the beginning of the year	2,076,589	1,752,419
Additional costs capitalised	2,685,603	1,164,474
Amortisation expense	(423,782)	(840,304)
Balance at the end of the year	4,338,410	2,076,589

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 year to 30 June 2017 to $423,782. Had this revision not occurred the amortisation charge would have been $733,464.

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 10, there is a net increase in profit of $134,688 for the year to 30 June 2017.

10 Trade and other payables

Current	30 June 2017 $	30 June 2016 $
Trade payables and accruals	1,532,598	1,086,077
Deferred income	1,362,819	1,071,714
	2,895,417	2,157,791

Due to the deferral of Development Cost Intangible Asset amortisation as indicated in Note 9, the related deferred R&D grant income has been brought to account over the amended amortisation period resulting in $290,906 of R&D grant income being recognised in the statement of profit & loss for the year ending 30 June 2017. Had no revision of grant income been made $465,900 of grant income would have been recognised over this period.

11 Other financial liabilities

Bank facilities

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Consolidated Group's assets including uncalled capital and called but unpaid capital. At 30 June 2017, the company had the following unused bank facilities:

- an Australian dollar overdraft with a limit of $300,000. The overdraft was not utilised at 30 June 2017.
- a US dollar overdraft with a limit of US$320,000. The US dollar overdraft was not utilised at 30 June 2017.

Other facilities

The group has a secured loan finance facility with SGV1 Holdings Limited for US$2,000,000. As at 30 June 2017 none of this facility had been drawn down. 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 product development projects.

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
12 Provisions		
Current		
Employee benefits	524,743	712,917
Warranty costs	113,928	113,928
	638,671	826,845
Non current		
Employee benefits	9,195	23,320

(a) Movements in provisions for the year ended 30 June 2017

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	736,237	113,928	850,165
Additional provisions	378,433	20,635	399,068
Amounts used	(580,732)	(20,635)	(601,367)
Balance at the end of the year	533,938	113,928	647,866

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
13 Issued capital		
Issued and paid up capital:		
Ordinary fully paid shares	5,784,925	5,784,925

The Company has 43,173,452 ordinary shares on issue at 30 June 2017 (2016: 43,173,452).

	Number of shares	$
Balance at 30 June 2016 and 30 June 2017	43,173,452	5,784,925

(a) Share issue
The Company did not issue any shares during the financial year ended 30 June 2017.

(b) Options over issued capital
The total number of potential ordinary shares attributable to options outstanding as at 30 June 2017 is 3,086,550 (2016: 4,917,959), of which 1,579,050 (2016: 1,837,126) were issued to employees under the Company's Share Option Incentive Plan and 1,507,500 (2016: 2,107,500) were issued to Directors following shareholder approval. Refer Note 18: Share Based Payments, for details of options issued, exercised and lapsed during the financial year and the options outstanding at year end. 973,333 options issued as part of a 2014 share placement agreement expired in December 2016.

13 Issued capital (continued)

(c) Capital management

When managing capital, management's objective is to ensure the Consolidated Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

No dividends have been paid or declared in respect of ordinary shares for the 2017 or prior years.

The Consolidated Group effectively manages its capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, share issues, or convertible note issues.

14 Financial instruments

The Consolidated Group undertakes transactions in a range of financial instruments including:
- cash assets;
- receivables;
- payables;
- deposits;

Activities undertaken by entities within the Consolidated Group result in exposure to a number of financial risks, including market risk (interest rate risk, foreign currency risk), credit risk and liquidity risk.

Due to the size of operation conducted by the Consolidated Group, risk management is monitored directly by the Board of Directors of the parent company with the aim of mitigation of the above risks and reduction of the volatility on the financial performance of the Group.

The risks associated with material financial instruments and the Consolidated Group's policies for minimising these risks are detailed below.

(a) Interest rate risk management

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Interest rate risk for the Consolidated Group primarily arises from:

- Bank Funding - Facilities are provided by the Consolidated Group's bankers and if drawn upon are at variable interest rates based upon Business Overdraft Prime Indicator rates plus a risk margin. The group diligently manages the facilities and its accompanying rate risk in its daily operations by keeping the net debt portfolio at a minimum level or in an infunds position.

These risk exposures related to the financial instruments are not considered material and therefore no sensitivity analysis has been provided.

Financial Instrument Composition and Maturity:

The Consolidated Group's exposure to interest rate risk, and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2017	Floating Interest	Fixed Interest	*Weighted Average Interest Rate*	Non-Interest bearing	TOTAL
Financial asset					
Cash assets	595,734	-	*0.03%*	-	595,734
Receivables	-	-		1,617,641	1,617,641
TOTAL	595,734	-		1,617,641	2,213,375
Financial liability					
Payables	-	-	*0.00%*	2,895,417	2,895,417
TOTAL	-	-		2,895,417	2,895,417
2016					
Financial asset					
Cash assets	2,287,898	-	*0.03%*	-	2,287,898
Receivables	-	-		1,162,452	1,162,452
TOTAL	2,287,898	-		1,162,452	3,450,351
Financial liability					
Payables	-	-	*0.00%*	2,157,791	2,157,791
TOTAL	-	-		2,157,791	2,157,791

14 Financial instruments (continued)

(b) Foreign currency risk management

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Consolidated Group conducts the majority of its receivable and payable transactions in foreign currency, primarily in US Dollars. The Group's foreign currency exchange risk arises from the holding of foreign currency deposits and transactions in normal trading operations resulting in trade receivables and payables being held at balance date.

Foreign currency risk sensitivity:
If foreign exchange rates were to increase/decrease by 10% from rates used to determine values as at reporting date then the impacts on profit and equity due to unrealised foreign currency exchange gains or losses on foreign currency deposits and trade receivables and payables are as follows:

	Foreign currency movement	Year ended 30 June 2017 $	30 June 2016 $
Impact on profit after tax	+/- 10%	+/- 32,200	+/- 128,911
Impact on equity	+/- 10%	+/- 32,200	+/- 128,911

The above sensitivity reflects the low net holding of foreign currency financial instruments at balance date. Whilst foreign currency payables and receivables are largely offsetting during the year, the Group monitors and manages the associated currency risks in order to reduce the impact of market risk volatility, therefore no further sensitivity analysis has been provided.

(c) Credit risk management

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss to the Consolidated Group.

The credit risk on financial assets of the Consolidated Group that have been recognised in the statement of financial position is the carrying amount, net of any provision for doubtful debts. The Consolidated Group minimises credit risk by performing credit assessments on all new customers, continuing major customers, and where necessary, obtaining advance payments.

Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, an allowance for doubtful debts is raised.

The Consolidated Group does not have any credit risk arising from money market instruments, foreign currency contracts, cross currency and interest rate swaps.

(d) Liquidity risk management

Liquidity risk includes the risk that, as a result of the Consolidated Group's operational liquidity requirements, the group:
- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth;
- may be unable to settle or recover a financial asset at all.

To help reduce these risks the Consolidated Group:
- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained; and
- monitors forecast cash flows and endeavours to ensure that adequate borrowing facilities are maintained and/or maturity dates are managed appropriately.

The Consolidated Group's exposure to liquidity risk on classes of financial assets and financial liabilities, is as follows:

2017	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
Asset class				
Cash and cash equivalents	595,734	-	595,734	595,734
Receivables	1,501,611	116,030	1,617,641	1,617,641
Payables	(2,790,880)	(104,537)	(2,895,417)	(2,895,417)
Net maturities	(693,535)	11,493	(682,042)	(682,042)
2016				
Asset class				
Cash and cash equivalents	2,287,898	-	2,287,898	2,287,898
Receivables	1,057,629	104,823	1,162,452	1,162,452
Payables	(2,157,791)	-	(2,157,791)	(2,157,791)
Net maturities	1,187,737	104,823	1,292,560	1,292,560

(e) Net fair values of financial assets and liabilities

Net fair values at balance date of each class of financial asset and liability do not materially differ from the carrying amounts disclosed in the statement of financial position.

	Year ended 30 June 2017 $	Year ended 30 June 2016 $

15 Commitments and contingencies

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases contracted for but not capitalised in the financial statements are as follows:

	30 June 2017 $	30 June 2016 $
Not later than one year	183,423	176,533
Later than one year but not later than five years	795,751	518,484
Later than five years	328,860	64,720
	1,308,034	759,737

The Consolidated Group and parent entity negotiated a 2 year extension to the non-cancellable commercial rental property lease at Mulgrave in March 2017. The new lease expires in December 2023. There is an option to renew the lease for a further 6 year period but no committment has been entered into. The Consolidated Group also has a minor office equipment lease for a 5 year period expiring in September 2019.

Capital expenditure commitments

Capital expenditure projects	30 June 2017 $	30 June 2016 $
Not longer than one year	2,073,897	2,500,223
Longer than one year and not longer than five years	820,147	-
Longer than five years	-	-
	2,894,043	2,500,223

Capital commitments relate to product development projects being undertaken by World Reach Limited's subsidiary, Beam Communications Pty Ltd.

Superannuation commitments

World Reach Limited makes superannuation contributions to prescribed superannuation funds on behalf of employees and executive directors, as required by the Superannuation Guarantee legislation. The principal types of benefits are death, permanent disability and superannuation benefits upon retirement.

16 Notes to the statement of cash flows

(a) Reconciliation of (loss) / profit after income tax benefit to net cash flow from operating activities

	30 June 2017 $	30 June 2016 $
(Loss) / profit after tax	(558,320)	481,422
Adjustments for		
Depreciation	78,381	54,889
Amortisation	423,782	840,304
Net profit on disposal of plant and equipment	508	-
Gain on loan settlement	-	(218,478)
Unrealised foreign currency net losses on foreign currency secured advances	-	44,403
Share options expensed	-	376,909
Changes in assets and liabilities:		
(Increase) / Decrease in trade and other receivables	(455,189)	1,363,674
Decrease in inventory	928,716	233,085
Decrease / (Increase) in deferred tax assets	134,154	(77,541)
Increase / (Decrease) in trade and other payables	513,674	(1,943,793)
Increase / (Decrease) in employee provisions	(202,298)	923
Decrease in provision for warranty costs	-	(37,992)
Increase in provision for stock obsolescence	(20,000)	(247,000)
Net cash from operating activities	843,405	870,805

16 Notes to the statement of cash flows (continued)

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Cash and cash equivalents (Note 4)	595,734	2,287,898

(c) Non cash financing and investing activities

Non cash financing and investing activities undertaken by the Consolidated Group during the year are disclosed in Note 18.

(d) Facilities

At 30 June 2017, the Consolidated Group had the following unused bank facilities with the National Australia Bank:

- an Australian dollar overdraft with a limit of $300,000. The overdraft was not utilised at 30 June 2017.
- a US dollar overdraft with a limit of US$320,000. The US dollar overdraft was not utilised at 30 June 2017.

Bank guarantee facilities of the Consolidated Group total $150,000 of which $100,000 has been allocated to a subsidiary company and $50,000 to the parent. Both were fully utilised at 30 June 2017.

The Consolidated Group's banking facilities are subject to the Group satisfying quarterly covenants set by the bank. The Group did not meet all covenants during the year ended 30 June 2017 however the bank reconfirmed the banking facilities as continuing on 23 August 2017.

17 Key management personnel disclosures

Compensation by category

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	30 June 2017 $	30 June 2016 $
Short-term employee benefits	952,981	1,073,623
Post-employee benefits	77,303	78,858
Other long-term benefits	8,710	29,091
Termination benefits	-	-
Share-based payments	-	340,513
	1,038,994	1,522,085

18 Share based payments

Share options are granted at the discretion of the directors based on terms and conditions set out in the Company's Share Option Incentive Plan. The directors may at any time and from time to time determine eligible persons for the purposes of the option plan and select amongst those eligible persons participants who will be invited to participate in the option plan

Options issued to directors pursuant to the option plan will be subject to approval of shareholders in general meeting, in compliance with the Listing Rules.

(a) The following share based payment arrangements existed at 30 June 2017

(i) 800,000 options were granted on 26 July 2012 to directors with an expiry date of 1 July 2017 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options vested in one-third portions on 1 July in each of 2014, 2015 and 2016 at $0.65 per share (Issue WRR51).

200,000 of these options lapsed or were cancelled in the periods prior to 30 June 2017.
600,000 of these options are outstanding as at 30 June 2017.

(ii) 884,813 options were granted on 31 March 2015 to key employees with an expiry date of 31 March 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2015 at $0.195 per share (Issue WRR55).

95,288 of these options lapsed or were cancelled in the periods prior to 30 June 2017.
789,525 of these options are outstanding as at 30 June 2017.

(iii) 884,813 options were granted on 24 December 2015 to key employees with an expiry date of 31 August 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2016 at $0.195 per share (Issue WRR56).

95,288 of these options lapsed or were cancelled in the periods prior to 30 June 2017
789,525 of these options are outstanding as at 30 June 2017.

(iv) 907,500 options were granted on 24 December 2015 to a director with an expiry date of 30 November 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2016 at $0.195 per share (Issue WRR57).

907,500 of these options are outstanding as at 30 June 2017.

(b) The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year for the Company:

	30 June 2017		30 June 2016	
	No.	**WAEP $**	**No.**	**WAEP $**
Outstanding at the beginning of the financial year	3,944,626	0.2686	1,619,813	0.3931
Granted during the financial year	-	-	2,392,313	0.1950
Lapsed during the financial year	(200,576)	0.2077	-	-
Cancelled during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	(657,500)	0.2173	(67,500)	0.6500
Outstanding at the end of the financial year	3,086,550	0.2834	3,944,626	0.2686
Exercisable at the end of the financial year	3,086,550	0.2834	3,744,626	0.2482

(c) Notes to Share Based Payments

(i) The weighted average remaining contractual life for the share options outstanding as at 30 June 2017 is 2.52 years (2016: 3.02 years)
The range of exercise prices for options outstanding at the end of the year was $0.195 - $0.65 (2016: $0.195 - $0.65)
The weighted average fair value of options granted during the year was $0 (none granted) (2016: $0.1991)
The fair value of equity-settled share options granted under the Company's Share Option Incentive Plan is estimated as at grant date using the Binomial Option Valuation model, with Black Scholes crosscheck, taking into account the terms and conditions upon which the options were granted.

(ii) Included in the statement of profit or loss and other comprehensive income under employee benefits expense is an amount related to equity-settled share options of $0 (2016: $376,909). All options were fully expensed at 30 June 2016.

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
19 Remuneration of auditors		
Remuneration of the Auditor for auditing or reviewing financial reports of the Consolidated Group	58,000	59,000

20 Related party transactions

Related party transactions with the Seasons Group, which is related to Mr C Hung, a director of the company.

	30 June 2017 $	30 June 2016 $
Transactions with the Seasons Group		
- Purchases	1,393,718	1,424,835
- Sales	(109,416)	(27,381)
Amounts outstanding with the Seasons Group		
- Receivables	56,927	12,478
- Payables	(463,104)	(42,631)

Mr C Hung is a director of the company, and is also the president and a director of Season Group. During the year ended 30 June 2017 the company subcontracted manufacturing on an arms length basis to Season Group, in accordance with a contract signed prior to his appointment as director. Transactions between the company and Season Group are on normal commercial terms and conditions no more favourable than those available to other 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. Refer to note 11 for more details

21 Earnings per share

	30 June 2017	30 June 2016
	¢	¢
Overall operations		
Basic earnings per share	(1.29)	1.12
Dilutive earnings per share	(1.29)	1.04
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	43,173,452	43,173,452
Weighted average number of dilutive options and converting preference shares on issue	-	3,277,126
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Dilutive Earnings Per Share	43,173,452	46,450,578
Anti-dilutive options on issue not used in dilutive EPS calculation	3,086,550	667,500

Anti-dilutive options have not been considered in the dilutive earnings per share calculation due to the average market price being less than the exercisable price.

	30 June 2017	30 June 2016
	$	**$**
Earnings:		
Earnings used in the calculation of Basic Earnings Per Share	(558,320)	481,422
Earnings used in the calculation of Dilutive Earnings Per Share	(558,320)	481,422

22 Segment reporting

(a) Sole operating segment

The Consolidated 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. As the online sales segment operated by SatPhone Shop Pty Ltd, a wholly owned subsidiary company, does not meet the quantitative threshold for separate disclosure, the company considers its aggregate segment as it sole segment. Accordingly, revenue and results are fully disclosed in the consolidated statement of profit or loss and other comprehensive income for this aggregated sole operating segment.

Revenue and results are fully disclosed in the consolidated statement of profit or loss and other comprehensive income for the aggregated sole operating segment.

The consolidated statement of financial position discloses the sole operating segment assets and liabilities which are held within Australia.

(b) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based upon the location of the external customer

	Year ended 30 June 2017		Year ended 30 June 2016	
	$	%	$	%
Sales by country				
Australia	3,380,980	34.22%	4,376,653	35.36%
China	946,383	9.58%	1,029,319	8.32%
United Kingdom	1,479,123	14.97%	1,796,629	14.51%
United States of America	2,010,198	20.35%	2,263,007	18.28%
Netherlands	480,390	4.86%	612,119	4.95%
Japan	488,396	4.94%	875,507	7.07%
Other foreign countries	1,094,684	11.08%	1,424,826	11.51%
	9,880,153	100.00%	12,378,060	100.00%

(c) Major customers

The Consolidated Group has a number of customers to whom it provides products and services. The Consolidated Group supplied a single customer in the USA accounting for 11% of external revenue (2016: the largest customer was in the UK, 11%) and the second largest customer, located in the UK accounted for 10% of external revenue (2016: second largest customer was in the USA, 9%). The next most significant customer also accounts for 10% of external revenue (2016: 7%).

23 Parent company disclosures

Set out below is the supplementary information about the parent entity.

(a) Statement of profit or loss and other comprehensive income

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Loss from continuing operations	(907,522)	(858,861)
Tax (expense) / benefit	(134,154)	77,541
Loss for the year attributable to owners of the Company	(1,041,676)	(781,320)
Other comprehensive income	-	-
Total loss and other comprehensive income for the year attributable to owners of the Company	(1,041,676)	(781,320)

(b) Statement of financial position

	30 June 2017 $	30 June 2016 $
Assets		
Current assets	577,329	374,976
Non-current assets	1,480,084	1,641,056
Total assets	2,057,414	2,016,032
Liabilities		
Current liabilities	3,494,873	2,397,689
Non-current liabilities	9,195	23,320
Total liabilities	3,504,068	2,421,009
Deficiency of net assets	(1,446,654)	(404,978)
Equity		
Issued capital	5,784,925	5,784,925
Reserves	493,089	668,780
Accumulated losses	(7,724,668)	(6,858,683)
Total equity	(1,446,654)	(404,978)

(c) Guarantees

The parent company has no contractual guarantees in place.

(d) Contractual commitments

Parent entity operating lease commitments are the same as consolidated entity commitments as disclosed in Note 15. The parent entity has no capital expenditure commitments.

(e) Significant accounting policies of the parent are the same as those for the consolidated entity.

24 Controlled entities

Investments in unquoted corporations being controlled entities:	Incorporated	Share class	Holding 2017	Holding 2016
Beam Communications Pty Ltd	Australia	Ordinary	100%	100%
SatPhonerental Pty Ltd	Australia	Ordinary	100%	100%
SatPhone Shop Pty Ltd	Australia	Ordinary	100%	100%
Beam Communications USA Inc	USA	Ordinary	100%	100%
Pacarc (PNG) Limited (Dormant)	Papua New Guinea	Ordinary	100%	100%

25 Events after the Reporting Period

On 28 August 2017 the Group announced the placement of 9,700,000 ordinary shares to Australian investor interests at an issue price of $0.20 per share which will raise $1,940,000, enabling the Group to fund the progression of product development projects and limit reliance on debt facilities. Placement funds are expected to be received by 15 September. The placement also confers the right to appoint a director to the Group's Board.

Other than the above, there have been no significant events since the end of the reporting period.

26 Company details and principal place of business

World Reach Limited is a limited company incorporated in Australia.

The principal activities of the Company and subsidiaries are outlined in the Director's Report.

The address of its registered office and principal place of business is:

5 / 8 Anzed Court
Mulgrave Victoria 3170
Australia

DIRECTORS' DECLARATION

The directors of World Reach Limited declare that:

1. The financial statements and notes as set out in pages 18 to 39 are in accordance with the *Corporations Act 2001* and:

    (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards;

    (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company and consolidated group; and

    (c) 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 financial year ending 30 June 2017.

This declaration is made in accordance with a resolution of the Board of Directors on 30 August 2017.

Mr Simon Wallace
Chairman
Date: 30 August 2017

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INDEPENDENT AUDITOR'S REPORT
To the Members of World Reach Ltd

Opinion

We have audited the financial report of World Reach Ltd. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Impairment of Intangible Assets Refer to Note 9 in the financial statements	
The Group has intangible assets of $4.3m, being capitalised development costs mainly relating to Thuraya Intangible asset of $3.7m. The Thuraya asset is not yet available for use as at 30 June 2017, and therefore management have performed an impairment assessment based on a value in use calculation, which determined that no impairment had occurred. We identified this area as a Key Audit Matter due to the size of the intangibles balance, and the judgment involved in determining the value in use of the relevant assets based on the estimated future cash flows generated.	Our audit procedures in relation to intangible assets included: • Assessing management's impairment assessment by checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; • Challenging the reasonableness of key assumptions, including the cash flow and revenue projections, revenue growth rate, exchange rates, discount rates, and any sensitivities used; and • Confirming our understanding of the nature of the intangible assets, the strategic purpose of the projects and its ability to generate future revenues through discussions with management.
Deferred Tax Asset – tax losses Refer to Note 3 and Note 8 in the financial statements	
The Group has a material amount of recognised Deferred Tax Assets of $1.3m, relating to previous operating losses and temporary differences. This is considered a key audit matter as there is a high degree of subjectivity and complexity in respect of the recognition of the deferred tax asset and the expectation that future profits against which the deferred tax asset can be utilised are more likely than not.	Our audit procedures in relation to deferred tax balances included: • Assessing management's assumptions in relation to the recoverability of deferred tax assets, and the manner in which temporary differences would be reversed and losses utilised. This included reviewing and challenging management's budgets and cash flow forecasts, and determining the historical accuracy of management's assumptions; and • Assessing the appropriateness and adequacy of disclosures made in the financial statements in note 3 Income Tax.

RSM

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of ABC Company Ltd., for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 30 August 2017
Melbourne, VIC