



**World Reach Limited**  
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The Manager  
Market Announcements Platform  
Australian Securities Exchange

**Appendix 4E and Financial Statements for year ending 30 June 2015**

The company encloses its Appendix 4E (Preliminary Final Report) together with the Financial Statements for the year ending 30 June 2015 including all Notes to the accounts for immediate release.

Yours faithfully

A handwritten signature in black ink, appearing to read "Dennis Payne".

Dennis Payne  
Secretary

**WORLD REACH LIMITED**  
**ABN 39 010 568 804**

**Appendix 4E**  
**Preliminary Final Report**  
**Year ended 30 June 2015**

**1. Reporting periods**

Current reporting period      Year ended 30 June 2015  
Previous corresponding period   Year ended 30 June 2014

**2. Results for announcement to the market**

		\$A	
2.1	Revenue from ordinary activities	Up      34.3%	to      16,967,356
2.2	Profit from ordinary activities after tax attributable to members	Profit of 2,012,867 for FY 2015	Profit of 439,449 for FY 2014
2.3	Net profit for the period attributable to members	Profit of 2,012,867 for FY 2015	Profit of 439,449 for FY 2014
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	<p><b>EXPLANATION</b></p> <p>Net profit before tax from the Group's operations for FY15 was \$644,934, an increase of 46% over the prior year.</p> <p>The Group incurred a tax expense of \$38,469 (2015: \$19,824, and 2014 underprovision \$18,645) in respect of the USA subsidiary which is not part of the Australian tax consolidated group and therefore unable to access accumulated Australian tax losses.</p> <p>For the first time, in FY15 the Group has brought to account \$1,406,402, being part of the income tax benefit derived from accumulated tax losses which have been recognised in the current year, following a conservative re-assessment of the Group's ongoing profitability, in accordance with accounting standards and the Group's policy.</p> <p>Refer also to Item 14 – Commentary on results for the year.</p>		

**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 2015.
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**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
<b>Total</b>			

**8. Dividend or distribution reinvestment plans**

N/A
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**9. Net tangible assets/(liabilities) per security**

	<b>30 June 2015 Cents per share</b>	<b>30 June 2014 Cents per share</b>
Net tangible assets / (deficiency of assets) per security	11.8136¢	(14.3574)¢

**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

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.

Current period	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 corresponding period	Current period	Previous corresponding period
N/A					

**12. Other significant information**

N/A

**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:

	<b>2015 (\$000)</b>	<b>2014 (\$000)</b>
Revenue	\$ 16,967	\$ 12,630
Deduct:		
Cost of goods sold, research & development, administrative marketing and corporate expenses	\$ (14,396)	\$(10,784)
<b>Operating profit before amortisation, depreciation, interest and tax</b>	<b>\$ 2,571</b>	<b>\$ 1,846</b>
Deduct:		
Amortisation	\$ (1,677)	\$ (695)
Depreciation	\$ (70)	\$ (76)
Interest	\$ (180)	\$ (636)
<b>Operating profit/(loss)</b>	<b>\$ 645</b>	<b>\$ 439</b>
Net tax benefit	\$ 1,368	\$ -
<b>Net profit/(loss) for year</b>	<b>\$ 2,013</b>	<b>\$ 439</b>

The higher revenue figure for FY15 reflects the impact of sales of new products from the major development project completed in 2013/14 as well as strong continuing sales of existing products with core global distributors. To 30 June 2015, the group has fulfilled 75% of the second order of the new products, bringing the total sales value for these products in FY15 to \$5.0m. The higher average profit margins achieved in FY14 continued in FY15 and together with tight control of operating costs and overheads produced a net profit ahead of budget expectations. The Group has delivered 22 consecutive months of profitability.

Amortisation of the capitalised cost of the major 2013/14 development project commenced in June 2014. Amortisation will be over a 24 month period and hence FY15 recorded a cost impact of 50% of the project cost, a significant increase in amortisation over the previous year.

Financing cost savings followed the raising in August 2014 of \$2.4m in capital funds from the renounceable rights offer and the repayment of all of the Group's interest bearing debt. The revised accounting treatment for convertible notes adopted in FY14, recording notional interest (above actual interest) continued until August 2014 when the notes were either converted or repaid.

#### **14. Commentary on results for the year (continued)**

In addition to the government R&D grant of \$471,000 received in June 2014, related to expenditure in FY13, the Group received a further grant for FY14 in June 2015 of \$692,000. These grants are being brought to account over the same 24 month period as the amortisation of the related capitalised development costs, which commenced in June 2014 and finishes in May 2016.

As outlined in Item 2.6, the Net Profit for the Year figure includes a significant tax benefit of \$1,406,402 following a conservative re-assessment of the Group's ongoing profitability and its relationship to deferred tax assets and liabilities, in accordance with accounting standards and the Group's policy. Also included is a tax expense item of \$38,469 (2015: \$19,824, and 2014 underprovision \$18,645) in respect of the USA subsidiary which was established to provide administrative and technical services to the Group. Income tax is payable by the USA subsidiary as it is unable to claim against Australian deferred tax losses.

#### **15. Audit**

<p>The financial statements for the year ended 30 June 2015 are in the process of being audited. The auditors opinion is unlikely to be qualified or include any emphasis of matter.</p>
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**Signed by Chairman:**



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**Mr David Dawson**

**Date: 24 August 2015**

**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 2015**

	Note	Year ended	
		30 June 2015	30 June 2014
		\$	\$
Revenue	2(a)	16,967,356	12,630,372
Changes in inventories of raw materials, finished goods and work in progress		308,624	810,431
Raw materials, consumables and other costs of sale	2(b)	(9,430,783)	(8,053,701)
Employee benefits expense		(2,978,467)	(1,965,771)
Depreciation expense	7(a)	(69,847)	(75,575)
Amortisation expense	9(a)	(1,677,244)	(695,243)
Finance costs expense	2(c)	(180,137)	(636,292)
Auditor remuneration expense	19	(59,205)	(69,996)
Accounting, share registry and secretarial expense		(106,837)	(71,653)
Consultancy and contractor expense		(342,767)	(256,238)
Legal, insurance and patent expense		(141,976)	(169,966)
Other expenses	2(d)	(1,643,781)	(1,006,919)
<b>Profit before income tax</b>		644,934	439,449
Tax (expense) / benefit	3(a)	1,367,933	-
<b>Net profit for the year</b>		2,012,867	439,449
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>2,012,867</u>	<u>439,449</u>
Net profit and total comprehensive income are both fully attributable to owners of the Company			
Basic earnings per share (cents)	21	5.13	3.45
Diluted earnings per share (cents)	21	4.97	3.15

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 2015**

	Note	30 June 2015 \$	30 June 2014 \$
<b>Current assets</b>			
Cash and cash equivalents	4	3,129,286	229,592
Inventories	5	3,519,858	3,211,234
Trade and other receivables	6	2,526,124	2,694,482
<b>Total current assets</b>		<u>9,175,268</u>	<u>6,135,308</u>
<b>Non-current assets</b>			
Plant and equipment	7	93,435	98,964
Deferred tax assets	8	1,406,402	-
Intangible assets	9	1,752,419	2,913,033
<b>Total non-current assets</b>		<u>3,252,256</u>	<u>3,011,997</u>
<b>Total assets</b>		<u>12,427,525</u>	<u>9,147,305</u>
<b>Current liabilities</b>			
Trade and other payables	10	4,101,583	4,216,348
Other financial liabilities	11	585,937	773,045
Provisions	12	867,644	729,849
<b>Total current liabilities</b>		<u>5,555,164</u>	<u>5,719,242</u>
<b>Non-current liabilities</b>			
Other financial liabilities	11	-	2,586,157
Provisions	12	19,590	29,630
<b>Total non-current liabilities</b>		<u>19,590</u>	<u>2,615,787</u>
<b>Total liabilities</b>		<u>5,574,754</u>	<u>8,335,029</u>
<b>Net assets</b>		<u>6,852,770</u>	<u>812,276</u>
<b>Equity</b>			
Issued capital	13	5,784,925	1,769,355
Reserves		304,696	697,630
Retained earnings / (accumulated losses)		763,149	(1,654,710)
<b>Total equity</b>		<u>6,852,770</u>	<u>812,276</u>

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



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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Issued capital \$	Reserves \$	Retained earnings / (accumulated losses) \$	Total equity \$
Balance at 1 July 2013	1,377,091	762,040	(2,433,872)	(294,741)
Total profit and other 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	-
<b>Balance at 30 June 2014</b>	<b>1,769,355</b>	<b>697,630</b>	<b>(1,654,710)</b>	<b>812,276</b>
Balance at 1 July 2014	1,769,355	697,630	(1,654,710)	812,276
Total profit and other comprehensive income for the year	-	-	2,012,867	2,012,867
Transactions with owners in their capacity as owners:				
- Shares issued, net of transaction costs	2,340,570	-	-	2,340,570
- Convertible notes converted to shares	1,675,000	-	-	1,675,000
- Convertible note options lapsed/redeemed	-	(558,579)	341,316	(217,263)
- Remuneration based option payments	-	229,320	-	229,320
- Adjustment for employee share options lapsed	-	(63,675)	63,675	-
<b>Balance at 30 June 2015</b>	<b>5,784,925</b>	<b>304,696</b>	<b>763,149</b>	<b>6,852,770</b>

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 2015**

	Year ended	
	30 June 2015	30 June 2014
Note	\$	\$
<b>Cash flow from operating activities</b>		
Receipts from customers	18,026,035	12,981,571
Payments to suppliers and employees	(16,013,327)	(11,549,288)
Interest received	6,153	6,028
Interest and finance charges paid	(104,826)	(433,274)
Income tax paid	(38,469)	-
Export market development grant receipts	107,949	92,493
<b>Net cash provided by operating activities</b>	<b>1,983,515</b>	<b>1,097,530</b>
	16(a)	
<b>Cash flow from investing activities</b>		
Purchases of plant and equipment	(64,318)	(26,579)
Proceeds from sale of plant & equipment	-	500
Development costs capitalised	(516,631)	(1,905,393)
Research and development grant receipts	692,135	471,396
<b>Net cash provided by / (used in) investing activities</b>	<b>111,186</b>	<b>(1,460,076)</b>
	7(a)	9(a)
<b>Cash flow from financing activities</b>		
Net payments - convertible notes	(500,000)	(75,000)
Net loan payments	(760,577)	(447,930)
Net cash proceeds on share placement / rights issue	2,340,570	392,264
<b>Net cash provided by / (used in) financing activities</b>	<b>1,079,993</b>	<b>(130,666)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,174,694</b>	<b>(493,213)</b>
Cash and cash equivalents at beginning of year	(45,408)	447,805
<b>Cash and cash equivalents at end of financial year</b>	<b>3,129,286</b>	<b>(45,408)</b>
	16(b)	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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**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 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.

**(ii) Going concern**

The Financial Report has been prepared on a going concern basis which assumes that the Group will continue as a going concern and 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 2015 and the financial position of the Group at that date are summarised as follows:

	30 June 2015	30 June 2014
	\$	\$
Revenue	16,967,356	12,630,372
EBITDA	2,572,162	1,846,559
Profit for the year before tax	644,934	439,449
Cash generated by operating activities	1,983,515	1,097,529
Net assets	6,852,770	812,276
Net current assets	3,620,104	416,066

The Group is confident of its future outlook following the renounceable rights issue which raised \$2,340,570 net of costs in August 2014, enabling the repayment of all interest bearing loans and convertible notes and the profitable trading experienced for the second year in succession, achieving \$1,084,383 in net profits before tax over the last 2 years notwithstanding major development expenditure.

Although future events are always subject to a degree of uncertainty, the Group is forecasting significant positive cash flows and therefore believes there is sufficient flexibility within its cash resources so as not to cast doubt about the Group's ability to continue as a going concern.

**(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 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).

Current income tax expense disclosed in Note 3(a) relates to the amount charged to consolidated profit or loss in respect of the USA subsidiary company, which is not part of the Australian tax consolidated group and therefore unable to access accumulated Australian tax losses.

A net deferred tax benefit has been recognised in the current year reflecting a re-assessment of deferred tax assets and liabilities, as outlined in Note 3(c).

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**1. Summary of significant accounting policies (continued)**

**(iii) Accounting policies (continued)**

**(b) Income tax (continued)**

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. Following profit results in the current and prior year, and forecasted profitability, deferred tax assets and liabilities have been re-assessed and recognised as disclosed in Notes 3 and 8. 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.

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 as follows for both 2014 and 2015.

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. Older projects/products have been assessed at 3 years giving a 33% amortisation rate during 2015. Recently developed products including the major product completed in June 2014 have been assessed at a minimum 2 years giving a 50% amortisation rate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**1. Summary of significant accounting policies (continued)**

**(iii) Accounting policies (continued)**

**(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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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**1. Summary of significant accounting policies (continued)**

**(iii) 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.

**(ll) 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).

**(p) New accounting standards for application in future periods**

Accounting Standards and Interpretations issued by the 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, however, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

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.

This will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 may have little, if any, impact on the Group's financial statements, however, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
<b>2 Profit before income tax</b>		
(a) Revenue from continuing operations		
<i>Sales revenue</i>		
- Equipment sales	15,965,646	12,430,821
- Other	17,878	41,848
	<u>15,983,524</u>	<u>12,472,669</u>
<i>Other income</i>		
- Interest	6,153	6,028
- Gain on loan settlement	309,757	-
- Other realised and unrealised foreign currency net gain	266,591	39,540
- Export market development grant	107,949	92,493
- Research and Development grant	293,382	19,642
	<u>983,832</u>	<u>157,702</u>
	<u>16,967,356</u>	<u>12,630,372</u>
(b) Cost of sales		
Opening inventories	3,211,234	2,400,803
Add: Purchases and other stock adjustments	9,430,783	8,053,701
	12,642,017	10,454,504
Closing inventories (Note 5)	(3,519,858)	(3,211,234)
	<u>9,122,158</u>	<u>7,243,270</u>
(c) Finance costs expense		
Interest expense on financial liabilities	180,137	636,292
(d) Other expenses include:		
- Product development costs expensed	615,810	152,354
- Operating lease payments	189,838	186,986
	<u>805,648</u>	<u>339,340</u>
<b>3 Income tax</b>		
(a) The components of tax expense / (benefit) comprise:		
Current tax		
- Current tax expense	38,469	-
- Current movement in net deferred tax assets	-	(223,495)
- Net deferred tax assets not brought to account	-	223,495
- Recognition of deferred tax assets	(1,406,402)	-
Income tax benefit transferred to statement of profit or loss and other comprehensive income	<u>(1,367,933)</u>	<u>-</u>
(b) The prima facie tax expense on profit from ordinary activities before income tax is reconciled to the current income tax benefit as follows:		
Profit from ordinary activities	644,934	439,449
Prima facie income tax benefit on profit from ordinary activities at 30% (2014: 30%)	193,480	131,835
Add / (Less):		
Tax effect of:		
- Tax reconciling items	496,467	(172,342)
- Utilisation of prior year tax losses	(651,478)	-
- Current year tax loss	-	40,507
- Deferred tax assets and portion of tax losses brought to account	(1,406,402)	-
Income tax benefit attributable to the Consolidated Group	<u>(1,367,933)</u>	<u>-</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

3 Income tax (continued)

- (c) Deferred tax assets of \$1,932,128 (2014: nil), consisting of \$1,413,172 (2014: nil) relating to tax losses and \$518,956 (2014: nil) relating to temporary tax differences, and deferred tax liabilities of \$525,726 (2014: nil), have been recognised as at 30 June 2015.

In the directors opinion there are reasonable grounds to expect sufficient future profitability so as to realise the full 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 at this time to only recognise half the amount of deferred tax assets relating to carried forward tax losses.

The amount of unused tax losses for which no deferred tax asset has been brought to account represents operating tax losses \$1,413,172 (2014: \$3,477,821); and capital tax losses \$2,018,274 (2014: \$2,018,274).

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) Income tax expense comprises current year tax of 19,814 and a 2014 underprovision of 18,645 incurred by the groups USA subsidiary which is unable to claim against Australian tax losses.
- (e) There are no franking credits available to equity holders.

	Year ended	
	30 June 2015	30 June 2014
	\$	\$

4 Cash and cash equivalents

Cash at bank and in hand	3,129,286	229,592
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5 Inventories

Raw materials	869,120	864,765
Work In Progress	16,238	-
Finished Goods	2,634,500	2,346,469
	<u>3,519,858</u>	<u>3,211,234</u>

6 Trade and other receivables

(a) Current

Trade receivables	2,286,754	2,495,589
Provision for doubtful debts	(58,420)	(56,000)
Other receivables and prepayments	206,671	163,774
Rental security deposit	91,119	91,119
	<u>2,526,124</u>	<u>2,694,482</u>

(b) Ageing reconciliation

	Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
			31 - 60	61 - 90	90+	
<b>2015</b>						
<u>Current</u>						
Trade receivables	2,286,754	1,911,861	221,648	66,385	28,439	58,421
Other receivables	206,671	206,671	-	-	-	-
Rental security deposit	91,119	91,119	-	-	-	-
<b>2014</b>						
<u>Current</u>						
Trade receivables	2,495,589	2,140,750	275,293	3,534	20,012	56,000
Other receivables	163,774	163,774	-	-	-	-
Rental security deposit	91,119	91,119	-	-	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
<b>7 Plant and equipment</b>		
Office furniture and equipment - at cost	407,278	404,049
Less: Accumulated depreciation and impairment	(369,210)	(323,237)
	<u>38,068</u>	<u>80,812</u>
Computer and test equipment - at cost	245,006	219,083
Less: Accumulated depreciation and impairment	(192,965)	(200,931)
	<u>52,041</u>	<u>18,152</u>
Rental equipment - at cost	3,326	216,212
Less: Accumulated depreciation and impairment	-	(216,212)
	<u>3,326</u>	<u>-</u>
Total plant and equipment	<u>93,435</u>	<u>98,964</u>

**(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 2013	132,835	15,124	8,422	156,381
Additions	9,149	17,431	-	26,579
Disposals	-	-	(8,422)	(8,422)
Depreciation expense	(61,172)	(14,403)	-	(75,575)
Balance at 30 June 2014	<u>80,812</u>	<u>18,152</u>	<u>-</u>	<u>98,964</u>
Additions	10,722	50,270	3,326	64,318
Disposals	-	-	-	-
Depreciation expense	(53,466)	(16,381)	-	(69,847)
Balance at 30 June 2015	<u>38,068</u>	<u>52,041</u>	<u>3,326</u>	<u>93,435</u>

**8 Tax**

**Non-current**

**Deferred tax assets**

	Opening balance	Net DTA take-up	Closing balance
Deferred tax assets:			
Provision for doubtful debts	-	17,526	17,526
Carrying amount of patents and capital raising costs	-	3,415	3,415
Accruals	-	231,845	231,845
Provisions	-	266,170	266,170
Tax losses	-	1,413,172	1,413,172
	<u>-</u>	<u>1,932,128</u>	<u>1,932,128</u>
Deferred tax liability:			
Product development costs	-	(525,726)	(525,726)
Balance as at 30 June 2015	<u>-</u>	<u>1,406,402</u>	<u>1,406,402</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
<b>9 Intangible assets</b>		
Development costs capitalised - at cost	6,296,347	5,779,717
Accumulated amortisation and impairment	(4,543,928)	(2,866,684)
	<u>1,752,419</u>	<u>2,913,033</u>
<b>(a) Movements in carrying amounts</b>		
Balance at the beginning of the year	2,913,033	1,702,883
Additional costs capitalised	516,630	1,905,393
Amortisation expense	(1,677,244)	(695,243)
Balance at the end of the year	<u>1,752,419</u>	<u>2,913,033</u>
<b>10 Trade and other payables</b>		
<b>Current</b>		
Trade payables and accruals	2,316,425	3,603,229
Deferred income	1,785,158	613,120
	<u>4,101,583</u>	<u>4,216,348</u>
<b>11 Other financial liabilities</b>		
<b>Current</b>		
Bank overdraft - secured	-	275,000
Secured advances under contract	585,937	482,438
Unsecured other loans	-	15,607
	<u>585,937</u>	<u>773,045</u>
<b>Non Current</b>		
Secured convertible notes	-	1,438,696
Secured advances under contract	-	403,731
Unsecured convertible notes	-	443,730
Unsecured other loans	-	300,000
	<u>-</u>	<u>2,586,157</u>

**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 2015, 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 2015.
- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 30 June 2015.

**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, which are denominated in USD, are secured by a charge over the Intellectual Property developed under the agreement and are non-interest bearing. During the current year the Company repaid \$169,970. In June 2015 the Company negotiated a final cash payment to fully settle the outstanding loan balance at a figure lower than the outstanding amount. The final payment will be made in the first quarter of FY2016.

**Secured convertible notes**

At 30 June 2015 there were no secured convertible notes outstanding having been converted to ordinary shares or redeemed during the last financial year.

**Unsecured convertible notes**

At 30 June 2015 there were no unsecured convertible notes outstanding having been converted to ordinary shares or redeemed during the last financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
<b>12 Provisions</b>		
<b>Current</b>		
Employee benefits	715,724	649,849
Warranty costs	151,920	80,000
	<u>867,644</u>	<u>729,849</u>
<b>Non current</b>		
Employee benefits	<u>19,590</u>	<u>29,630</u>

(a) Movements in provisions for the year ended 30 June 2015

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	679,479	80,000	759,479
Additional provisions	579,878	104,896	684,774
Amounts used	(524,043)	(32,976)	(557,019)
Balance at the end of the year	<u>735,314</u>	<u>151,920</u>	<u>887,234</u>

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
<b>13 Issued capital</b>		
<b>Issued and paid up capital:</b>		
Ordinary fully paid shares	<u>5,784,925</u>	<u>1,769,355</u>

The Company has 43,173,452 ordinary shares on issue at 30 June 2015 (2014: 14,631,797).

	Number of shares	\$
Balance at 30 June 2013	11,711,797	1,377,091
- Shares issued (net of costs) (a)	<u>2,920,000</u>	<u>392,264</u>
Balance at 30 June 2014	14,631,797	1,769,355
- Conversion of convertible notes (b)	6,624,997	950,000
- Renounceable rights issue (net of costs) (c)	16,000,000	2,340,570
- Conversion of convertible notes (b)	<u>5,916,658</u>	<u>725,000</u>
Balance at 30 June 2015	<u>43,173,452</u>	<u>5,784,925</u>

(a) Share issue

On 24th February 2014, World Reach Limited completed the issue of shares to Ample Skill Limited, which subscribed for a placement of 2,920,000 ordinary shares at an issue price of \$0.15 per share to raise \$438,000 for working capital purposes.

(b) Conversion of Convertible Notes

On 7th July 2014, the company finalised the conversion of 38 convertible notes. A total of 6,624,997 ordinary shares were issued under the terms of the Convertible Note Subscription Agreement.

On 25th August 2014, the company finalised the conversion of a further 29 convertible notes. A total of 5,916,658 ordinary shares were issued under the terms of the Convertible Note Subscription Agreement.

(c) Renounceable Rights Issue

On 28th July 2014, the company issued 16,000,000 ordinary shares through a Renounceable Rights Issue.

(d) Options over issued capital

The total number of potential ordinary shares attributable to options outstanding as at 30 June 2015 is 2,593,146 (2014: 2,135,512), of which 1,019,813 (2014: 262,000) were issued to employees under the Company's Share Option Incentive Plan and 600,000 (2014: 1,000,000) 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.

The balance of 973,333 (2014: 873,572) options outstanding were issued to Ample Skill Limited on 18 December 2014 following shareholder approval, under the terms of the agreement referred to in (a) above, at an exercise price of \$0.185 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

13 Issued capital (continued)

(e) Capital management

When managing capital, management's objective is to ensure the Consolidated Group delivers optimal returns to shareholders and benefits for other stakeholders.

No dividends have been paid or declared in respect of ordinary shares for the 2015 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;
- 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 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:

	Floating Interest	Fixed Interest	Weighted Average Interest Rate	Non-Interest bearing	TOTAL
<b>2015</b>					
<u>Financial asset</u>					
Cash assets	3,129,286	-	0.03%	-	3,129,286
Receivables	-	-		2,526,124	2,526,124
<b>TOTAL</b>	<b>3,129,286</b>	<b>-</b>		<b>2,526,124</b>	<b>5,655,410</b>
<u>Financial liability</u>					
Payables	-	-	0.00%	4,101,583	4,101,583
Secured advances under contract	-	-	0.00%	585,937	585,937
<b>TOTAL</b>	<b>-</b>	<b>-</b>		<b>4,687,520</b>	<b>4,687,520</b>
<b>2014</b>					
<u>Financial asset</u>					
Cash assets	229,592	-	0.02%	-	229,592
Receivables	-	-		2,694,482	2,694,482
<b>TOTAL</b>	<b>229,592</b>	<b>-</b>		<b>2,694,482</b>	<b>2,924,074</b>
<u>Financial liability</u>					
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
Secured advances under contract	-	-	0.00%	886,169	886,169
Unsecured other loans	15,607	300,000	14.53%	-	315,607
<b>TOTAL</b>	<b>2,173,033</b>	<b>1,320,222</b>		<b>4,082,295</b>	<b>7,575,550</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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, 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 trade receivables, payables 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 2015	30 June 2014
		\$	\$
Impact on profit after tax	+/- 10%	+/- 23,182	+128,956
Impact on equity	+/- 10%	+/- 23,182	+128,956

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 relating to these transactions 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:

	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
2015				
<u>Asset class</u>				
Cash and cash equivalents	3,129,286	-	3,129,286	3,129,286
Receivables	2,435,005	91,119	2,526,124	2,526,124
Payables	(4,101,583)	-	(4,101,583)	(4,101,583)
Other financial liabilities including contractual interest	(585,937)	-	(585,937)	(585,937)
Net maturities	876,771	91,119	967,889	967,889
2014				
<u>Asset class</u>				
Cash and cash equivalents	229,592	-	229,592	229,592
Receivables	2,603,363	91,119	2,694,482	2,694,482
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	(2,375,438)	(2,495,038)	(4,870,476)	(4,651,476)

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
<b>15 Commitments and contingencies</b>		
<b>Operating lease commitments</b>		
Future minimum rentals payable under non-cancellable operating leases contracted for but not capitalised in the financial statements are as follows:		
Not later than one year	169,913	77,986
Later than one year but not later than five years	568,547	-
Later than five years	191,190	-
	<u>929,650</u>	<u>77,986</u>

The Consolidated Group and parent entity renegotiated a 7 year non-cancellable commercial rental property lease at Mulgrave in December 2014. The new lease expires in December 2021. There is an option to renew the lease for a further 7 year period but no commitment has been entered into at this date. The Consolidated Group also renegotiated a minor office equipment lease for a 5 year period beginning in September 2014.

**Capital expenditure commitments**

Capital expenditure projects

Not longer than 1 year	2,458,000	86,000
Longer than 1 year and not longer than 5 years	444,224	-
Longer than 5 years	-	-
	<u>2,902,224</u>	<u>86,000</u>

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 after income tax benefit to net cash flow from operating activities**

Profit after tax	2,012,867	439,449
<i>Non Cash flows in profit:</i>		
Depreciation	69,847	75,575
Amortisation	1,677,244	695,243
Net profit on disposal of plant and equipment	-	(500)
Gain on loan settlement	(309,757)	-
Convertible note finance expense	75,311	203,018
Unrealised foreign currency net losses / (gains) on foreign currency secured advances	179,497	(19,307)
Share options expensed	229,320	47,130
Doubtful debt expense	2,420	56,000
<i>Changes in assets and liabilities:</i>		
(Increase) in trade and other receivables	165,936	(613,567)
(Increase) / Decrease in inventory	(308,624)	(810,431)
(Increase) in deferred tax assets	(1,406,402)	-
Increase in trade and other payables	(531,899)	667,252
Increase in employee provisions	55,835	297,668
Increase in provision for warranty costs	71,920	60,000
<b>Net cash from operating activities</b>	<u>1,983,515</u>	<u>1,097,530</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

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 2015	30 June 2014
	\$	\$
Cash and cash equivalents (Note 4)	3,129,286	229,592
Bank overdraft/loan (Note 11)	-	(275,000)
	<u>3,129,286</u>	<u>(45,408)</u>

(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 18.

(d) Facilities

The Consolidated Group has the following facilities with the National Australia Bank:

- an Australian dollar overdraft with a limit of \$300,000. The overdraft was not utilised at 30 June 2015.
  - a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 30 June 2015.
- A term loan in Australian dollars of \$300,000 was repaid on 29 August 2014 and not renewed.

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 2015.

The Consolidated Group's banking facilities are subject to the Group satisfying quarterly covenants set by the bank. The Group did not meet some covenants for September quarter 2014 but achieved all covenant requirements for the December 2014, March 2015 and June 2015 quarters. The bank reconfirmed the banking facilities as continuing on 20 August 2015.

17 Key management personnel disclosures

Compensation by category

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
Short-term employee benefits	1,002,342	717,588
Post-employee benefits	89,390	47,765
Other long-term benefits	50,392	11,282
Termination benefits	-	-
Share-based payments	164,955	47,130
	<u>1,307,079</u>	<u>823,765</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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 2015:

(i) 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).

7,500 of these options lapsed or were cancelled in the periods prior to 30 June 2015.

67,500 of these options are outstanding as at 30 June 2015.

(ii) 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).

7,500 of these options lapsed or were cancelled in the periods prior to 30 June 2015.

67,500 of these options are outstanding as at 30 June 2015.

(iii) 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).

200,000 of these options lapsed or were cancelled in the periods prior to 30 June 2015.

600,000 of these options are outstanding as at 30 June 2015.

(iv) 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).

884,813 of these options are outstanding as at 30 June 2015.

(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 2015		30 June 2014	
	No.	WAEP \$	No.	WAEP \$
Outstanding at the beginning of the financial year	1,262,000	0.6381	1,342,500	0.6388
Granted during the financial year	884,813	0.1950	-	-
Lapsed during the financial year	-	-	-	-
Cancelled during the financial year	(412,500)	0.6464	(10,000)	0.6500
Exercised during the financial year	-	-	-	-
Expired during the financial year	(114,500)	0.6500	(70,500)	0.6500
Outstanding at the end of the financial year	1,619,813	0.3931	1,262,000	0.6381
Exercisable at the end of the financial year	1,219,813	0.3089	262,000	0.5927

**Notes to Share Based Payments**

- (i) The weighted average remaining contractual life for the share options outstanding as at 30 June 2015 is 3.42 years (2014: 2.64 years)  
The range of exercise prices for options outstanding at the end of the year was \$0.195 - \$0.65 (2014: \$0.45 - \$0.65)  
The weighted average fair value of options granted during the year was \$0.115 (2014: nil (none granted))  
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 \$229,320 (2014: \$47,129), and relates, in full, to equity-settled share options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

	Year ended	
	30 June 2015	30 June 2014
	\$	\$
<b>19 Remuneration of auditors</b>		
Remuneration of the Auditor for auditing or reviewing financial reports of the Consolidated Group	59,205	69,996
<b>20 Related party transactions</b>		
Related party transactions with the Seasons Group, which is related to Mr C Hung, a director of the company.		
<i>Transactions with the Seasons Group</i>		
- Purchases	4,356,931	2,573,302
- Sales	(205,062)	(108,832)
<i>Amounts outstanding with the Seasons Group</i>		
- Receivables	-	28,604
- Payables	(781,162)	(1,279,132)
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 2015 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.		
<b>21 Earnings per share</b>		
	¢	¢
<b>Overall operations</b>		
Basic earnings per share	5.13	3.45
Dilutive earnings per share	4.97	3.15
	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	39,206,133	12,719,797
Weighted average number of dilutive options and converting preference shares on issue	2,791,549	13,197,671
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Dilutive Earnings Per Share	41,997,682	25,917,468
Anti-dilutive options on issue not used in dilutive EPS calculation	735,000	2,135,572
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.		
	\$	\$
<b>Earnings:</b>		
Earnings used in the calculation of Basic Earnings Per Share	2,012,867	439,449
Reconciliation of dilutive earnings to profit or loss:		
Profit	2,012,867	439,449
Interest on convertible notes	75,311	377,018
Earnings used in the calculation of Dilutive Earnings Per Share	2,088,178	816,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

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 its 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 2015		Year ended 30 June 2014	
	\$	%	\$	%
<b>Sales by country</b>				
Australia	4,676,423	27.56%	4,222,868	33.43%
China	657,124	3.87%	544,820	4.31%
United Kingdom	1,900,582	11.20%	1,929,260	15.27%
United States of America	6,654,984	39.22%	2,569,054	20.34%
Netherlands	724,978	4.27%	1,337,180	10.59%
Japan	1,250,945	7.37%	1,063,905	8.42%
Other foreign countries	1,102,321	6.50%	963,285	7.63%
	<u>16,967,357</u>	<u>100.00%</u>	<u>12,630,372</u>	<u>100.00%</u>

(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 32% of external revenue (2014: 13%) and the second largest customer, located in the United Kingdom accounted for 8% of external revenue (2014: second largest customer was in Netherlands, 10%). The next most significant customer accounts for 6% of external revenue (2014: 7%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2015

23 Parent company disclosures	Year ended	
	30 June 2015	30 June 2014
	\$	\$
<b>(a) Statement of profit or loss and other comprehensive income</b>		
Profit / (loss) from continuing operations	(1,011,811)	(931,698)
Tax (expense) / benefit	1,406,402	-
<b>Profit / (loss) for the year attributable to owners of the Company</b>	<b>394,591</b>	<b>(931,698)</b>
Other comprehensive income	-	-
<b>Total loss and other comprehensive income for the year attributable to owners of the Company</b>	<b>394,591</b>	<b>(931,698)</b>
<b>(b) Statement of financial position</b>		
<b>Assets</b>		
Current assets	1,453,220	345,526
Non-current assets	2,022,237	98,964
Total assets	3,475,457	444,490
<b>Liabilities</b>		
Current liabilities	2,930,707	2,655,220
Non-current liabilities	545,316	2,212,056
Total liabilities	3,476,023	4,867,276
Net assets / (deficiency of net assets)	(567)	(4,422,786)
<b>Equity</b>		
Issued capital	5,784,925	1,769,355
Reserves	304,696	697,630
Accumulated losses	(6,090,188)	(6,889,771)
Total equity	(567)	(4,422,786)

**(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 15. The parent entity has no capital expenditure commitments.

**24 Controlled entities**

Investments in unquoted corporations being controlled entities:	Incorporated	Share class	Holding	
			2015	2014
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**

The directors are not aware of any 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