World Reach Limited
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29 August 2014

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4E and Financial Statements for year ending 30 June 2014

The company encloses its Appendix 4E (Preliminary Final Report) together with the Financial Statements for the year ending 30 June 2014 including all Notes to the accounts for immediate release.

Yours faithfully

Dennis Payne
Secretary

WORLD REACH LIMITED
ABN 39 010 568 804

Appendix 4E
Preliminary Final Report
Year ended 30 June 2014

1. Reporting periods

Current reporting period	Year ended 30 June 2014
Previous corresponding period	Year ended 30 June 2013

2. Results for announcement to the market

$A

2.1	Revenue from ordinary activities	Down 10.25% to	12,630,372
2.2	Profit / (loss) from ordinary activities after tax attributable to members	Profit of 439,449 for FY 2014	Loss of (835,290) for FY 2013
2.3	Net profit / (loss) for the period attributable to members	Profit of 439,449 for FY 2014	Loss of (835,290) for FY 2013
2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
	Previous corresponding period:		
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A	
2.6	EXPLANATION Refer 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 2014.

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 2014 Cents per share	30 June 2013 Cents per share
Net tangible assets / (deficiency of assets) per security	(0.1436) ¢	(0.1934) ¢

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 July 2014 the Group completed a renounceable rights offer with the issue of 16,000,000 new Ordinary Shares raising $2,400,000 in capital funds (before costs). The funds raised from the renounceable rights offer were sufficient to repay the majority of the Group's interest bearing debt and provide a substantial improvement to the Group's balance sheet.

The debt repayments include the redemption of the remaining convertible notes with value $500,000 (repaid on 26 August 2014), the repayment of a shareholder loan of $300,000 (repaid on 27 August 2014) and application for repayment of the bank term loan of $275,000 (submission made for repayment at the expiry of the current monthly term on 30 August 2014), as well as repayment of the balance of

12. Other significant information (continued)

extended credit of US$600,000 provided by creditors to part fund the recently completed major development project. As at 29 August 2014 all convertible notes have either been converted to shares or redeemed, such that no notes remain on issue by the Company.

13. Foreign entities

N/A

14. Commentary on results for the year

During the year the Group's operations 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:

	2014 ($000)	**2013 ($000)**
Revenue	$ 12,630	$ 14,073
Deduct:		
Cost of goods sold, research & development, administrative marketing and corporate expenses	$(10,784)	$(13,201)
Operating profit before amortisation, depreciation, interest and tax	**$ 1,846**	**$ 872**
Deduct:		
Amortisation	$ (695)	$ (972)
Depreciation	$ (76)	$ (79)
Interest	$ (636)	$ (656)
Operating profit/(loss)	**$ 439**	**$ (835)**
Net profit/(loss) for year	**$ 439**	**$ (835)**

14. Commentary on results for the year (continued)

The Group's lower total sales figure for FY14 was compensated by a reduction in the higher volume/lower margin deals present in past years. This resulted in higher average profit margins and achievement of a net profit ahead of budget expectations.

Sales of new products from the latest development project commenced in June producing $1.7M in revenue. These sales were in addition to a strong level of continuing business throughout the year in existing products with core global distributors. Tight control of operating costs and overheads, combined with consistent sales to global distributors enabled the Group to record monthly profits for the last 10 months of FY14.

Monthly amortisation of the capitalised development costs of an older project ceased in September 2013.This together with a delay in completing the latest project until June 2014 (when amortisation commenced), determined a reduction in amortisation costs year on year.

Financing costs were slightly below the previous year. The Group adopted a revised treatment for convertible notes (to comply with accounting standards) during the period, which required expensing of notional interest (above actual interest) in FY14 of $203,000 ($234,000 in the amended FY13 figure).

The Group secured an equity capital injection of $438,000 from a Hong Kong based investor in February 2014 and received a government R&D cash grant of $471,000 in June 2014. These also assisted the reduction in interest costs.

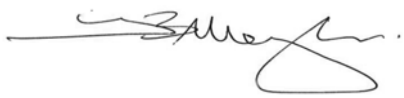
The recently completed development project, mentioned above, has a contracted minimum level of sales of US$3M in the first 12 months and together with the forecast continuance of a strong level of business in existing products, is expected to underpin revenue in FY15.

The $2.4M raised following the rights issue in July 2014, especially after a very positive level of conversion of convertible notes, has enabled the repayment of the majority of the Group's interest bearing debt, providing a substantial improvement to the Group's balance sheet and a reduction in ongoing interest costs. As of today's date the shareholder loan and all remaining convertible notes have been repaid in full, such that no notes remain on issue by the Company.

15. Audit

The financial statements for the year ended 30 June 2014 are in the process of being audited. The auditors opinion is unlikely to be qualified or include any emphasis of matter.

Signed by Chairman:



Mr Trevor Moyle
Date: 29 August 2014

World Reach Limited
and Controlled Entities

ABN 39 010 568 804

Preliminary final report
for the financial year ended 30 June 2014

WORLD REACH LIMITED
AND CONTROLLED ENTITIES
ABN 39 010 568 804

PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2014

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WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

		Year ended	
	Note	**30 June 2014 $**	**30 June 2013 $**
Revenue	2(a)	12,630,372	14,073,087
Changes in inventories of raw materials, finished goods and work in progress		810,431	(1,241,624)
Raw materials, consumables and other costs of sale	2(b)	(8,053,701)	(8,362,596)
Employee benefits expense		(1,965,771)	(1,993,141)
Depreciation expense	7(a)	(75,575)	(79,045)
Amortisation expense	8(a)	(695,243)	(971,861)
Finance costs expense	2(c)	(636,292)	(656,927)
Auditor remuneration expense	18	(69,996)	(100,004)
Accounting, share registry and secretarial expense		(71,653)	(84,475)
Consultancy and contractor expense		(256,238)	(331,413)
Legal, insurance and patent expense		(169,966)	(147,122)
Other expenses	2(d)	(1,006,919)	(940,169)
Profit (Loss) before income tax		439,449	(835,290)
Income tax expense / (benefit)	3(a)	-	-
Profit for the year		439,449	(835,290)
Other comprehensive income		-	-
Total profit/(loss) and other comprehensive income for the year		439,449	(835,290)

Loss and total comprehensive income are both fully attributable to owners of the Company

Basic earnings per share (cents)	20	3.45	(7.13)
Diluted earnings per share (cents)	20	3.15	(7.13)

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

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	30 June 2014 $	30 June 2013 $
Current assets			
Cash and cash equivalents	4	229,592	1,322,921
Inventories	5	3,211,234	2,400,803
Trade and other receivables	6	2,694,482	2,136,915
Total current assets		6,135,308	5,860,639
Non-current assets			
Plant and equipment	7	98,964	156,381
Intangible assets	8	2,913,033	1,702,883
Total non-current assets		3,011,997	1,859,264
Total assets		9,147,305	7,719,903
Current liabilities			
Trade and other payables	9	4,216,348	3,086,122
Other financial liabilities	10	773,045	1,403,647
Short-term provisions	11	729,849	367,092
Total current liabilities		5,719,242	4,856,861
Non-current liabilities			
Other financial liabilities	10	2,586,157	3,123,064
Long-term provisions	11	29,630	34,719
Total non-current liabilities		2,615,787	3,157,783
Total liabilities		8,335,029	8,014,644
Net assets / (deficiency of net assets)		812,276	(294,741)
Equity			
Issued capital	12	1,769,355	1,377,091
Reserves		697,630	762,040
Accumulated losses		(1,654,710)	(2,433,872)
Total equity		812,276	(294,741)

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 2014

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2012	1,327,091	777,243	(1,839,282)	265,052
Total loss and comprehensive income for the year	-	-	(835,290)	(835,290)
Transactions with owners in their capacity as owners and other transfers:				
- Remuneration based option payments	-	40,917	-	40,917
- Adjustment for employee share options lapsed	-	(240,700)	240,700	-
- Convertible note options issued	-	184,580	-	184,580
- Contributions of equity, net of transaction costs	50,000	-	-	50,000
Balance at 30 June 2013	1,377,091	762,040	(2,433,872)	(294,741)
Balance at 1 July 2013	1,377,091	762,040	(2,433,872)	(294,741)
Total loss and comprehensive income for the year	-	-	439,449	439,449
Transactions with owners in their capacity as owners				
- Shares issued, net of transaction costs	392,264	-	-	392,264
- Convertible note options issued	-	228,174	-	228,174
- Convertible note options lapsed	-	(322,783)	322,783	-
- Remuneration based option payments	-	47,129	-	47,129
- Adjustment for employee share options lapsed	-	(16,930)	16,930	-
Balance at 30 June 2014	1,769,355	697,630	(1,654,710)	812,276

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 2014

	Note	Year ended 30 June 2014 $	30 June 2013 $
Cash flow from operating activities			
Receipts from customers		12,981,571	14,669,070
Payments to suppliers and employees		(11,549,288)	(12,788,886)
Interest received		6,028	19,234
Interest and finance charges paid		(433,274)	(367,573)
Export market development grant receipts		92,493	158,752
Net cash provided by / (used in) operating activities	15(a)	1,097,530	1,690,596
Cash flow from investing activities			
Purchases of plant and equipment	7(a)	(26,579)	(17,824)
Proceeds from sale of plant & equipment		500	-
Development costs capitalised	8(a)	(1,905,393)	(965,604)
Research and development grant		471,396	-
Net cash used in investing activities		(1,460,076)	(983,428)
Cash flow from financing activities			
Proceeds - convertible notes		(75,000)	650,000
Net loan payments		(447,930)	(704,854)
Proceeds on share purchase plan / share placement		392,264	50,000
Net cash provided by / (used in) financing activities		(130,666)	(4,855)
Net increase / (decrease) in cash and cash equivalents		(493,213)	702,313
Cash and cash equivalents at beginning of year		447,805	(254,508)
Cash and cash equivalents at end of financial year	15(b)	(45,408)	447,805

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 the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and 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.

(ii) Going concern

The Financial Report has been prepared on a going concern basis which assumes that the Group will be able to generate sufficient positive cash flows to meet its financial obligations, realise its assets and extinguish its liabilities in the normal course of business.

The trading results for the year ended 30 June 2014 and the financial position of the Group at that date are summarised as follows:

	30 June 2014	30 June 2013
	$	$
Revenue	12,630,372	14,073,087
EBITDA	1,846,559	872,543
Profit/(Loss) for the year	439,449	(835,290)
Cash generated / (used in) operating activities	1,097,529	1,690,596
Net assets / (deficiency)	812,276	(294,741)
Net current assets	416,066	1,003,778

The adoption of the going concern basis for the preparation of the Financial Report has been made after consideration of the following matters:

- On 28 July 2014 the Group completed a renounceable rights issue which raised $2.4M in capital funds. During this process and afterwards some convertible note holders either converted to shares or advised the Group that they intended to convert. The renounceable rights funds will be sufficient to repay the majority of the Groups interest bearing debt. This includes repaying the remaining convertible notes not converted by 22 August 2014 valued at $500,000 (repaid on 26 August 2014), repaying a shareholder loan of $300,000 (which occurred on 27 August 2014) and the bank term loan of $275,000 (submission made for repayment at the expiry of the current monthly term on 30 August 2014), as well as the balance of extended credit of US$600,000 provided by creditors to part fund the recently completed major development project. At 29 August 2014 all convertible notes have either been converted to shares or redeemed, such that no notes remain on issue by the Company. Further details of the rights issue and debt repayments are included in Note 25 'Subsequent Events'.

- The Group secured a capital injection on 24 February 2014 of $438,000 from Ample Skill Limited, a Hong Kong based private investor, to provide additional working capital to support planned growth of business activities.

- The Group is forecasting growth in its trading operations for the 30 June 2015 financial year with an improvement in sales and profitability and achievement of positive operating cash flows. The trading forecasts include significant additional sales from:

  - The sale of new products from the recently completed major development project. Sales began in June 2014 with a contracted minimum level of sales for the first twelve months of US$3M.

  - The emerging performances of SatPhone Shop and Short Burst Data airtime services sold in Australia expected to contribute $2.0M to revenue for the 2015 financial year.

  - The Group has current banking arrangements which provide for overdraft facilities of $640,000 and guarantee facilities of $150,000. Continuation of these arrangements is subject to the Group satisfying specific covenants. Whilst the Group did not meet the revenue covenant, it did meet all others during the 30 June 2014 financial year. The bank advised the Group after the quarter ended 30 June that it would not waive or give up its rights however it would not be taking action at this time. On 27 August 2014, the bank confirmed banking facilities as continuing. The Group expects to satisfy future covenants ensuring continuance of on-going banking facilities.

Whilst achievement of positive cash flows, continuation of current banking facilities and the continuing support of creditors and financiers are expected, future events by their nature are uncertain, the Group believes that there is currently sufficient flexibility within its cash resources so as not to cast doubt about the Group's ability to continue as a going concern.

1. Summary of significant accounting policies (continued)

(iii) 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 (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 23.

(b) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by balance date.

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. Due to the consolidated group's continued tax losses, the consolidated group has not recognised deferred tax assets as at 30 June 2014. Refer Note 3(c). 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.

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.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(c) Plant & equipment (continued)

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 as follows for both 2013 and 2014.

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 prior to the development phase of a 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. Older products have been assessed at 3 years giving a 33% amortisation rate during 2014. The major product completed in June 2014 was assessed at a minimum 2 years giving a 50% amortisation rate.

(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.

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.

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 13 for a detailed review of the group's financial instruments.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Revenue recognition

Revenue from the sale of goods and services is recognised 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.

(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.

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, except where deferred in equity as a qualifying cash flow or net investment hedge.

(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.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(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).

(p) New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 10 ‘Consolidated Financial Statements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements;

- AASB 12 ‘Disclosure of Interests in Other Entities’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’;

- AASB 119 ‘Employee Benefits’ (2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011)’;

- AASB 2012-5 ‘Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle’;

- AASB 2012-10 ‘Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments’.

(q) New accounting standards for application in future periods

The Directors have reviewed the AASB future pronouncements and do not believe any will have a material impact on the affairs or the financial statements of World Reach Limited and their controlled entities.

		Year ended	
		30 June 2014	**30 June 2013**
		$	**$**
2	**Loss before income tax**		
(a)	Revenue from continuing operations		
	Sales revenue		
	- Equipment sales	12,430,821	13,826,274
	- Equipment hire	-	10,118
	- Other	41,848	52,092
		12,472,669	13,888,484
	Other income		
	- Interest	6,028	19,234
	- Other realised and unrealised foreign currency net gain	39,540	6,617
	- Export market development grant	92,493	158,752
	- Research and Development grant	19,642	-
		157,702	184,603
		12,630,372	14,073,087
(b)	Cost of sales		
	Opening inventories	2,400,803	3,642,427
	Add: Purchases and other stock adjustments	8,053,701	8,362,596
		10,454,504	12,005,023
	Closing inventories (Note 5)	(3,211,234)	(2,400,803)
		7,243,270	9,604,220
(c)	Finance costs expense		
	Interest expense on financial liabilities	636,292	656,927
(d)	Other expenses include:		
	- Unrealised foreign currency exchange loss on foreign currency secured advances	-	132,038
	- Product development costs expensed	152,354	205,948
	- Operating lease payments	234,371	195,063
3	**Income tax**		
(a)	The components of tax expense / (benefit) comprise:		
	Current tax		
	- Current tax expense (refer 3b below)	-	-
	- Current movement in net deferred tax assets	(223,495)	41,341
	- Net deferred tax assets not brought to account	223,495	-
	- Utilisation of deferred tax amount from prior year tax losses not taken up	-	(41,341)
	Income tax expense / (benefit) t'ferred to statement of profit or loss and other comprehensive income	-	-
(b)	The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the current income tax benefit as follows:		
	Profit from ordinary activities	439,449	(835,290)
	Prima facie income tax benefit on loss from ordinary activities at 30% (2013: 30%)	131,835	(250,587)
	Add / (Less):		
	Tax effect of:		
	- Temporary difference deferred tax assets not taken up	(172,342)	170,976
	- Tax loss deferred tax asset not taken up	40,507	79,611
	Income tax expense attributable to the Consolidated Group	-	-

3 Income tax (continued)

(c) Net deferred tax assets of $5,431,151 (2013: $5,614,139) have not been recognised at 30 June 2014. This consists of amounts relating to carried forward losses of $5,957,519 (2013: $5,917,012) and temporary differences of $(526,368) (2013: $(302,873)).

In the directors opinion there are reasonable grounds to expect sufficient future profitability so as to realise the value of deferred tax assets. However due to previous trading performances and the amount of the accumulated losses for tax purposes, it is considered conservative and prudent not to recognise deferred tax assets at this time.

The amount of 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) There are no franking credits available to equity holders.

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
4 Cash and cash equivalents		
Cash at bank and in hand	229,592	1,322,921
5 Inventories		
At cost:		
Raw materials	864,765	1,212,302
Work In Progress	-	70,322
Finished Goods	2,346,469	1,118,179
	3,211,234	2,400,803
6 Trade and other receivables		
(a) Current		
Trade receivables	2,495,589	1,931,975
Provision for doubtful debts	(56,000)	-
Other receivables and prepayments	163,774	122,944
Rental security deposit	91,119	81,996
	2,694,482	2,136,915

(b) Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue) 31 - 60	61 - 90	90+	Past due & impaired
2014						
Current						
Trade receivables	2,495,589	2,140,750	275,293	3,534	20,012	-
Other receivables	163,774	163,774	-	-	-	-
Rental security deposit	91,119	91,119	-	-	-	-
2013						
Current						
Trade receivables	1,931,975	1,007,220	686,040	54,858	183,857	-
Other receivables	122,944	122,944	-	-	-	-
Rental security deposit	81,996	81,996	-	-	-	-

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

7 Plant and equipment

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Office furniture and equipment - at cost	404,049	395,011
Less: Accumulated depreciation and impairment	(323,237)	(262,176)
	80,812	132,835
Computer and test equipment - at cost	219,083	201,652
Less: Accumulated depreciation and impairment	(200,931)	(186,528)
	18,152	15,124
Rental equipment - at cost	216,212	216,212
Less: Accumulated depreciation and impairment	(216,212)	(207,790)
	-	8,422
Total plant and equipment	98,964	156,381

(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 2012	181,545	25,264	10,793	217,602
Additions	11,428	6,396	-	17,824
Disposals	-	-	-	-
Depreciation expense	(60,138)	(16,536)	(2,371)	(79,045)
Balance at 30 June 2013	132,835	15,124	8,422	156,381
Additions	9,148	17,431	-	26,579
Disposals	-	-	(8,422)	(8,422)
Depreciation expense	(61,172)	(14,403)	-	(75,575)
Balance at 30 June 2014	80,811	18,152	-	98,963

8 Intangible assets

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Development costs capitalised - at cost	5,779,717	3,874,324
Accumulated amortisation and impairment	(2,866,684)	(2,171,441)
	2,913,033	1,702,883

(a) Movements in carrying amounts

	30 June 2014 $	30 June 2013 $
Balance at the beginning of the year	1,702,883	1,709,140
Additional costs capitalised	1,905,393	965,604
Amortisation expense	(695,243)	(971,861)
Balance at the end of the year	2,913,033	1,702,883

9 Trade and other payables

	30 June 2014 $	30 June 2013 $
Current		
Trade payables and accruals	3,603,229	3,063,615
Deferred income	613,120	22,507
	4,216,348	3,086,122

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
10 Other financial liabilities		
Current		
Bank overdraft - secured	275,000	875,116
Secured advances under contract	482,438	450,360
Unsecured other loans	15,607	3,171
Secured convertible notes	-	75,000
	773,045	1,403,647
Non Current		
Secured convertible notes	1,438,696	1,509,975
Secured advances under contract	403,731	915,482
Unsecured convertible notes	443,730	397,607
Unsecured other loans	300,000	300,000
	2,586,157	3,123,064

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.

Secured advances under contract

At balance date the Company had secured advances under a contract with Inmarsat PLC to develop and manufacture products compatible with the Inmarsat hand held satellite phone. Advances are secured by a charge over the Intellectual Property developed under the agreement, are non-interest bearing and are repaid as a percentage of product sale proceeds. During the current year the Company repaid $457,270 excluding realised and unrealised exchange differences.

Secured convertible notes

At 30 June 2014 secured convertible notes with a face value of $1,675,000 were outstanding on the following terms:

		Face Value	Maturity	Conv. Price
- Secured convertible notes - New issue	(a)	$650,000	Jan 2016	$0.12
- Secured convertible notes - Notes with maturity date extension	(b)	$1,025,000	Jul 2015	$0.12
- Interest rate		8%		
- Potential ordinary shares on conversion		13,958,333		

Secured by a second ranking fixed and floating charge over all the assets of the parent company.

(a) On 24 February 2014 the company completed a placement of ordinary shares at a price of $0.15 per share. Under the terms of the Convertible Note Deed the conversion price of all previously issued convertible notes was adjusted to 80% of the price at which these new shares were issued, which is $0.12.

(b) During August 2012 the company negotiated the extension of the maturity date with note holders holding notes with a total face value of $1,025,000 to July 2015.

Note holders were issued with 435,000 options to subscribe for shares in the Company at various exercise prices.

Unsecured convertible notes

At 30 June 2014 unsecured convertible notes with a face value of $500,000 were outstanding on the following terms:

	Face Value	Maturity	Conv. Price
- Unsecured convertible notes	$500,000	July 2015	$0.12
- Interest rate	8%		
- Potential ordinary shares on conversion	4,166,667		

On 24 February 2014 the company completed a placement of ordinary shares at a price of $0.15 per share. Under the terms of the Convertible Note Deed the conversion price of all previously issued convertible notes was adjusted to 80% of the price at which these new shares were issued, which is $0.12.

Note holders were issued with 178,572 options to subscribe for shares in the Company at a price of $0.70 per share.

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
11 Provisions		
Current		
Employee benefits	649,849	347,092
Warranty costs	80,000	20,000
	729,849	367,092
Non current		
Employee benefits	29,630	34,719

(a) Movements in provisions for the year ended 30 June 2014

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	381,811	20,000	401,811
Additional provisions	484,408	90,228	574,636
Amounts used	(186,740)	(30,228)	(216,968)
Balance at the end of the year	679,479	80,000	759,479

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
12 Issued capital		
Issued and paid up capital:		
Ordinary fully paid shares	1,769,355	1,377,091

The Company has 14,631,797 ordinary shares on issue at 30 June 2014 (2013: 11,711,797).

During the year the company raised additional funds for working capital purposes through a placement of shares as reported to the market via the Australian Securities Exchange.

	Number of shares	$
Balance at 30 June 2012	1,146,171,062	1,327,091
- Share consolidation 100:1	(1,134,709,265)	-
- Share purchase plan for existing shareholders	250,000	50,000
Balance at 30 June 2013	11,711,797	1,377,091
- Shares issued (net of costs)	2,920,000	392,264
Balance at 30 June 2014	14,631,797	1,769,355

(a) Options over issued capital

The total number of potential ordinary shares attributable to options outstanding as at 30 June 2014 is 2,135,572 (2013: 1,956,072), of which 262,000 (2013: 342,500) were issued to employees under the Company's Share Option Incentive Plan and 1,000,000 (2013: 1,000,000) were issued to directors following shareholder approval. Refer Note 17: Share Based Payments for details of options issued, exercised and lapsed during the financial year and the options outstanding at year end.

The balance of 873,572 (2013: 613,572) options outstanding were issued to investors in addition to subscriptions for convertible notes.

Under the terms of the Convertible Note Subscription Agreement for notes issued on 6 February 2013, the note holder was issued with 260,000 options to subscribe for shares in the Company on 18 December 2013 at an exercise price of $0.30.

12 Issued capital (continued)

(a) Options over issued capital (continued)

On 24 February 2014 the Company completed an issue of shares via a placement to the value of $438,000 at a price of $0.15 per share. Under the terms of the placement agreement, 973,333 options to subscribe for shares in the Company at an exercise price of $0.185 can, in the future be issued, provided the shareholder complies with ASX Listing Rules in relation to a relevant interest in the Company of greater than 20%. The

(b) Convertible notes

The total number of potential ordinary shares attributable to secured and unsecured convertible notes outstanding at 30 June 2014 is 18,125,000 (2013: 10,600,000). Refer Note 10 for details.

(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 2014 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, and convertible note issues.

13 Financial instruments

The Consolidated Group undertakes transactions in a range of financial instruments including:
- cash assets;
- receivables;
- payables;
- deposits;
- borrowings, including loans and convertible notes.

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 - The funding is provided by the Consolidated Group's bankers 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.

- Payables where a major supplier provided an extended credit arrangement at an interest rate of 9%. Agreed repayments were geared to particular sales of products associated with the goods supplied on extended credit.

- Convertible Notes issued at an interest rate of the higher of 8% or 90 day dealer's rate plus 3%, which exposes the Consolidated Group to interest rate risk on future payments.

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

13 Financial instruments (continued)

(a) Interest rate risk management (continued)

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:

2014	Floating Interest	Fixed Interest	*Weighted Average Interest Rate*	Non-Interest bearing	TOTAL
Financial asset					
Cash assets	229,592	-	*0.02%*	-	229,592
Receivables	-	-		2,694,482	2,694,482
TOTAL	229,592	-		2,694,482	2,924,074
Financial liability					
Payables	-	1,020,222	*9.00%*	3,196,126	4,216,348
Convertible notes	1,882,426	-	*8.00%*	-	1,882,426
Bank overdraft/term loan	275,000	-	*9.10%*	-	275,000
Sec'd advances under contract	-	-		886,169	886,169
Unsecured other loans	15,607	300,000	*14.53%*	-	315,607
TOTAL	2,173,033	1,320,222		4,082,295	7,575,550
2013					
Financial asset					
Cash assets	1,322,921	-	*1.23%*	-	1,322,921
Receivables	-	-		2,136,915	2,136,915
TOTAL	1,322,921	-		2,136,915	3,459,836
Financial liability					
Payables	-	-		3,086,122	3,086,122
Convertible notes	1,982,582	-	*8.00%*	-	1,982,582
Bank Overdraft	875,116	-	*10.07%*	-	875,116
Sec'd advances under contract	-	-		1,365,842	1,365,842
Unsecured other loans	3,171	300,000	*14.90%*	-	303,171
TOTAL	2,860,869	300,000		4,451,964	7,612,833

(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, payable and loan transactions in foreign currency, primarily in US Dollars. The Group's foreign currency exchange risk arises from the holding of foreign currency deposits, loans and transactions in normal trading operations resulting in both trade receivables and loans 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 impact on profit and equity due to movements in unrealised foreign currency exchange gain on foreign currency secured advances are as follows:

	Foreign currency movement	**Year ended 30 June 2014 $**	**30 June 2013 $**
Impact on profit after tax	+/- 10%	+-128,956	+/- 126,682
Impact on equity	+/- 10%	+-128,956	+/- 126,682

Due to the remaining foreign currency payable and receivable balances offsetting, a movement in the rates used to determine values at reporting date would not have a material impact on profit and therefore no further sensitivity analysis has been provided.

13 Financial instruments (continued)

(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:

2014	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
Asset class				
Cash and cash equivalents	229,592	-	229,592	229,592
Receivables	2,659,363	91,119	2,750,482	2,750,482
Payables	(4,216,348)	-	(4,216,348)	(4,216,348)
Other financial liabilities including contractual interest	(992,045)	(2,586,157)	(3,578,202)	(3,359,202)
Net maturities	(2,319,438)	(2,495,038)	(4,814,476)	(4,595,476)
2013				
Asset class				
Cash and cash equivalents	1,322,921	-	1,322,921	1,322,921
Receivables	2,054,919	81,996	2,136,915	2,136,915
Payables	(3,086,122)	-	(3,086,122)	(3,086,122)
Other financial liabilities including contractual interest	(1,622,646)	(3,342,064)	(4,964,711)	(4,526,711)
Net maturities	(1,330,928)	(3,527,486)	(4,858,414)	(4,152,997)

(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 2014 $	30 June 2013 $

14 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 2014 $	30 June 2013 $
Not later than one year	77,986	154,878
Later than one year but not later than five years	-	77,986
Later than five years	-	-
	77,986	232,864

The Consolidated Group and parent entity renegotiated a 5 year non-cancellable commercial rental property lease at Mulgrave in December 2009. The new lease expires in December 2014. There is an option to renew the lease for a further 5 year period but no commitment has been entered into at this date.

Capital expenditure commitments

Capital expenditure projects	30 June 2014 $	30 June 2013 $
Not longer than 1 year	86,000	464,150
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	86,000	464,150

Capital commitments relate to product development projects being undertaken by World Reach Limited's subsidiary Beam Communications Pty Ltd. As at this date only minor projects have capital expenditure commitments.

Superannuation commitments

World Reach Ltd 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.

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
15 Notes to the statement of cash flows		

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

	30 June 2014 $	30 June 2013 $
Profit after tax	439,449	(835,290)
Non Cash flows in profit:		
Depreciation	75,575	79,045
Amortisation	695,243	971,861
Net profit on disposal of plant and equipment	(500)	
Convertible note finance expense	203,018	234,717
Unrealised foreign currency net losses / (gains)	(19,307)	132,017
Remuneration options expense	-	40,916
Share options expensed	47,130	-
Doubtful debt expense	56,000	-
Changes in assets and liabilities:		
Increase in trade and other payables	667,252	314,814
Increase in employee provisions	297,668	13,632
(Increase) in trade and other receivables	(613,567)	(502,740)
(Increase) / Decrease in inventory	(810,431)	1,241,624
Increase in provision for warranty costs	60,000	-
Net cash from operating activities	1,097,530	1,690,596

(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:

	30 June 2014 $	30 June 2013 $
Cash and cash equivalents (Note 4)	229,592	1,322,921
Bank overdraft/loan (Note 10)	(275,000)	(875,116)
	(45,408)	447,805

(c) Non cash operating, financing and investing activities

Non cash operating, financing and investing activities undertaken by the Consolidated Group during the year are disclosed in Note 17.

(d) Facilities

In October 2013 new facilities were negotiated with the National Australia Bank for the Consolidated Group. In place of an overdraft facility with a limit of $1,000,000, the Group arranged the following facilities:

- an Australian dollar overdraft with a limit of $300,000. The overdraft was not utilised at 30 June 2014.
- a US dollar overdraft with a limit of US$320,000. The US dollar overdraft was not utilised at 30 June 2014.
- a term loan in Australian dollars of $300,000 with monthly repayments of $12,500 which began in May 2014. The balance of the loan at 30 June 2014 was $275,000

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 2014.

The Consolidated Group's banking facilities are subject to the Group satisfying quarterly covenants set by the bank. The Group did not meet the revenue covenant which requires cumulative actual performance to be within 20% of forecast KPIs in each quarter of the last 3 quarters of the 30 June 2014 financial year. After the December 2013, March 2014 and June 2014 quarters the bank advised the Group that it would not waive or give up its rights however it would not be taking action at this time. Taking all factors into account, the bank reconfirmed similar banking facilities as continuing on 27 August 2014.

16 Key management personnel disclosures

(a) Compensation by category

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Short-term employee benefits	717,588	584,783
Post-employee benefits	47,765	45,950
Other long-term benefits	11,282	7,730
Termination benefits	-	-
Share-based payments	47,130	40,917
	823,765	679,380

(b) 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.

2014	Balance 1.07.13	Granted as Remuneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.14	Total Vested 30.06.14	Exercisable 30.06.14	Unexercisable 30.06.14
Directors									
T Moyle	200,000	-	-	-		200,000	-	-	200,000
M Capocchi	705,000	-	-	-		705,000	105,000	105,000	600,000
J Bee	200,000	-	-	-		200,000	-	-	200,000
C Hung	-	-	260,000	-		260,000	260,000	260,000	-
Other									
D Payne	77,500	-	-	-	(15,000)	62,500	62,500	62,500	-
Total	1,182,500	-	260,000	-	(15,000)	1,427,500	427,500	427,500	1,000,000

2013	Balance 1.07.12	Granted as Remuneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.13	Total Vested 30.06.13	Exercisable 30.06.13	Unexercisable 30.06.13
Directors									
T Moyle	-	200,000	-	-	-	200,000	-	-	200,000
M Capocchi	511,875	600,000	-	-	(406,875)	705,000	105,000	105,000	600,000
J Bee	-	200,000	-	-	-	200,000	-	-	200,000
C Hung	-	-	-	-	-	-	-	-	-
Other									
D Payne	84,063	-	-	-	(6,563)	77,500	77,500	77,500	-
Total	595,938	1,000,000	-	-	(413,438)	1,182,500	182,500	182,500	1,000,000

16 Key management personnel disclosures (continued)

(c) 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.

2014	Balance 1.07.13	Received as Remuneration	Options Exercised	Net Change Other [a]	Balance 30.06.14
Directors					
Mr T Moyle	-	-	-	-	-
Mr M Capocchi	75,228	-	-	-	75,228
Mr J Bee	720,000	-	-	-	720,000
Mr C Hung	-	-	-	-	-
Other					
Mr D Payne	120,237	-	-	-	120,237
	915,465	-	-	-	915,465

2013	Balance 1.07.12	Received as Remuneration	Options Exercised	Net Change Other [a]	Balance 30.06.13
Directors					
Mr T Moyle	-	-	-	-	-
Mr M Capocchi	75,228	-	-	-	75,228
Mr J Bee	720,000	-	-	-	720,000
Mr C Hung	-	-	-	-	-
Other					
Mr D Payne	100,237	-	-	20,000	120,237
	895,465	-	-	20,000	915,465

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

(d) Convertible notes

The number of convertible notes issued during the financial year to each key management person including their personally related parties is set out below.

2014	Balance 1.07.13	Notes issued		Notes	Balance 30.06.14	
	No.	No.	Total Face Value $	Sold or Matured	No.	Total Face Value $
Directors						
Mr T Moyle	-	-	-	-	-	-
Mr M Capocchi	14	-	-	-	14	350,000
Mr J Bee	-	-	-	-	-	-
Mr C Hung	26	-	-	-	26	650,000
						-
Other						
Mr D Payne	2	-	-	1	1	25,000
	42	-	-	1	41	1,025,000

2013	Balance 1.07.12	Notes issued		Notes	Balance 30.06.13	
	No.	No.	Total Face Value $	Sold or Matured	No.	Total Face Value $
Directors						
Mr T Moyle	-	-	-	-	-	-
Mr M Capocchi	14	-	-	-	14	350,000
Mr J Bee	-	-	-	-	-	-
Mr C Hung	-	26	650,000	-	26	650,000
Other						
Mr D Payne	2	-	-	-	2	50,000
	16	26	650,000	-	42	1,050,000

Refer Note 10 - Secured convertible notes for details of the Convertible Note Agreement.

(e) Loans and transactions

Mr C Hung is a director of the company, and is also the President of the Season Group. During the year ended 30 June 2014 the company subcontracted manufacturing on an arms length basis to the Season Group, in accordance with a contract signed prior to his appointment as director. Transactions between the company and the Season Group are on normal commercial terms and conditions no more favourable than those available to other parties. (Refer Note 19)

17 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 2014:

(i) 124,500 options were granted on 30 September 2009 to key employees with an expiry date of 30 September 2014 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 September 2009 at $0.65 per share (Issue WRR46).

10,000 of these options lapsed or were cancelled in the periods prior to 30 June 2014.

114,500 of these options are outstanding as at 30 June 2014.

(ii) 75,000 options were granted on 1 January 2011 to key employees with an expiry date of 1 January 2016 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 1 January 2011 at $0.65 per share (Issue WRR48).

2,500 of these options lapsed or were cancelled in the periods prior to 30 June 2014.

72,500 of these options are outstanding as at 30 June 2014.

(iii) 75,000 options were granted on 1 February 2012 to key employees with an expiry date of 1 February 2017 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 1 February 2012 at $0.45 per share (Issue WRR49).

75,000 of these options are outstanding as at 30 June 2014.

(iv) 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 vest in one-third portions on 1 July in each of 2014, 2015 and 2016 at $0.65 per share (Issue WRR51).

800,000 of these options are outstanding as at 30 June 2014.

(v) 200,000 options were granted on 12 December 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 vest in one-third portions on 1 July in each of 2014, 2015 and 2016 at $0.65 per share (Issue WRR52).

200,000 of these options are outstanding as at 30 June 2014.

(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 2014		30 June 2013	
	No.	**WAEP $**	**No.**	**WAEP $**
Outstanding at the beginning of the financial year	1,342,500	0.6388	657,500	1.2900
Granted during the financial year	-	-	1,000,000	0.6500
Lapsed during the financial year	-	-	-	-
Cancelled during the financial year	(10,000)	0.6500	(315,000)	2.0238
Exercised during the financial year	-	-	-	-
Expired during the financial year	(70,500)	0.6500	-	-
Outstanding at the end of the financial year	1,262,000	0.6381	1,342,500	0.6388
Exercisable at the end of the financial year	262,000	0.5927	342,500	0.6062

Notes to Share Based Payments

(i) The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 2.64 years (2013: 3.46 years)
The range of exercise prices for options outstanding at the end of the year was $0.45 - $0.65 (2013: $0.45 - $0.65)
The weighted average fair value of options granted during the year was $0.00 (none granted) (2013: $0.2008)
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 under employee benefits expense in the statement of profit or loss and other comprehensive income is $47,129 (2013: $40,917), and relates, in full, to equity-settled share options.

	Year ended	
	30 June 2014 **$**	**30 June 2013** **$**
18 Remuneration of auditors		
Remuneration of the Auditor for auditing or reviewing financial reports of the Consolidated Group	69,996	100,004
19 Related party transactions		

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

	30 June 2014 $	30 June 2013 $
Transactions with the Seasons Group		
- Purchases	2,573,302	1,010,738
- Sales	(108,832)	(21,599)
Amounts outstanding with the Seasons Group		
- Receivables	28,604	16,490
- Payables	(1,279,132)	(240,901)

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 2014 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.

20 Earnings per share

	30 June 2014	30 June 2013
Overall operations		
Basic earnings per share	3.45	(7.13)
Diluted earnings per share	3.15	(7.13)
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	12,719,797	11,711,797
Weighted average number of dilutive converting preference shares on issue	13,197,671	10,600,000
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Dilutive Earnings Per Share	25,917,468	22,311,797
Anti-dilutive options on issue not used in dilutive EPS calculation	2,135,572	1,956,072

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

	$	**$**
Earnings:		
Earnings used in the calculation of Basic Earnings Per Share	439,449	(835,290)
Reconciliation of dilutive earnings to profit or loss:		-
Profit	439,449	-
Interest on convertible notes	377,018	-
Earnings used in the calculation of Dilutive Earnings Per Share	816,467	-

The issue of ordinary shares in a Renounceable Rights Issue, which was made subsequent to the reporting period, that if issued prior to the reporting may have had a significant effect on the weighted average number of ordinary shares used in basic and diluted earnings, are disclosed in Note 25 Subsequent Events.

21 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 2014		Year ended 30 June 2013	
	$	%	$	%
Sales by country				
Australia	4,222,868	33.43%	6,797,052	48.30%
Canada	533,474	4.22%	738,056	5.24%
United Kingdom	1,929,260	15.27%	1,521,705	10.81%
United States of America	2,569,054	20.34%	1,133,769	8.06%
Netherlands	1,337,180	10.59%	616,753	4.38%
Japan	1,063,905	8.42%	1,171,736	8.33%
Other foreign countries	974,631	7.72%	2,094,016	14.88%
	12,630,372	100.00%	14,073,087	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 13% of external revenue (2013: the largest customer was in Australia accounting for 30% of revenue, that Australian customer in 2014 accounted for 6%) and the second largest customer, located in the Netherlands accounted for 10% of external revenue (2013: second largest customer was in China, 7%). The next most significant customer accounts for 7% of external revenue (2013: 6.5%).

22 Parent company disclosures

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

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Profit / (loss) from continuing operations	(931,698)	(984,719)
Profit / (loss) for the year attributable to owners of the Company	(931,698)	(984,719)
Other comprehensive income	-	-
Total loss and other comprehensive income for the year attributable to owners of the Company	(931,698)	(984,719)

(b) Statement of financial position

	30 June 2014 $	30 June 2013 $
Assets		
Current assets	345,526	193,819
Non-current assets	98,964	147,960
Total assets	444,490	341,779
Liabilities		
Current liabilities	2,655,220	2,258,132
Non-current liabilities	2,212,056	2,242,301
Total liabilities	4,867,276	4,500,433
Net assets / (deficiency of net assets)	(4,422,786)	(4,158,654)
Equity		
Issued capital	1,769,355	1,377,091
Reserves	697,630	762,040
Accumulated losses	(6,889,771)	(6,297,785)
Total equity	(4,422,786)	(4,158,654)

(c) Guarantees

The parent company has guaranteed contractual advances and the performance under contract of a subsidiary company.

(d) Contractual commitments

Parent entity operating lease commitments are the same as consolidated entity commitments as disclosed in Note 14. The parent entity has no capital expenditure commitments.

23 Controlled entities

Investments in unquoted corporations being controlled entities:	Incorporated	Share class	Holding 2014	Holding 2013
Beam Communications Pty Ltd	Australia	Ordinary	100%	100%
SatPhonerental Pty Ltd	Australia	Ordinary	100%	100%
SatPhone Shop Pty Ltd	Australia	Ordinary	100%	100%
Pacarc (PNG) Limited (Dormant)	Papua New Guinea	Ordinary	100%	100%
Beam Communications USA Inc	USA	Ordinary	100%	100%

24 Correction of prior period accounting errors

Financial assets and liabilities in prior years were not adjusted as prescribed by accounting standards AASB 132 and AASB 139 in relation to convertible notes issued by the Company. The accounting standards have been applied in the current year and accordingly the prior year comparative figures have also been restated in compliance with the accounting standards.

The financial statement lines affected and the correction amounts for prior year were as follows:

	30-Jun-13	30-Jun-12
Statement of Financial Position		
Increase in reserves	653,188	468,607
Decrease in accumulated Losses	(385,770)	(151,053)
Increase in equity attributable to owners of the Company	267,418	317,554
Statement of Comprehensive Income		
Increase in interest expense	234,717	
Decrease in profit before income tax	234,717	

25 Subsequent Events

On 1 July 2014 World Reach Limited announced a renounceable rights offer which allowed existing shareholders the right to purchase one new share per eligible share owned, at an issue price of $0.15 per share. The rights offer was partially underwritten to the value of $2,400,000. On 28 July 2014 the Group completed the rights offer with the issue of 16,000,000 new Ordinary Shares raising $2,400,000 in capital funds (before costs).

During the process and afterwards some convertible note holders either converted to shares or advised the Group that they intended to convert. The funds raised from the renounceable rights offer were sufficient to repay the majority of the Group's interest bearing debt and provide a substantial improvement to the Group's balance sheet. The debt repayments include the redemption of the remaining convertible notes not converted by 22 August 2014 with value $500,000 (repaid on 26 August 2014), the repayment of a shareholder loan of $300,000 (which occurred on 27 August 2014) and application for repayment of the bank term loan of $275,000 (submission made for repayment at the expiry of the current monthly term on 30 August 2014), as well as repayment of the balance of extended credit of US$600,000 provided by creditors to part fund the recently completed major development project. As at 29 August 2014 all convertible notes have either been converted to shares or redeemed, such that no notes remain on issue by the Company.

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