



**World Reach Limited**  
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3 October 2016

The Manager  
Market Announcements Platform  
Australian Securities Exchange

Notice of Annual General Meeting

Please find attached the Company's Notice of Annual General Meeting, Explanatory Notes and Proxy Voting Form, for the meeting of shareholders to be held on Friday 4 November 2016 at 10.00am at Unit 5, 8 Anzed Court, Mulgrave, Victoria.

These documents have been mailed to shareholders together with a copy of the 2016 Annual Report if requested.

Yours faithfully

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

Dennis Payne  
Company Secretary



**World Reach Limited**  
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30 September 2016

To The Shareholder

Dear Shareholder,

Annual General Meeting – 4 November 2016

Please find enclosed a notice of the Annual General Meeting of the Company to be held at the Company's offices on Friday 4 November 2016 at 10.00am.

I hope you can attend the meeting, however if you are unable to attend, I encourage you to complete the enclosed proxy form. Return it by mail or fax to the Company at the addresses noted on the instructions for completion of the proxy form, no later than 10.00am (AEDST) on Wednesday 2 November 2016.

A copy of the Annual Report for the year ended 30 June 2016 has been lodged with the ASX and on the Company's website and has been mailed to all shareholders who elected to receive a copy.

If you wish to receive a copy please contact the Mulgrave office of the Company at the above address.

I look forward to seeing you at the meeting.

Yours faithfully

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

Dennis Payne  
Company Secretary

**WORLD REACH LIMITED**

**ACN 010 568 804**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2016 Annual General Meeting of World Reach Limited (*Company*) will be held at the Company's office at Unit 5, 8 Anzed Court, Mulgrave, Victoria on Friday, 4 November 2016 at 10.00am (*Meeting*).

**AGENDA**

**A. Annual Report**

To table the financial report of the Company and the related reports of the Directors and auditors for the year ended 30 June 2016 and to provide Shareholders with the opportunity to raise any issues or ask any questions generally of the Directors concerning the Annual Report or the business and operations of the Company.

**B. RESOLUTIONS:**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

**1. Re-election of Retiring Director**

THAT, **Simon Lister Wallace**, a Director retiring by rotation in accordance with the Company's Constitution, being eligible and having offered himself for re-election, be re-elected as a Director of the Company.

**2. Grant of Options to Mr Michael Ian Capocchi (Managing Director)**

THAT approval is given for the grant of:

- (a) 217,800 options to Mr Michael Ian Capocchi, the Managing Director of the Company, exercisable at \$0.365 a share, to vest on 30 June 2017 and exercisable on or before 30 November 2021, on the terms and conditions set out in the Explanatory Notes; and
- (b) 453,750 options to Mr Michael Ian Capocchi, the Managing Director of the Company, exercisable at \$0.232 a share, to vest on 30 June 2018 and exercisable on or before 30 September 2022, on the terms and conditions set out in the Explanatory Notes.

**3. Grant of Options to Non-Executive Directors**

THAT approval be given for the grant of

- (a) 80,000 options to Mr David Antony Dawson;
- (b) 80,000 options to Mr Simon Lister Wallace; and
- (c) 80,000 options to Mr Carl Cheung Hung,

exercisable at \$0.232 a share, to vest on 30 June 2018 and exercisable on or before 30 September 2022, on the terms and conditions set out in the Explanatory Notes.

**4. Adoption of Remuneration Report**

THAT, for the purpose of section 250R(2) of the *Corporations Act* and for all other purposes, the Remuneration Report set out in the director's report in the Annual Report for the financial year ended 30 June 2016 be adopted by the Company.

This is a non-binding advisory resolution.

**C. SPECIAL RESOLUTION:**

To consider and, if thought fit, to pass the following resolution as a special resolution:

**5. Approval for Additional Placement Capacity**

THAT, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.

**GENERAL NOTES**

**1. Voting in Person**

To vote in person, attend the Meeting at the time, date and place set out above.

**2. Voting by proxy**

1.2.1 **(Appointing a Proxy):** A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting. A Shareholder who is entitled to cast 2 or more votes at the Meeting may appoint a second proxy. The appointment of the second proxy must be done on a separate copy of the proxy form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.

1.2.2 **(Direction to Vote):** A proxy need not vote in that capacity on a show of hands on any Resolution nor (unless the proxy is the Chairman of the Meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a Resolution, and the proxy decides to vote in that capacity on that Resolution, the proxy must vote the way specified (subject to the other provisions of this notice of Meeting, including the voting exclusions noted below).

1.2.3 **(Voting restrictions with respect to undirected proxies):** The Corporations Act prohibits the Company's key management personnel and their closely related parties voting as proxy on Resolutions connected directly or indirectly with the remuneration of key management personnel (such as Resolution 4), if the proxy appointment does not specify the way the person is to vote. The prohibition does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting

to exercise an undirected proxy. If a Shareholder appoints the Chairman of the Meeting as their proxy and the Shareholder does not direct the Chairman of the Meeting how to vote on Resolution 4 the Shareholder authorises the Chairman of the Meeting in respect of Resolution 4 to exercise the proxy:

1.2.3.1 notwithstanding that Resolution 4 is connected directly or indirectly with the remuneration of the Company's key management personnel; and

1.2.3.2 even if the Chairman of the Meeting has an interest in the outcome of the vote on Resolution 4, and that any votes cast by the Chairman of the Meeting in respect of Resolution 4, other than as proxy holder, will be disregarded because of that interest.

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the voting restrictions set out in this notice of general meeting) in favour of each Resolution.

1.2.4 **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form (and attach any authority under which it is signed or a copy which appears on its face to be an authentic copy) by:

1.2.4.1 post to World Reach Limited, Unit 5, 8 Anzed Court, Mulgrave VIC 3170; or

1.2.4.2 facsimile to the Company on number +61 3 9560 9055,

so that it is received by 10.00am (AEST) on Wednesday, 2 November 2016, being not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

### **3. Corporate Representative**

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the Meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the Corporations Act 2001 (Cth).

### **4. Attorney**

A Shareholder may appoint an attorney to vote on their behalf. To be effective for the Meeting, the instrument effecting the appointment (or a copy which appears on its face to be an authentic copy) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours before the Meeting.

### **5. Voting Entitlement**

A determination has been made by the Board of Directors of the Company in accordance with Regulation 7.11.3 7 of the Corporations Act that those persons who are registered as the holders of Shares in the Company at 7pm on Monday, 31 October 2016, will be taken to be the holders of Shares for the purposes of determining voting entitlements at the Meeting.

**6. Explanatory Notes**

Explanatory Notes accompany this Notice containing information about the business referred to in this Notice.

DATED: 30 September 2016

By Order of the Board

A handwritten signature in black ink, appearing to read "Dennis Payne", written in a cursive style.

.....  
Dennis Payne  
Company Secretary

## **EXPLANATORY NOTES**

The purpose of these Explanatory Notes (which are included in and form part of this Notice of Annual General Meeting to be held on 4 November 2016) is to provide shareholders with further information and an explanation of the business of the meeting and of the resolutions to be proposed and considered at the meeting, to assist shareholders to determine how they wish to vote on these resolutions.

## **ORDINARY BUSINESS**

### **1. Annual Report**

The Corporations Act requires that the Company's Annual Report which includes the Financial Statements, Directors' Report and Auditor's Report for the year ended 30 June 2016 be laid before the Annual General Meeting.

A copy of the Annual Report has been lodged with the ASX and on the Company's website and has been sent to those shareholders who have elected to receive a copy.

Shareholders will have the opportunity to raise questions about these reports at the meeting, although in accordance with the Corporations Act and the Company's Constitution, there is no need for shareholders to vote on, approve or adopt these reports.

### **2. Resolution 1 – Re-election of Retiring Director (Simon Lister Wallace)**

#### **2.1 Background**

Rule 16.1 of the Company's Constitution requires at least one third of the Directors to retire each year (by rotation). Mr Simon Lister Wallace retires this year in accordance with this rule, and is permitted to seek re-election. Personal particulars for Mr Wallace are set out in the Directors information included in the Company's Annual Report.

#### **2.2 Director's Interest**

Simon Wallace does not currently hold an interest in any securities of the company.

#### **2.3 Personal Particulars**

Simon Wallace's personal particulars are set out in the information on Directors at page 5 of the Company's Annual Report.

#### **2.4 Recommendation**

The Directors recommend that shareholders vote in favour of Resolution 1.

### **3. Resolutions 2(a) and 2(b) – Grant of Options to Mr Michael Ian Capocchi**

#### **3.1 Background**

Under Resolutions 2(a) and 2(b), the Company seeks shareholder approval under Listing Rule 10.14 for the issue of options to Michael Capocchi as remuneration and

also as a long term incentive in respect of performance in financial year 2016 and financial year 2017.

### 3.2 ASX Listing Rule Disclosure Requirements

ASX Listing Rule 10.14 prohibits the issue of securities to Directors under an employee incentive scheme without shareholder approval.

For the purposes of ASX Listing Rule 10.15, the following information is given to shareholders:

(a) *The identity of the related parties*

The Director to whom financial benefits will be given if the resolutions are passed is Michael Capocchi (Managing Director);

(b) *Maximum number options to be issued*

The maximum number of options to be issued is:

- (i) 217,800 under Resolution 2(a); and
- (ii) 453,750 under Resolution 2(b).

The options to be issued under Resolution 2(a) and (b) have the following terms:

- (i) Each option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- (ii) The options vest with the holder on:
  - a. 30 June 2017 for options issued under Resolution 2(a); and
  - b. 30 June 2018 for options issued under Resolution 2(b).
- (iii) The options are exercisable before:
  - a. 5.00pm (AEST) on 30 November 2021 for options issued under Resolution 2(a); and
  - b. 5:00pm (AEST) on 30 September 2022 for options issued under Resolution 2(b).
- (iv) The options are exercisable at a price of:
  - a. \$0.365 each for options issued under Resolution 2(a); and
  - b. \$0.232 each for options issued under Resolution 2(b).
- (v) If the holder is no longer a Director of the Company for any reason, the options will automatically lapse.
- (vi) All shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted. No



quotation will be sought from the ASX for the options.

- (vii) The options are not transferable.
- (viii) In accordance with Listing Rule 6.19, option holders will not have a right to participate in new issues without exercising their options prior to the record date of such a new issue.
- (ix) In the event of a reorganization of the capital of the Company the rights of an option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganization of capital at the time of the reorganization.

Notwithstanding that the issue of these options is subject to shareholder approval, Accounting Standard AASB 2 requires the expensing of Director's options to begin from the commencement of service related to those options. The issue of the options will result in the Company recognizing an estimated expense in the following years:

- Year ended 30 June 2017: \$33,437
- Year ended 30 June 2018: \$28,945

A total expense of \$62,382.

(c) *Vesting Conditions* **[Review]**

The vesting of the options issued under Resolutions 2(a) and 2(b) is conditional upon determination by the Board that Mr Capocchi has satisfied requirements of his employment as assessed with reference to Key Performance Indicators determined by the Board.

(d) *Valuation*

The fair value of the options to be granted has been assessed by an independent expert Mr. Paul Lom of DMR Corporate Pty Ltd whose full report dated 20 September 2016 is attached hereto (Schedule 1). Mr. Lom has assessed the value of the options to be granted to Mr Capocchi as \$62,382.

(e) *Director's remuneration*

As at the date of this Notice, the annual remuneration (inclusive of superannuation where applicable but excluding options expense) payable to Mr Capocchi for the current and previous financial years is set out below:

	<u>Current Year</u>	<u>Year ended 30 June 2016</u>
M Capocchi	\$520,000 (estimate)	\$518,302

(f) *Details of prior issues*

Since the adoption of the Employee Option Plan in November 2014, no securities have been issued under Listing Rule 10.14.

(g) *Persons entitled to participate in the Employee Option Plan*

The persons entitled to participate in the Company's Employee Option Plan include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.

(h) *Date of Issue*

The issue of options is contingent upon this approval. It is the intention of the Company that the options will be issued:

- (i) within 1 month of approval for options issued under Resolution 2(a).
- (ii) within 12 months of approval for options issued under Resolution 2(b).

(k) *Loans*

There is no intention for the Company to grant a loan in relation to the options or acquisition of shares under the options.

(l) *Use of Funds*

No funds will be raised from the issue of the options. However, if all the options are issued and are subsequently exercised, the Company will receive \$184,767. Any funds raised on the exercise of the options will be applied as working capital.

(m) *Further information*

The Directors are not aware of any other information that may be reasonably required by members in order to decide whether or not it is in the Company's interests to pass the proposed Resolution.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to its Directors without shareholder approval, unless the giving of the financial benefit falls under one of the exceptions specified in the Act. Financial benefit is defined in the Corporations Act in broad terms and includes a public company issuing options. The Directors have determined that the issue is reasonable remuneration for the purposes of section 211 of the Corporations Act and therefore, Shareholder approval for the purposes of the related party provisions set out in Chapter 2E of the Corporations Act is not required.

### 3.3 Voting Exclusion Statement:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 2 by any director of the Company who is eligible to participate in the Employee Option Plan. However the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or

- (b) it is cast by the person Chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

#### 3.4 Recommendation

The other Directors, who do not have a material interest in the outcome of the Resolution, recommend that shareholders vote in favour of Resolutions 2(a) and 2(b).

### 4. Resolutions 3(a), 3(b) and 3(c) – Grant of Options to Non-Executive Directors

#### 4.1 Background

Under Resolutions 3(a), 3(b) and 3(c), the Company seeks shareholder approval under Listing Rule 10.14 for the issue of options as remuneration and also as a long term incentive in respect of performance in financial year 2017 to Non-Executive Directors.

#### 4.2 ASX Listing Rule Disclosure Requirements

ASX Listing Rule 10.14 prohibits the issue of securities to Directors under an employee incentive scheme without shareholder approval.

For the purposes of ASX Listing Rule 10.15, the following information is given to shareholders:

(a) *The identity of the related parties*

The Directors to whom financial benefits will be given if the resolutions are approved are:

- (i) David Dawson (Non-Executive Director and Chairman);
- (ii) Simon Wallace (Non-Executive Director); and
- (iii) Carl Cheung Hung (Non-Executive Director).

(b) *Maximum number options to be issued*

The maximum number of options to be issued is:

- (i) 80,000 options to David Dawson;
- (ii) 80,000 options to Simon Wallace; and
- (iii) 80,000 options to Carl Hung.

The options to be issued to Directors under Resolutions 3(a), 3(b) and 3(c) have the following terms:

- (i) Each option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- (ii) The options vest with each holder on 30 June 2018.
- (iii) The options are exercisable before 5.00pm (AEST) on 30 September 2022.

- (iv) The options are exercisable at a price of \$0.232 each.
- (v) If the holder is no longer a Director of the Company for any reason, the options will automatically lapse.
- (vi) All shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted. No quotation will be sought from the ASX for the options.
- (vii) The options are not transferable.
- (viii) In accordance with Listing Rule 6.19, option holders will not have a right to participate in new issues without exercising their options prior to the record date of such a new issue.
- (ix) In the event of a reorganization of the capital of the Company the rights of an option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganization of capital at the time of the reorganization.

Notwithstanding that the issue of these options is subject to shareholder approval, Accounting Standard AASB 2 requires the expensing of Director's options to begin from the commencement of service related to those options. The issue of the options will result in the Company recognizing an estimated expense in the following years:

- Year ended 30 June 2017: \$8,931
- Year ended 30 June 2018: \$15,309

A total expense of \$24,240.

(c) *Vesting Conditions*

The vesting of the options issued under Resolutions 3(a), 3(b) and 3(c) is conditional upon determination by the Board that the relevant Director has satisfied requirements of his office as assessed with reference to Key Performance Indicators determined by the Board.

(d) *Valuation*

The fair value of the options to be granted has been assessed by an independent expert Mr. Paul Lom of DMR Corporate Pty Ltd whose full report dated 20 September 2016 is attached hereto (Schedule 1). Mr. Lom has assessed the value of the options to be granted to each Director as:

- (i) David Dawson: \$8,080
- (ii) Simon Wallace: \$8,080
- (iii) Carl Hung: \$8,080

(e) *Director's remuneration*

As at the date of this Notice, the annual remuneration (inclusive of superannuation where applicable but excluding options expense) payable to the three Directors for the current and previous financial years is set out below:

	<u>Current Year</u> (estimate)	<u>Year ended 30</u> <u>June 2016</u>
D Dawson	\$41,665	\$33,333
S Wallace	\$41,665	\$33,333
C Hung	\$41,665	\$33,333

(f) *Details of prior issues*

Since the adoption of the Employee Option Plan in November 2014, no securities have been issued under Listing Rule 10.14.

(g) *Persons entitled to participate in the Employee Option Plan*

The persons entitled to participate in the Company's Employee Option Plan include a full or part time employee of the Company and its related bodies corporate, a Director and or a consultant of the Company, determined as eligible by the Board from time to time.

(h) *Date of Issue*

The issue of options is contingent upon this approval, however it is the intention of the Company that the options will be issued within 12 months of approval by the Company's shareholders.

(i) *Loans*

There is no intention for the Company to grant a loan in relation to the options or acquisition of shares under the options.

(j) *Use of Funds*

No funds will be raised from the issue of the options. However, if all the options are issued and are subsequently exercised, the Company will receive \$55,680. Any funds raised on the exercise of the options will be applied as working capital.

(k) *Further information*

The Directors are not aware of any other information that may be reasonably required by members in order to decide whether or not it is in the Company's interests to pass the proposed Resolution.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to its Directors without shareholder approval, unless the giving of the financial benefit falls under one of the exceptions specified in the Act. Financial benefit is defined in the Corporations Act in broad terms and includes a public company issuing options. The Directors have determined that the issue is reasonable remuneration for the purposes of section 211 of the Corporations Act and therefore, Shareholder approval for the purposes of the related party provisions set out in Chapter 2E of the Corporations Act is not required.

4.3 Voting Exclusion Statement:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolutions 3(a), 3(b) and 3(c) by any by any director of the Company who is eligible to participate in the Employee Option Plan. However the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person Chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

#### 4.4 Recommendation

Mr Dawson, Mr Wallace and Mr Hung, because each has a material personal interest in the outcome of the Resolution relevant to him, declines to make a recommendation, in relation to that Resolution and because he has a commonality of interest in the outcome of the Resolution relevant to his fellow Directors, feels good corporate governance requires him to decline to make a recommendation in relation to those Resolutions. Michael Capocchi, the only Director, who does not have a material interest in the outcome of any of the Resolutions, recommends that shareholders vote in favour of Resolutions 3(a), 3(b) and 3(c).

### 5 Resolution 4 – Adoption of Remuneration Report

#### 5.1 Annual Report

The Annual Report for the year ended 30 June 2016 contains a Remuneration Report (refer pages 10-18) which sets out the remuneration policy for the Company and reports remuneration arrangements in place for Directors and key management personnel.

The Corporations Act requires the agenda of an annual general meeting to include a resolution for the adoption of the Remuneration Report. The vote on the resolution is advisory only and is not binding on the Directors or the Company.

The Company's Annual Report is available on the Company website (<http://worldreach.com.au>) or will be mailed to shareholders who request a copy.

A reasonable opportunity will be allowed to the shareholders as a whole for questions and comments on the Remuneration Report.

#### 5.2 Voting Prohibition

A vote on Resolution 4 must not be cast by or on behalf of either of the following persons:

- (a) a member of the key management personnel as disclosed in the remuneration report;
- (b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with the direction on the proxy form.

#### 5.3 Recommendation

The Directors recommend that shareholders vote in favour of Resolution 4.

## SPECIAL RESOLUTION

### 6 Resolution 5 – Approval for Additional Placement Capacity

#### 6.1 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval to allow it to issue equity securities up to 10% of its issued capital through placements over a period up to 12 months after the entity's annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an eligible entity.

The effect of Resolution 5 will be to allow the Directors to issue equity securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The Company is now seeking shareholder approval of Resolution 5 by way of a special resolution. Accordingly at least 75% of votes cast by shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

The equity securities issued under Listing Rule 7.1A must be in the same class as an existing class of quoted equity securities. As at the date of this Notice, the Company has only one class of quoted equity securities on issue, being the shares.

The exact number of equity securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

- A** = the number of shares on issue 12 months before the date of issue or agreement:
  - (i) plus the number of shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of shares issued in the previous 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4; and
  - (iv) less the number of shares cancelled in the previous 12 months.
- B** = 10%.
- C** = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

#### 6.2 Information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) *Details of equity securities Issued in the Past 12 Months*

Listing Rule 7.3A requires details to be provided of all issues of equity securities in the 12 months preceding the date of the upcoming AGM, whether or not they were issued under the additional 10% placement capacity allowed under Listing Rule 7.1A.

Equity securities issued in the prior 12 month period:	2,392,313
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period:	5.33%

(b) *Details of each individual issue*

Date of issue #1:	24 November 2015
Number issued:	1,507,500
Class/Type of equity security:	Options for ordinary shares
<i>Summary of terms:</i>	
Names of persons who received securities or basis on which those persons was determined:	Options issued to Directors following shareholder approval.
Issue price:	Nil
Terms:	Exercise price of \$0.195 per share and expiry dates of 18 November 2016 (400,000 options), 5 February 2017 (200,000 options) and 30 November 2020 (907,500 options) approved at the AGM on 24 November 2015.
Discount to market price (if any):	n/a
<i>For non-cash issues:</i>	
Non-cash consideration paid:	n/a
Current value of non-cash consideration:	n/a

Date of issue #2:	24 November 2015
Number issued:	884,813
Class/Type of equity security:	Options for ordinary shares
<i>Summary of terms:</i>	
Names of persons who received securities or basis on which those persons was determined:	Options issued to key employees under the Employee Share Option Plan.
Issue price:	Nil
Terms:	Exercisable at \$0.195 per share on or before 31 August 2020.
Discount to market price (if any):	n/a
<i>For non-cash issues:</i>	
Non-cash consideration paid:	n/a
Current value of non-cash consideration:	n/a

(c) *Minimum Price for future issues under the 10% Placement Capacity*

The minimum price at which the equity securities may be issued is 75% of the volume weighted average price of equity securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or



- (ii) if the equity securities are not issued within 5 ASX trading days of the date in paragraph 1.3(d)(i), the date on which the equity securities are issued.

(d) *Date of Issue*

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of the Annual General Meeting; and
- (ii) the date of approval by shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX.

(e) *Risk of voting dilution*

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of shareholders who do not receive any shares under the issue.

If Resolution 5 is approved by shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing shares would be as shown in the table below.

The table below shows the dilution of existing shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of shares and the current number of equity securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of shares issued under 10% Placement Capacity.

Number of shares on issue	Dilution			
	Number of shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.085 (50% decrease in current issue price)	Funds raised based on issue price of \$0.17 (Current issue price at 12/09/2016)	Funds raised based on issue price of \$0.255 (50% increase in current issue price)
<b>43,173,452 (Current)</b>	4,317,345	\$366,974	\$733,949	\$1,100,923
<b>64,760,178 (50% increase)</b>	6,476,018	\$550,462	\$1,100,923	\$1,651,385
<b>86,346,904 (100% increase)</b>	8,634,690	\$733,949	\$1,467,897	\$2,201,846

\* The number of shares on issue (variable A in the formula) could increase as a result of the issue of shares that do not require shareholder approval

(such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the shares on issue as at 20 September 2016.
2. The issue price set out above is the closing price of the shares on the ASX on 12 September 2016.
3. No options are exercised.
4. The Company issues the maximum possible number of equity securities under the 10% Placement Capacity.
5. The Company has not issued any equity securities in the 12 months prior to the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
6. The calculations above do not show the dilution that any one particular shareholder will be subject to. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

shareholders should note that there is a risk that:

- (i) the market price for the Company's shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- (ii) the shares may be issued at a price that is at a discount to the market price for those shares on the date of issue.

*(f) Purpose of Issue under 10% Placement Capacity*

The Company may seek to issue equity securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration, in which case the Company may use funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition) and/or general working capital; or
- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

*(g) Allocation under the 10% Placement Capacity*

The allottees of the equity securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of equity securities could consist of current shareholders or new investors (or both). The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;

- (iii) the effect of the issue of the equity securities on the control of the Company;
- (iv) the Company's circumstances, including, but not limited to, its financial position and solvency;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

### 6.3 Voting Exclusion

The Company will disregard any votes cast on Resolution 5 by any person who may participate in the issue of equity securities under this resolution and any person who might gain an advantage, other than an advantage solely in the capacity of an ordinary security holder, from the passing of this resolution and any associates of those persons.

However, the Company need not disregard a vote if:

- (h) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (i) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As at the date of this Notice, the Company has not invited any existing shareholders to participate in an issue of equity securities under ASX Listing Rule 7.1A. Therefore, no existing shareholders will be excluded from voting on Resolution 5.

### 6.4 Recommendation

The Directors recommend that shareholders vote in favour of Resolution 5.

**Schedule 1**

DMR Corporate Report

(attached)

20 September 2016

The Directors  
World Reach Limited  
5/8 Anzed Court  
Mulgrave VIC 3170

Dear Directors

**RE: Valuation of options**

**1. Introduction**

1.1 We have been requested by Mr Dennis Payne, Chief Financial Officer and Company Secretary, of World Reach Limited ("WRR" or the "Company") to provide WRR with independent advice in respect of the fair value (as defined by Appendix A of AASB 2) of the options proposed to be issued to the Company's Directors. Shareholder approval is being sought for the issue of the options at the Annual General Meeting ("AGM") to be held on or about 4 November 2016.

1.2 We understand that the options are proposed to be issued on the following terms.

Director	No. of options	Exercise price	Vesting date	Expiry date
Michael Capocchi	217,800	\$ 0.365	30/06/2017	30/11/2021
Michael Capocchi	453,750	\$ 0.232	30/06/2018	30/09/2022
Carl Hung	80,000	\$ 0.232	30/06/2018	30/09/2022
David Dawson	80,000	\$ 0.232	30/06/2018	30/09/2022
Simon Wallace	80,000	\$ 0.232	30/06/2018	30/09/2022
	<u>911,550</u>			

1.3 We understand that, as the options are to be issued to directors, these cannot formally be issued until shareholder approval has been obtained. WRR plans to seek shareholder approval to issue the options at its AGM, which is expected to be held on or about 4 November 2016.

1.4 The options will be granted to directors of the Company and must therefore be recognised for accounting purposes in accordance with Australian accounting standards, in particular AASB 2 'Share-based Payment'. AASB 2 requires options to be valued as at their grant date. A valuation as at an assumed grant date for the purposes of shareholder approval is completed in order to advise the shareholders of the approximately value of the option benefits that they are being asked to approve. If the options are approved and subsequently issued, another valuation as at the grant date must be completed, for the purposes of expensing the options in the Company's accounts.

1.5 We are also advised that the vesting conditions of the above options are subject to meeting certain key performance indicators which we understand are 'non-market conditions'. AASB 2 distinguishes between vesting conditions that are 'market based' and 'non-market conditions'. Market conditions are defined as conditions that are related to the market price of an entity's equity instruments with all other conditions being non-market conditions. AASB 2, in recognition of the difficulty to obtain sufficient appropriate evidence as to the likelihood that a non-market condition will be achieved, provides that vesting conditions other than market conditions shall not be taken into account when estimating the fair value of the options. Instead, the non-market conditions are taken into account by adjusting the number of equity instruments expected to be issued.

1.6 For the purpose of this report, we have adopted the definition of fair value set out in Australian accounting standard AASB 2 'Share-based payment':

*Fair Value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.*

1.7 This report has been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

## **2. Valuation Methodology**

2.1 Options are generally valued using one of a number of option pricing models and AASB 2 does not mandate the use of a particular model in valuing employee options.

2.2 We have reviewed the terms of the options and based on this review we have concluded that there is a reasonable probability that the options will be exercised before their expiry date. Our principal reason for this view is the lack of transferability of the options and the fact that they lapse following cessation of employment. Our view that the options may be exercised early is supported by empirical evidence that employee and director options are often exercised well before their expiry date. For this reason we have valued the options using the binomial model, which has been tailored specifically for use in valuing employee options.

2.3 The binomial model used is provided by Hoadley<sup>1</sup> and incorporates the Hull-White adjustment. The Hull-White adjustment requires an assumption to be made that the options will be exercised when the share price reaches a selected multiple of the option exercise price.

2.4 The model used determines the value of an option as a function of the following variables:

- 1) the current share price of the underlying shares
- 2) exercise price of the option
- 3) volatility of the share price
- 4) vesting conditions
- 5) time to maturity
- 6) risk free rate of interest
- 7) expected dividend yield
- 8) an exercise price multiple

---

<sup>1</sup> ESO2: "Enhanced"

### 3. Assumptions used

3.1 Set out below is a discussion of each of the variables and the assumptions that we have selected in applying the binomial model to the options.

#### 3.2 The current share price of the underlying shares

WRR is a limited liability company incorporated in Australia and its securities are quoted on the Australian Securities Exchange (ASX).

The AASB 2 guidance provides that the fair value of the shares shall be measured at the market price of the entity's shares, or an estimated market price, if the entity's shares are not publicly traded.

In view of the above, where there is a deep and active market in a company's shares, we use the closing share price on the date the options are granted, however we do not believe that this is appropriate where there is not a deep and active market.

WRR is proposing to issue over 900,000 options and during the past 30 days the total number of shares traded was less than 500,000 shares, and for this reason it cannot be said that there is an active market in WRR's shares. Accordingly, we examined the share price for a period leading up to the valuation date. WRR shares had a closing share price of \$0.17 per share on 16 September 2016, being the valuation date, and last traded on 14 September 2016.

The volume weighted average share price (VWAP), based on closing daily prices on the ASX, for a range of periods is set out in the table below.

Period	Shares Traded		VWAP	Share Price	
	Number	Value		Low	High
			\$	\$	\$
5 days to 16/09/2016	48,695	9,078	0.186	0.170	0.190
10 days to 16/09/2016	205,585	35,767	0.174	0.165	0.190
30 days to 16/09/2016	431,272	76,610	0.178	0.165	0.200
60 days to 16/09/2016	790,268	152,701	0.193	0.165	0.250
90 days to 16/09/2016	982,076	195,947	0.200	0.165	0.250

We have reviewed the market announcements issued by WRR over the past 90 days. We do not consider that there have been any market sensitive announcements issued by WRR during this period that have contributed to any significant change in trading volumes or the share prices.

As is evident from the above table, the value of WRR shares has been on a declining trend over the past 90 days. The share price has been effectively drifting lower on low volumes. Based on the above information, we have selected the 60 day VWAP of \$0.193 and consider that it represents the current market value of shares in WRR at the date of this report.

#### 3.3 The exercise price of the options

The exercise price of the options proposed to be issued to Michael Capocchi with an expiry date of 30 November 2021 is \$0.365 per share and the exercise price of the options proposed to be issued to the directors with an expiry date of 30 September 2022 is \$0.232 per share.

#### 3.4 The volatility of the share price

The volatility of the share price is a measure of uncertainty about the returns provided by the shares. Generally it is possible to predict future volatility of a stock by reference to its historical volatility.

A share with a greater volatility has a greater time value component of the total option value.

The volatility estimate used in option pricing models is typically calculated with reference to the annualised standard deviation of daily share price returns on the underlying security over a specified period.

We source historical volatility information for Australian listed companies from a quarterly research report issued by SIRCA Limited ("SIRCA"), a leading provider of financial data in the Australian market.

The June quarter 2016 SIRCA report estimated the volatility of WRR shares to be 82.10%. We have also considered the historical volatility of share price returns for companies comparable to WRR. We note that the Global Industry Classification Standard of WRR is the technology hardware & equipment industry. We have set out below the comparator group of companies.

Company name	ASX code	Market capitalisation (\$ million)	Volatility %
<b>Technology hardware &amp; equipment</b>			
NetComm Wireless Limited	NTC	369	60.62
Codan Limited	CDA	209	63.05
Senetas Corporation Limited	SEN	113	77.25
World Reach Limited	WRR	10	82.10
Bluechiip Limited	BCT	4	83.48
Kollakorn Corporation Ltd	KKL	8	108.77
<b>Average</b>			<b>79.21</b>
<b>Median</b>			<b>79.67</b>

After considering the above information, we have concluded that a share price volatility of 79.50% is appropriate when valuing the WRR options.

### 3.5 Vesting conditions

The options proposed to be issued to Michael Capocchi with an exercise price of \$0.365 per share will vest on 30 June 2017 and the options proposed to be issued to the directors with an exercise price of \$0.232 per share will vest on 30 June 2018.

### 3.6 Time to maturity

The options proposed to be issued to Michael Capocchi with an exercise price of \$0.365 per share will expire on 30 November 2021 and the options proposed to be issued to the directors with an exercise price of \$0.232 per share will expire on 30 September 2022.

### 3.7 Risk free rate of interest

We have used a risk free rate of 1.74% in valuing the options proposed to be issued to Michael Capocchi with an exercise price of \$0.365 per share and a risk free rate of 1.86% in valuing the options proposed to be issued to the directors with an exercise price of \$0.232 per share. These rates are based on the Treasury Bond yields as at the valuation date with a maturity approximating the expiry date of the options.

### 3.8 Expected dividend yield

WRR does not have a history of paying dividends and we have assumed that no dividends will be paid during the currency of the options.



### 3.9 An exercise price multiple

Options issued to employees and directors are often exercised prior to their expiry date. This occurs due to the lack of liquidity of the options. WRR does not have a history that we could use to predict the likely exercise date.

Based on the available empirical evidence from a number of published studies emanating from the USA, we have concluded that options are generally exercised when the market price of the underlying shares reaches a multiple of 2.0 times the exercise price. This evidence is based on the issuance of options at an exercise price that is approximately equal to the current share price at the grant date.

As the options that we have been requested to value are to be issued with an exercise price of approximately 190% (exercise price of \$0.365 per share) and 120% (exercise price of \$0.232 per share) of the current share price, and therefore out of the money, we have selected an exercise price multiple of 2 times the exercise price.

This factor has been taken into account in the application of the Binomial Option Valuation Model we have used.

## 4. Valuation

4.1 Using the assumptions set out in section 3 above, we have assessed the value of the options proposed to be issued as follows:

Option holder	No. of options	Value per option	Value per tranche
Michael Capocchi	217,800	\$ 0.076	\$ 16,553
Michael Capocchi	453,750	\$ 0.101	\$ 45,829
Carl Hung	80,000	\$ 0.101	\$ 8,080
David Dawson	80,000	\$ 0.101	\$ 8,080
Simon Wallace	80,000	\$ 0.101	\$ 8,080
	<u>911,550</u>		<u>86,622</u>

4.2 The above values are our estimate of the fair value of the options. It should be noted that the above values assume that all options will vest.

4.3 The above values incorporate an assumption that the options will be exercised when the share price reaches a multiple of 2 times the exercise price. As this multiple is not based on the specific experience of WRR, by way of a cross check, we have calculated the value of the options by excluding the assumption set out in 3.9 above and assuming that they would be exercised at their respective expiry date. This calculation reveals the maximum value of the options using the Black-Scholes Option valuation. These values are set out in the table below.

Option holder	No. of options	Value per option	Value per tranche
Michael Capocchi	217,800	\$ 0.101	\$ 21,998
Michael Capocchi	453,750	\$ 0.126	\$ 57,173
Carl Hung	80,000	\$ 0.126	\$ 10,080
David Dawson	80,000	\$ 0.126	\$ 10,080
Simon Wallace	80,000	\$ 0.126	\$ 10,080
	<u>911,550</u>		<u>109,410</u>

- 4.4 Having considered all of the factors outlined in this report, including the above cross check, we have concluded that the fair value of the options is set out in the table at paragraph 4.1 above.
- 4.5 It should be noted that the above values assume that all options will vest. The possibility that the options may not vest due to the option holders resigning during the vesting period or not satisfying the other non-market conditions has not been factored into the above valuation guidance and we refer further to our comments in paragraph 1.5 above. The assessment of the number of options expected to vest will need to be made by management.

Should you require any further information, please do not hesitate to contact us.

Yours faithfully

**DMR Corporate Pty Ltd**



**Paul Lom**  
**Director**

**APPOINTMENT OF PROXY**

If you would like to attend and vote at the General Meeting, please bring this form with you. This will assist in registering your attendance.

I/We being a member(s) of World Reach Limited and entitled to attend and vote hereby appoint

**A** The Chairman of the Meeting (mark box)  **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at **the Annual General Meeting of World Reach Limited to be held at the company's office, Unit 5, 8 Anzed Court, Mulgrave, Victoria at 10.00am on Friday, 4 November 2016** and at any adjournment of that meeting.  
Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

**Important for Resolution 4: If the Chairman of the Meeting is your proxy or is appointed your proxy by default.**  
By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 4 as set out below and in the Notice of Meeting. **If you do not mark this box and you have not directed your proxy how to vote on Resolution 4, the Chairman of the Meeting will not cast your votes on Resolution 4 and your votes will not be counted in computing the required majority if a poll is called on this item.**  
If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Part B below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Resolution 4.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 4.

**I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 4 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolution 4 is connected directly or indirectly with the remuneration of a member of key management personnel.**

**ORDINARY RESOLUTIONS:**

**B** To direct your proxy how to vote on any resolution please insert  in the appropriate box below

	For	Against	Abstain*
<b>Resolution 1</b> Re-election of Director, Simon Lister Wallace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2(a)</b> Grant of Options to Michael Ian Capocchi (217,800 options)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2(b)</b> Grant of Options to Michael Ian Capocchi (453,750 options)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3(a)</b> Grant of Options to David Antony Dawson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3(b)</b> Grant of Options to Simon Lister Wallace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3(c)</b> Grant of Options to Carl Cheung Hung	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> Adoption of Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SPECIAL RESOLUTION:**

**C** To direct your proxy how to vote on any resolution please insert  in the appropriate box below

	For	Against	Abstain*
<b>Resolution 5</b> Approval for Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll

**D SIGNATURE AND NAME OF SECURITYHOLDERS-THIS MUST BE COMPLETED**

Securityholder 1 (Individual) or Sole Director and Sole Company Secretary <input type="text"/>	Joint Securityholder 2 (Individual) or Director/Company Secretary (Delete one) <input type="text"/>	Joint Securityholder 3 (Individual) or Director <input type="text"/>
Name:.....	Name:.....	Name:.....

Holding No (if known):.....

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

## How to complete this Proxy Form

### 1. Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your shares using this form.

### 2. Appointment of a Proxy using this Form

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### 3. Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 4. Appointment of Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company or you may copy this form.

To appoint a second proxy you must:

- (a) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together.

### 5. Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.  
Joint Holding: where the holding is in more than one name, either security holder may sign.  
Power of Attorney: to sign under Power of Attorney, you must attach the instrument effecting the appointment (or a copy which appears on its face to be an authentic copy) to this form when you return it.  
Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company.

## Lodgement of a Proxy

**This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below by 10.00am (AEDST) on Wednesday, 2 November 2016,** being no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged:

By posting or facsimile to World Reach Limited as follows:  
World Reach Limited  
Unit 5 / 8 Anzed Court, Mulgrave,  
Victoria, Australia 3170  
Facsimile: 03 9560 9055

Or by delivering it to the above address



world reach

ANNUAL REPORT 2016







**DIRECTORATE****NON-EXECUTIVE CHAIRMAN**

Mr David Antony Dawson

**MANAGING DIRECTOR**

Mr Michael Ian Capocchi

**NON-EXECUTIVE DIRECTORS**

Mr Simon Lister Wallace

Mr Carl Cheung Hung

**COMPANY SECRETARY**

Mr Dennis Frank Payne

**REGISTERED OFFICE**

Unit 5/8 Anzed Court

Mulgrave, Vic, 3170

Ph: (03) 8561 4200

Fax: (03) 9560 9055

Email: info@worldreach.com.au

**SHARE REGISTER**

Link Market Services Ltd

Locked Bag A14

Sydney South, NSW, 1235

Ph: (02) 8280 7454

Fax: (02) 9287 0302

**SOLICITORS TO THE COMPANY**

GrilloHiggins Lawyers

Level 20, 31 Queens Street

Melbourne, Vic, 3000

Ph: (03) 8621 8880

**AUDITOR**

RSM Australia Partners

Level 21, 55 Collins Street

MELBOURNE VIC 3000

Ph: (03) 9286 8000

Fax: (03) 9286 8199

**ASX OFFICE**

Based in Melbourne

**ASX CODE**

WRR

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*“During the last year Beam has also been in development of a new concept satellite terminal for a third network operator involving substantial R&D investment.”*



I am pleased to provide the following Chairman's Report on the Company for the year ended 30 June 2016.

#### Performance

The principal activity of the Group during the year has been the manufacture and global distribution of satellite communication terminals, handheld phone accessories and OEM for the Iridium GO!® Wi-Fi device that provides global voice/text/data services for smartphones. Prior to FY2016, our subsidiary, Beam Communications Pty Ltd ('Beam') had only developed products to specifically suit the two major global satellite networks of Iridium and Inmarsat. During the last year Beam has also been in development of a new concept satellite terminal for a third network operator involving substantial R&D investment.

After a very successful year in FY2015 the Group delivered a lower revenue figure for FY2016, reflecting the delay in receipt of a significant product order for Iridium GO!®, which is a major product for the World Reach Group. Further deliveries of this product are now expected to commence under a third order later in FY2017. In FY2016 the lower revenue was partially offset by tight control of operating costs and overheads which resulted in the Group delivering a net profit before tax of \$417,011, in its third consecutive year of profitability.

Last year the Company brought to account a significant tax benefit of \$1,406,402 stemming from recognition of 50% of the accumulated tax losses. Based on forward yearly forecasts the Directors expect sufficient future profitability so as to realise the full value of deferred tax assets. Accordingly, this year the Company considers it conservative and prudent to recognise 60% of the amount of deferred tax assets relating to carried forward tax losses. This added \$381,016 to Net Profit After Tax offsetting the year's Australian tax expense of \$303,475.

#### Capital Management

As a result of the Group's significant investment in research and development, the Company has in recent years benefited from Australian Government Research and Development grants. They are usually received in the June/July period of each year and are paid in arrears. The grant in respect to the FY2015 year was not received by 30 June 2016 and has accordingly not been included in the FY2016 financial accounts. That grant has since been received in the amount of \$223,952.

After the extensive capital restructuring initiative of FY2015 there was no movement in equity funds during FY2016. The Company enjoyed a substantial in-funds cash position through the year with expenditure on the current major development project drawing on these cash funds. The Group is in continuous discussions with satellite network operators with the view to taking on more product development initiatives that further diversify and expand the product portfolio for specific market opportunities.

#### Strategy and Outlook

The board and the CEO in 2015 re-developed a strategy document to form a basis for planning the next 3 to 5 years when significant events in the satellite market are expected.

The key objectives for FY2017 are:

- To extend the supply contracts for Iridium GO!® and exploit potential further development of the product. Beam has recently secured a third order for 5000 units. 50% of the deliveries will commence shipping in the second half of FY2017;
- To successfully complete the design and development of the new concept satellite terminal announced on 9 April 2015, both on-time and on-budget, to ensure deliveries can commence in early FY2018;
- To assess the option to undertake another major development project;
- To further develop the SatPhone Shop business in Australia; and
- To take advantage of any suitable emerging investment opportunities in the satellite market.

#### Appreciation to Staff and Board

Finally I would like to express my thanks and appreciation to the CEO, Michael Capocchi, his executive team and my fellow board members for their on-going efforts to deliver successful and innovative outcomes for our clients and to secure opportunities that drive growth and returns for our shareholders.

Mr David Antony Dawson  
Chairman



## TESTIMONIALS

Over the years World Reach Ltd. has instilled its corporate vision and values through their businesses ensuring the expertise, service and technology are leading edge. Customer feedback and support is what drives our team to focus on innovative products and meet the growing demands for mobile satellite based solutions. Throughout this report we have shared some of what our customers had to say.



"IsatDock PRO was successfully installed and performs well despite the location and the severe environment"

**Service Manager**  
*Antarctic Polar Station, Russia*

"Best experience ever in purchasing a mobile communications device. Single phone call, quick delivery, would recommend SatPhone Shop to anyone."

**Use for Emergency Back-up**  
*- Geoff W., VIC*



"This (RemoteSAT, RST100) is by far the best communications system we have tested – much better than anything else we have used in the planes before."

**Royal Flying Doctor Service**  
*Gary Oldman, IT Manager*

"Without a doubt outstanding customer service. Very very impressed with the service we received. The staff went over and beyond. Thank you."

**Use for Business Requirement**  
*- Group CCTV, QLD*



"We find the phone to be trouble free, reliable and offers additional tracking capabilities compared to other phones"

**Bob & Elaine Ebaugh**  
*Adventurers in the Caribbean*



## DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entities for the financial year ended 30 June 2016.

## DIRECTORS

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

David Antony Dawson  
 Michael Ian Capocchi  
 Carl Cheung Hung  
 Simon Lister Wallace

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

### David Antony Dawson

*Chairman*

**Age:** 46

David Dawson is an Executive Director of IFM Investors' Private Capital business. IFM Investors is a global investment manager with over A\$50 billion under management across listed equities, private equity, infrastructure and debt.

David joined IFM Investors in May 2013 and was previously Head of Private Equity for Hastings Funds Management. Over the past thirteen years, David has been involved in the full range of private equity investment activities in Australia including fund raising and portfolio development, as well as the sourcing, management and sale of investments.

David is a seasoned non-executive director having represented Hastings Funds Management on the board of seven investee companies over the past decade in the packaging, retail, recycling and business services sectors through both buoyant and challenging market conditions. David Dawson was also Chairman of Australian College of Natural Medicine Pty Ltd.

Previously, David was Co-Head of ANZ Private Equity with joint responsibility for the business' operations in Sydney, Melbourne, Auckland, Brisbane and Perth.

Prior to joining the private equity industry in 2001, David gained extensive corporate advisory experience through the execution of over 20 UK, Australian and cross-border transactions for Rothschild and Coopers & Lybrand.

David is a member of the Institute of Chartered Accountants (England and Wales) and the Australian Institute of Company Directors.



### **Simon Lister Wallace**

*Non-Executive Director*

**Age: 42**

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

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

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

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



### **Michael Ian Capocchi**

*Managing Director*

**Age: 45**

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

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

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

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

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



### **Carl Cheung Hung**

*Non-Executive Director*

**Age: 32**

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

Mr Hung is President and CEO of Season Group International Inc, a global Electronic Manufacturing Services provider. He has helped grow the company from USD15 million in 2002 to USD132 million in 2014, expanding the company's footprint from China, Canada and Malaysia to include the USA, Mexico and UK.

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



### Indemnification of Directors and Officers

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

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

### Directorships of Other Listed Companies

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

### COMPANY SECRETARY

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

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

### PRINCIPAL ACTIVITIES

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







"Beam have cutting edge products and their customer service is exquisite in today's economy. I did not consider other products or brands because I knew Beam's reputation for quality made products"

**Replacing an old SatDOCK**  
*Daniel Templeton, Entrepreneur*



## OPERATING RESULTS AND REVIEW OF ACTIVITIES

The Consolidated Group reports a total comprehensive income of \$481,422 for the year on total revenue of \$12,378,060 (2015: total comprehensive income of \$2,012,867 on revenue of \$16,967,356).

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

	2016	2015
	\$000	\$000
Revenue	12,378	16,967
<u>Deduct</u>		
Cost of goods sold, research & development, administrative marketing and corporate expenses	11,015	14,396
Operating profit before amortisation, depreciation, interest and tax	1,363	2,571
<u>Deduct</u>		
Amortisation	840	1,677
Depreciation	55	70
Interest	51	180
Profit before income tax	417	645
Tax (expense) / benefit	64	1,368
Net profit for the year	481	2,013
Total comprehensive income for the year	481	2,013

### Operations and Activities FY2016

After a very successful year in FY2015 the Group delivered a lower revenue figure for FY2016, reflecting the delay in receipt of a significant product order for Iridium GO!®, which is a major product for the World Reach Group. The Group completed the second major order for this product in December 2015 but is now not anticipating deliveries under a third order until later in FY2017. A significant factor in this was the late take up of Iridium GO!® by the major Australian retail distributor, now committed to the product, and a major distributor in Japan.

In addition, sales of existing products with core global distributors tapered during FY2016, including the recall from sale by a network operator of one of its satellite handsets, which affected the sale of related Beam Communications Pty Ltd (a World Reach subsidiary) ('Beam') docking accessories for a period of four months.

Amortization of the major Iridium GO!® project (to design and produce a product giving Wi-Fi smartphone access to global satellite communications) commenced in June 2014.



With the delayed delivery schedule and expectations as outlined above, it was decided to extend the minimum life of this product and hence the straight-line amortisation period, from 11 months remaining at 1 July 2015 to 23 months remaining, to better match the amortization costs to the products expected revenue stream. This reduced the amortization cost in the twelve months to 30 June 2016, as detailed in Note 9 to the financial statements.

In a partial offset, the Australian Government R&D grants received in relation to this product development, which were previously brought to account monthly on a straight-line basis, have been extended to match the product's amortization time span, which, as a consequence, reduces the gain to profit in the twelve months to 30 June 2016, as detailed in Note 10 to the financial statements.

The R&D grants are usually received in the June/July period of each year and are paid in arrears. The grant in respect to the FY2015 year was not received by 30 June 2016 and has accordingly not been included in the FY2016 financial accounts. That grant has since been received in the amount of \$223,952.

Financing cost savings followed the repayment of debt after the raising in August 2014 of \$2.4m in capital funds from a renounceable rights offer.

The above factors, coupled with tight control of operating costs and overheads produced a net profit before tax of \$417,011, the third consecutive year of profitability.

Net profit after tax for the FY2015 year included a significant tax benefit of \$1,406,402 stemming from recognition of 50% of the accumulated tax losses. Based on forward yearly forecasts the Directors 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 recognise 60% of the amount of deferred tax assets relating to carried forward tax losses. Recognition of the additional 10% produced a tax benefit in FY2016 of \$381,016.

The FY2016 results include a tax expense item of \$13,130 (2015: \$38,469) 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. See Note 3 to the financial statements for further tax details.

The principal activity of the Group during the year has been the manufacture and global distribution of satellite communication terminals, handheld phone accessories and OEM for the Iridium GO!® Wi-Fi device that provides global voice/text/data services for smartphones. Beam has previously only developed products to specifically suit the two major global satellite networks of Iridium and Inmarsat. During the last year Beam has been in development of a new concept satellite terminal for a third network operator, as

announced in April 2015, involving substantial R&D investment.

The Group enjoys and benefits from a continuing relationship with Season Group ('Season') with Season providing engineering, tool making and testing facilities for new products as well as contract manufacturing for the majority of Beam's products in Guangdong, China. Mr Carl Hung, President and CEO of Season Group, was appointed to the board of World Reach Limited in February 2013 and an associated company, SGV1 Holdings Limited, is the largest shareholder in World Reach Limited with a 21.41% holding.

#### Outlook FY2017

The second major order for the Iridium GO!® product from the major development project of FY2014 was completed in December 2015 bringing the delivered total to 20,000 units. In August, Beam secured a third order for 5,000 GO! units. Based on the current schedule, 50% of the deliveries in respect to that third order will commence shipping in the second half of FY2017 with the balance to be provided in the first half of FY2018. However, these later deliveries can be accelerated to meet market demand, should that be evidenced. Revenue from these deliveries has been budgeted in the Group's current forecast.

SatPhone Shop, being World Reach's on-line business, steadily and promisingly improved its sales performance in FY2016, with revenues for the year of \$0.9m. This business is expected to contribute incremental revenue gains in FY2017 as the market for rental equipment and pre-paid SIM cards expands.

Product development of the new concept satellite terminal for the third network operator will continue until late in FY2017. The minimum contracted revenue payable to Beam will be US\$3m in the first 12 months after deliveries commence.

The Group is in continuous discussions with satellite network operators with the view to taking on more product development initiatives that further diversify and expand the product portfolio for specific market opportunities.

Research and development expenditure in FY2016 met the requirements of the Australian Government Research & Development Grant and as such a grant application will be submitted at the end of FY2017. The Group is anticipating a substantial cash grant from this application.

Especially with the resumption of Iridium GO!® deliveries, the Board anticipates an improvement for FY2017 revenues and profit over FY2016, while the Group pursues its growth objectives and investments.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

## EVENTS AFTER REPORTING DATE

There have been no significant events since 30 June 2016.

## DIVIDENDS PROPOSED OR RECOMMENDED

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

## ENVIRONMENTAL ISSUES

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

## FUTURE DEVELOPMENTS

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

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of the Company were issued during the year ended 30 June 2016 on the exercise of options.

## DIRECTORS' INTERESTS

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

## SHARES UNDER OPTION

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

Issue Date	Date of Expiry	Exercise Price	Number Under Option
01.02.12	01.02.17	\$0.4500	67,500
26.07.12	01.07.17	\$0.6500	600,000
18.12.14	18.12.16	\$0.1850	973,333
31.03.15	31.03.20	\$0.1950	884,813
24.12.15	31.08.20	\$0.1950	884,813
24.12.15	30.11.20	\$0.1950	907,500
24.12.15	18.11.16	\$0.1950	400,000
24.12.15	05.02.17	\$0.1950	200,000
			<b>4,917,959</b>

## DIRECTORS' MEETINGS

During the year ended 30 June 2016 the Company held 21 meetings of Directors (including Audit Committee meetings). Attendances by each Director during the year were:

Director	Directors meetings		Committees	
	Attended	Maximum Possible Attended	Attended	Maximum Possible Attended
D Dawson	18	18	3	3
S Wallace	18	18	3	3
M Capocchi	18	18	0	0
C Hung	15	18	0	0

## REMUNERATION REPORT (Audited)

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

### Remuneration Policy

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

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

Senior executives' remuneration consists of the following elements:

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

### Fixed Salary

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

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



### Performance Bonus

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

The Managing Director has a performance bonus potential of 10% of the Group net profit before tax for the financial year, subject to the achievement of a minimum operating profit before amortisation, depreciation, interest and tax of \$1,000,000. For FY2016 the minimum target level was attained and therefore 100% of the potential performance bonus became payable. No other key management executive has a contractual performance bonus entitlement.

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

	2016	2015	2014	2013	2012
Net profit before tax (\$'000)	417	645	439	(835)	(249)
EBITDA (\$'000)	1,363	2,571	1,846	872	1,011
Basic earnings per share (cents) (a)	1.12	5.13	3.45	(7.13)	(2.17)
Share price at 30 June (\$) (a)	0.23	0.31	0.33	0.2	0.3
Market Capitalisation at 30 June (\$m)	9.93	13.38	4.83	2.34	3.44
Dividends per share	Nil	Nil	Nil	Nil	Nil

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

The board believes the above table illustrates the positive direction the Group has taken over the past 5 years and is reflective of the performance of senior executives during that period.

### Long-term Incentives

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

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

On 24 December 2015 the second tranche of 884,813 options was issued to key management personnel under the approved Share Options Incentive Plan, as announced on 26 March 2015 (issue WRR56, refer to Note 18 (a) (iv) and the Remuneration Report) after completion of performance reviews. Additionally, on 24 December 2015 options were issued to Directors following shareholder approval at the Annual General Meeting (issues WRR57, WRR58 and WRR59, refer to Notes 18 (a) (v), (vi) and (vii), and the Remuneration Report).

### Other Benefits

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

### Employment Contracts

#### Employment Contracts of Senior Executives

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

All other key management personnel are permanent employees.

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

**Directors**

Mr D Dawson	Non-Executive Chairman
Mr S Wallace	Non-Executive Director
Mr M Capocchi	Executive Managing Director
Mr C Hung	Non-Executive Director

**Other key management personnel**

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

(b) Details of remuneration for the year

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

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

2015	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Options [a] \$	Total \$	Performance related %	Remuneration consisting of options %
	Cash salary & fees \$	Cash bonus & Commissions \$	Motor vehicle & other allowances \$	Employee benefits payable [b] \$	Super-annuation \$	Employee benefits payable [b] \$	Eligible termination benefits \$					
<b>Directors</b>												
Mr D Dawson	18,908								22,118	41,026	0.00%	53.91%
Mr S Wallace	11,177								11,353	22,530	0.00%	50.39%
Mr T Moyle (i)	15,333								-	15,333	0.00%	0.00%
Mr M Capocchi [c]	435,837	64,493	42,355	14,665	57,608	37,396			64,953	717,307	8.99%	9.06%
Mr J Bee (ii)	15,333								-	15,333	0.00%	0.00%
Mr C Hung	16,683								-	16,683	0.00%	0.00%
<b>Other</b>												
Mr D Payne	182,371	-	-	(1,489)	17,325	3,908			27,395	229,510	0.00%	11.94%
Mr W Christie	150,514	35,000	2,083	(921)	14,457	9,088			39,136	249,357	14.04%	15.69%
<b>Total</b>	<b>846,156</b>	<b>99,493</b>	<b>44,438</b>	<b>12,255</b>	<b>89,390</b>	<b>50,392</b>	<b>-</b>	<b>164,955</b>	<b>1,307,079</b>			

(i) T Moyle retired as director 18 November 2014

(ii) J Bee resigned as director 18 November 2014

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

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

[c] The majority of Mr Capocchi's remuneration is in US dollars. For 2016 his remuneration has been converted into AU dollars at the exchange rate on 30 June 2016 of 0.7426.

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

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

2015	Grant date [a]	Granted number	Value per option at grant date \$	Value of options granted during the year \$	Value of options exercised during year \$	Value of options lapsed during year \$	Total \$
<b>Directors</b>							
Mr D Dawson	-	-	-	-	-	-	-
Mr S Wallace	-	-	-	-	-	-	-
Mr T Moyle (i)	-	-	-	-	-	(17,153)	(17,153)
Mr M Capocchi	-	-	-	-	-	-	-
Mr J Bee (ii)	-	-	-	-	-	(27,300)	(27,300)
Mr C Hung	-	-	-	-	-	-	-
<b>Other</b>							
Mr D Payne	23/03/15	381,150	0.1150	43,832	-	(6,600)	37,232
Mr W Christie	23/03/15	544,500	0.1150	62,618	-	(5,560)	57,058

(i) T Moyle retired as director 18 November 2014

(ii) J Bee resigned as director 18 November 2014

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

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

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

Terms & conditions for each grant							
2015	Vested No.	Granted No.	Grant date [a]	Value per option at grant date \$	Exercise price \$	Expiry date	First exercise date
<b>Directors</b>							
Mr D Dawson	-	-	-	-	-	-	-
Mr S Wallace	-	-	-	-	-	-	-
Mr T Moyle (i)	-	-	-	-	-	-	-
Mr M Capocchi	200,000	-	26/07/12	0.1365	0.6500	01/07/17	01/07/14
Mr J Bee (ii)	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-
<b>Other</b>							
Mr D Payne	190,575	381,150	23/03/15	0.1150	0.1950	31/03/20	30/06/15
Mr W Christie	272,250	544,500	23/03/15	0.1150	0.1950	31/03/20	30/06/15
<b>Total</b>	<b>662,825</b>	<b>925,650</b>					

(i) T Moyle retired as director 18 November 2014

(ii) J Bee resigned as director 18 November 2014

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

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

#### (d) Option holdings

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

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

2015	Balance 1.07.14	Granted as Remuneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.15	Total Vested 30.06.15	Exercisable 30.06.15	Unexer- cisable 30.06.15
<b>Directors</b>		[a], [b]							(b)
D Dawson	-	-	-	-	-	-	-	-	-
S Wallace	-	-	-	-	-	-	-	-	-
T Moyle (i)	200,000	-	-	-	(200,000)	-	-	-	-
M Capocchi	705,000	-	-	-	(105,000)	600,000	200,000	200,000	400,000
J Bee (ii)	200,000	-	-	-	(200,000)	-	-	-	-
C Hung	260,000	-	-	-	(260,000)	-	-	-	-
<b>Other</b>									
Mr D Payne	62,500	381,150	-	-	(42,500)	401,150	210,575	210,575	190,575
Mr W Christie	48,167	544,500	-	-	(23,167)	569,500	297,250	297,250	272,250
<b>Total</b>	<b>1,475,667</b>	<b>925,650</b>	<b>-</b>	<b>-</b>	<b>(830,667)</b>	<b>1,570,650</b>	<b>707,825</b>	<b>707,825</b>	<b>862,825</b>

(i) T Moyle retired as director 18 November 2014

(ii) J Bee resigned as director 18 November 2014

[a] On 23 February 2015 the Company announced its intention to issue options to Non-Executive Directors and on 26 March 2015 to the Managing Director, subject to shareholder approval. Accounting Standard AASB 2 requires expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options was subject to shareholder approval and the options were not issued until 24 December 2015.

[b] Also announced on 26 March 2015 was the intention to issue options to key management personnel under the approved Employee Share Option Plan. The first tranche of 884,813 options was granted and issued in March 2015 (Issue WRR55, refer to Note 18 (a) (iv)). The second tranche (of identical size) was deemed by AASB 2 to have been granted in March 2015 but the options were not issued until 24 December 2015 as the issue was subject to performance reviews. The number of options granted to D Payne and W Christie under both tranches is shown in the 2015 table above. The number of options under tranche 2 are shown as unexercisable at 30 June 2015.

### (e) Share Holdings

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

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

2015	Balance 1.07.14	Received as Remuneration	Options Exercised	Net Change Other [a]	Balance 30.06.15
<b>Directors</b>					
D Dawson	-	-	-	300,000	300,000
S Wallace	-	-	-	-	-
Mr M Capocchi	75,228	-	-	1,137,017	1,212,245
Mr J Bee (i)	720,000	-	-	(720,000)	-
Mr C Hung	-	-	-	9,243,207	9,243,207
<b>Other</b>					
Mr D Payne	120,237	-	-	208,333	328,570
Mr W Christie	62,778	-	-	-	62,778
<b>Total</b>	<b>978,243</b>	<b>-</b>	<b>-</b>	<b>10,168,557</b>	<b>11,146,800</b>

(i) J Bee resigned as director 18 November 2014

[a] Net Change Other refers to shares purchased or sold on-market or off-market at current market prices during the financial year, or participation in the renounceable rights issue in July 2014 either following conversion of convertible notes or by the holding of existing shares.

#### (f) Convertible notes

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

2016	Balance 1.07.15 No.	Notes issued		Notes Sold, Converted or Matured	Balance 30.06.16	
		No.	Total Face Value \$		No.	Total Face Value \$
<b>Directors</b>						
D Dawson	-	-	-	-	-	-
S Wallace	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-
<b>Other</b>						
Mr D Payne	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

2015	Balance 1.07.14 No.	Notes issued		Notes Sold, Converted or Matured	Balance 30.06.15	
		No.	Total Face Value \$		No.	Total Face Value \$
<b>Directors</b>						
D Dawson	-	-	-	-	-	-
S Wallace	-	-	-	-	-	-
Mr M Capocchi	14	-	-	14	-	-
Mr C Hung	26	-	-	26	-	-
<b>Other</b>						
Mr D Payne	1	-	-	1	-	-
Mr W Christie	-	-	-	-	-	-
<b>Total</b>	<b>41</b>			<b>41</b>		

**(g) Shares issued on exercise of remuneration options**

No options were exercised by key management personnel during the financial year ended 30 June 2016 and the comparative year ended 30 June 2015.

**(h) Voting and comments made at the Company's 2015 Annual General Meeting (AGM)**

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

**NON AUDIT SERVICES**

No non audit services were undertaken by the external auditors during the year ended 30 June 2016.

**AUDITOR'S INDEPENDENCE DECLARATION**

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

Signed in accordance with a resolution of the Board of Directors dated 30 August 2016.



**Mr David Antony Dawson**  
Chairman





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**Michael Selfe**  
*Emergency Services, QLD*

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of World Reach Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in blue ink, appearing to read 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to read 'J S Croall'.

**J S CROALL**  
Partner  
Melbourne, VIC

Dated: 30 August 2016

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**Charles Werb**  
*Entrepreneur*



## CORPORATE GOVERNANCE

The Directors of World Reach Limited (Company) are committed to protecting and enhancing shareholder value and conducting the company's business ethically and in accordance with the highest standards of corporate governance.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations: 3rd Edition (the Principles), the corporate governance statement reports on the Company's adoption of the Principles on an exception basis. This statement provides specific information whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Company's corporate governance principles and policies are therefore structured with reference to the Principles, which are as follows:

1. **Lay solid foundations for management and oversight.**
2. **Structure the Board to add value.**
3. **Act ethically and responsibly.**
4. **Safeguard integrity in corporate reporting.**
5. **Make timely and balanced disclosure.**
6. **Respect the rights of security holders.**
7. **Recognise and manage risk.**
8. **Remunerate fairly and responsibly.**

### 1. Lay Solid Foundations for Management and Oversight

#### Recommendation 1.1: The Board and Senior Management – Roles and Responsibilities Board Processes

The Board recognises that its responsibilities should accord with the following general principles:

- the Board should be made up of a majority of Independent Directors;
- the Chairman of the Board should be an Independent Director;
- the roles of Chairman and Chief Executive Officer should not be exercised by the same person;
- the Board should meet on a monthly basis;
- all available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting; and
- Directors are entitled to seek independent professional advice.

To assist in the execution of its responsibilities the Board has established an Audit Committee with a formalised charter and operating principles. Activities which may be conducted by separate committees in a larger company such as Directors Nomination, Risk Management and Remuneration are dealt with by the full Board as separate and specific agenda items in accordance with the principles and policies set down in the Company's corporate governance programme.

The Company has adopted a Board Charter which details the functions and responsibilities of the Board of Directors. A copy of the Board Charter is on the Company's website. The employment contract between the Company and the Chief Executive Officer and the letter of engagement for the Chief Financial Officer and senior executives details the terms of employment, job specifications and responsibilities.





### The Role of the Board of Directors

The World Reach Board is responsible to its shareholders for the protection and enhancement of long term shareholder value.

To fulfil this role the Board is responsible for:

- oversight of the Group, including its controls, risk management, financial structures and accountability systems;
- setting strategic direction for management with a view to maximising shareholder value;
- input into and final approval of strategic plans and goal and performance objectives and key operational and financial matters;
- determining dividend payments;
- selecting, appointing and reviewing the performance of the Chief Executive Officer (CEO);
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (CFO) and Company Secretary;
- approval of annual and half yearly financial reports and related Australian Stock Exchange reports;
- selecting and appointing new non-executive directors;
- approving major capital expenditure and acquisitions;
- evaluating the Board's performance and that of individual directors;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- dealing with approaches to take over the company; and
- approving and monitoring financial and other reporting.

### Chairman's Appointment and Responsibilities

The Chairman is appointed by the board from the nonexecutive directors. The Chairman:

- provides appropriate leadership to the board and the Company;
- ensures membership of the board is balanced and appropriate for the Company's needs;
- facilitates board discussions to ensure the core issues facing the organisation are addressed;
- maintains a regular dialogue and mentor relationship with the Chief Executive Officer;
- monitors board performance; and
- guides and promotes the on-going effectiveness and development of the board and individual directors.

### Conduct of Board Business

The Board normally holds monthly formal board meetings and will also meet whenever necessary to carry out its responsibilities. In the year ended 30 June 2016, the Board and/or its committees met 21 times. When conducting Board business, Directors have a duty to question, request information, raise any issue of concern, and fully canvas all aspects of any issue confronting the Company and vote on any resolution according to their own judgment. Directors keep confidential board discussions, deliberations and decisions that are not publicly known.

### Access to Information

Directors are encouraged to access members of the senior management team at any time to request relevant information in accordance with protocols adopted by the Board. Where Directors perceive an irregularity in a Company related matter, they are entitled to seek independent advice at the Company's expense. Directors must ensure that the costs are reasonable and must inform the Chairman before the advice is sought. The advice must be made available to the rest of the Board.

### Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

### Conflicts of Interest

Directors are required to continually monitor and disclose any potential conflicts of interest that may arise. Directors must:

- disclose to the Board any actual or potential conflicts of interest that may exist as soon as the situation arises;
- take necessary and reasonable steps to resolve any conflict of interest within an appropriate period, if required by the Board or deemed appropriate by that director; and
- comply with the Corporations Act requirements about disclosing interests and restrictions on voting.

Directors should discuss with the Chairman any other proposed Board or executive appointments they are considering undertaking and advise the Company of their appointments to other companies as soon as possible after the appointment is made.

The same requirement exists for related party transactions including financial transactions with the Company. Related party transactions are reported in writing to the Company Secretary and where appropriate, raised for consideration at the next board meeting.

### Retirement of Directors

One-third of the Directors are required to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire at the third AGM since last elected or re-elected. A Director appointed as an additional or casual director by the Board will hold office until the next AGM when the Director may be re-elected. This re-election will be in addition to any rotational retirements.

A CEO, if also a Managing Director, is not subject to retirement by rotation and is not to be taken into account in determining the rotation of retirement of Directors.

### Functions of Senior Executives

The Chief Executive Officer reports to the Board and is responsible for the operation and administration of the Company including the implementation of the Company's strategies, plans, policies and control programmes. He is supported by a management team whose responsibilities are delineated by formal authority delegations. The team meets regularly to coordinate activities and to review and monitor performance.

### Recommendation 1.2: Board Nominations

#### Appointment of Directors

The Company has not established a nomination committee for recommending the appointment of Directors.

Given the nature and size of the Company, the Board considers that as a 4 member Board of a small public company the selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process. The structure of the Board is reviewed annually as to qualifications, skills, experience and diversity to ensure the Board has an appropriate mix. In a 4 member Board the highest requirement is for appropriate skill. Where a vacancy exists or there is a need for particular skills, the Board will determine the selection criteria and identify and appoint a suitable candidate.

The Company will undertake appropriate checks before appointing a person, or putting forward a candidate for election as a Director, and provide shareholders with this information. Candidates will be assessed through interviews, meetings and background reference checks as appropriate. External advisors may be used in this process.

The Company will provide shareholders with all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in the notice of the meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found. Directors appointed by the



Board must stand for reelection at the next meeting of shareholders.

Further information regarding Director nominations can be found in the Company's Election of Directors Policy as posted on the Company's website.

***Recommendation 1.3: Terms of Appointment – Directors and Senior Executives***

Each new Non-Executive Director will receive a letter formalising their appointment and outlining the material terms of their appointment. Non-Executive Directors of the Company have not been appointed for fixed terms. Senior Executives will generally have written employment agreements with the Company setting out their duties, obligations and remuneration.

The remuneration paid/payable to the Company's 'key management personnel' is outlined within the Remuneration Report in the Company's latest Annual Report.

***Recommendation 1.4: The Company Secretary***

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

***Recommendation 1.5: Diversity Policy***

The Company has taken measures to establish a corporate culture in which the principles of diversity are embedded. By promoting and supporting transparent recruiting processes, flexible work practices, an enlightened code of conduct, equal employment opportunity policies and clear reporting of outcomes, the Board feels that the objectives of diversity will be achieved. The results of recruiting and the composition of staff are reported by the Chief Executive Officer and reviewed at monthly Board meetings.

The Board, at this time, has not established an explicit policy on diversity or measureable objectives for achieving gender diversity. Because of the size of the Company (36 staff including Board members, as at the date of this report), the Board is of the view that the scale and nature of the Company's operations does not currently lend itself to an effective and meaningful application of a targeted diversity policy.

Rather, the Board recognises the positive benefits for the organisation of increased diversity, especially gender, and has sought to integrate diversity objectives within the existing policies and procedures of the Company. The Board intends to reconsider the adoption of a formal diversity policy periodically.

At the date of this report the Company has a total staff excluding Board members of 32 employees of which 19% (6 employees) are women. The Senior Executive team is made up of 5 managers including one female. At this time there are no women on the Board which comprises 4 members.

***Recommendation 1.6 and 1.7 – Performance Review and Evaluation***

***Evaluation of Directors Performance***

The Board has adopted a self-evaluation process to measure its own performance and the performance of its Committees.

On an annual basis, the Chairman facilitates a discussion and evaluation of the Board's performance in accordance with this process. This includes discussions about the Board's role, processes, performance and other relevant issues. Each Director's performance is reviewed by the Chairman and Board prior to the Director standing for re-election. Performance evaluations will take place during September at the same time as those for all staff members.

If the contribution of a Non-Executive Director appears to a majority of Directors to be less than adequate, they may direct the Chairman to inform that Director accordingly and ask that person to consider his or her position on the Board. If the Director takes no action in response, a circulated minute signed by a majority of Directors will authorise the Company Secretary to inform the shareholders that the Board will not support the re-election of the Director at the general meeting where they are next due to offer for re-election.



### Evaluating the Performance of Senior Executives

Arrangements put in place by the Board to monitor the performance of the Group's key executives include:

- regular monthly reporting submitted to the Board and attendance at all Board Meetings by the Chief Executive Officer and Chief Financial Officer;
- a review by the Board of the Group's financial performance and revised forecast results on a monthly and annual basis at Board meetings at which reports are presented by the key executives; and
- an evaluation of the detailed presentations made by the Chief Executive Officer and his direct reports during business planning / strategy meetings which are at least biannual.

## 2. Structure Board to Add Value

### *Recommendation 2.1: Nomination Committee*

Due to the small size of the Board and the Company's current level of operations, the Company does not have a separate nomination committee.

### *Recommendation 2.2: Skills, Knowledge and Experience*

Directors are appointed based on the specific business, industry and governance skills and experience as required by the Company. The Board recognises the need for Directors to have a relevant and applicable range of skills and personal experience in a range of disciplines as required for the proper management and oversight of the Company's operations, as having regard to the scale and nature of its activities.

The Board seeks to ensure that its membership includes an appropriate mix of Directors with experience in equity, capital markets, corporate finance, legal, operations, sales and marketing.

### *Recommendations 2.3 and 2.4: Independent Directors*

#### Directors Independence

At the date on which the Directors' report is made out, the Company has a four member Board consisting of three Non-Executive Directors. Two of the three Non-Executive Directors are considered by the Board to be independent. In the interest of clear disclosure:

- Mr Carl Hung, a Non-Executive Director, is also the President and CEO of Season Group. The Company has subcontracted manufacturing on an arms-length basis to Season Group and Mr Hung, through SGV1 Holdings Limited, holds an interest at the date of this report in 21.41% of the Company's issued shares and is thereby a substantial holder.

The names, qualifications and experience of each Director of the Company are detailed in the Directors Report in the Annual Report.

### *Recommendation 2.5: Independent Chairman*

The Chairman, Mr David Dawson, is also an independent Non-Executive Director of the Company. Mr Dawson was appointed as Chairman of the Company on 18 November 2014, based on his extensive experience in private equity and corporate finance, and his successful track record of working closely with shareholders, boards and management teams.

The Chief Executive Officer of the Company is Mr Michael Capocchi.

### *Recommendation 2.6: Induction of New Directors*

The Company has a program for inducting new Directors. This includes giving new Directors a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of the Directors and access to all employees to gain full background to the Company's operations. Directors







are encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chairman and or the Board, as appropriate and applicable).

### 3. Act Ethically and Responsibly

#### *Recommendation 3.1: Act Ethically and Responsibly* Code of Conduct

As part of the Board's commitment to the highest standard of personal and corporate behaviour, the Company adopts a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities including responsibility for reporting and investigating unethical practices;
- employment practices including a fair and open approach to all forms of diversity; and
- responsibilities to the environment and the community.

The Code of Conduct is available at the Company's website.

The Company's objective is to maintain and further develop its business to increase shareholder value while also adding value for customers, employees and other stakeholders. To ensure this occurs, the Group conducts its business within the Code of Ethics, documented and outlined in the Company's Code of Conduct, and the Group's core values which are to:

- act with integrity and fairness;
- create a safe, challenging and fun workplace;

- encourage a corporate culture which embraces diversity;
- recognise the needs of the community;
- protect the environment;
- be commercially competitive;
- foster a performance driven culture; and
- encourage innovation and technical leadership.

### 4. Safeguard Integrity in Corporate Reporting

#### *Recommendation 4.1: Audit Committee*

The Board has established an Audit Committee to consider certain issues and functions in further detail. The chairman of the Audit Committee reports to the Board on any matters of substance at the next full board meeting. The Audit Committee has its own terms of reference, approved by the Board and reviewed annually, with additional review when appropriate.

The members of the Committee at the date of this report are Mr David Dawson and Mr Simon Wallace. Simon Wallace is the current Chairman of the Audit Committee. Details of the qualifications, experience and attendance at Committee meetings by each Committee Member is included in the Directors Report in the Annual Report.

The ASX Corporate Governance Council has made recommendations for the composition of the Audit Committee:

- the Committee should consist only of nonexecutive Directors;
- it should have a majority of Independent Directors;
- it should be chaired by an independent Director who is not Chairman of the Board;
- the Committee should have at least 3 members.

While recognising these recommendations, the Board is restricted by having only four Board members. The two independent directors on the Board are members of the Audit Committee.



The Audit Committee assists the Board to discharge its corporate governance responsibilities, in regard to the business' relationship with, and the independence of, the external auditors. It especially:

- recommends appointment of external auditors and fees;
- ensures reliability and integrity of disclosure in the financial statements and external related financial communications, although ultimate responsibility rests with the full Board;
- reviews compliance with statutory responsibilities;
- reviews budgets and accounting policy;
- ensures maintenance of an effective framework of business risk management including compliance and internal controls and monitoring of the internal audit function;
- reviews adequacy of the Company's insurance program, including directors' and officers' professional indemnity and other liability insurance cover;
- promotes and ensures an ethical financial culture is embedded throughout the Company;
- undertakes any special investigations required by the Board.

The Audit Committee provides a forum for the effective communication between the Board and external auditors.

The Committee reviews:

- the annual and half-year financial report prior to their approval by the Board;
- the effectiveness of management information systems and systems of internal control; and
- the efficiency and effectiveness of external audit functions, including reviewing the respective audit plans.

The Committee invites the CEO, the CFO, the Company's remaining Director and the external auditors to attend Committee meetings where appropriate. The Committee also meets with and receives regular reports from the external auditors concerning any matters which arise in connection with the performance of their respective roles, including the adequacy of internal controls.

The Company's Audit Committee met 3 times during the course of the financial year ended 30 June 2016.

The Company's Audit Committee has a formal charter setting out the Committee's role and responsibilities. The charter is posted on the Company's website.

#### ***Recommendation 4.2: Approval of Financial Statements***

The Board receives regular reports about the financial condition and operational results of the Company and its controlled entities. The CEO and CFO periodically provide formal statements to the Board that, in all material aspects, the Company's financial statements present a true and fair view of the Company's financial condition and operational results.

The CEO and the CFO each provide declarations to the Board in accordance with Section 295A of the Corporations

Act 2001 confirming that in their opinion, with regard to risk management and internal compliance and control systems:

- i. the statements made with respect to the integrity of financial statements and notes thereto are founded on a sound system of risk management and internal control systems which, in all material respects, implement the policies adopted by the Board of Directors;
- ii. the risk management and internal control systems are operating effectively and efficiently in all material respects in relation to financial reporting risks.

#### Auditor independence

Best practice in financial and audit governance is rapidly evolving and the independence of the external auditor is particularly important to shareholders and the Board. To ensure that the Company's practices are up to date, the Board has adopted a Charter of Audit Independence that is reviewed regularly to keep it in line with emerging practices domestically and internationally.

The key points covered by the Charter include:

- Rotation of the senior audit partner every five years;
- Annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence;
- Half yearly reporting on the levels of audit and non-audit fees; and
- Specific exclusion of the audit firm from work which may give risk to a conflict.

#### ***Recommendation 4.3: Auditor attendance at AGM***

The Company's external Auditor attends the Company's AGMs and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

### **5. Make Timely and Balanced Disclosure**

#### ***Recommendation 5.1: Continuous Disclosure Policy***

The Board and senior management are aware of the continuous disclosure requirements of the ASX and have written policies and procedures in place, including a Continuous Disclosure Policy.

The guiding principle of this policy is that the Company must immediately notify the market via an announcement to the ASX of any information concerning the Company that a reasonable person would expect to have a 'material' effect on the price or value of the Company's securities.

The Board must ensure that Company announcements:

- are made in a timely manner;
- are factual;
- do not omit material information;
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Where that information, however, is incomplete or confidential, or its disclosure is illegal, no disclosure is required. The Directors and senior management of the Company ensure that the Company Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, shareholders, the media and the public. Prior to being presented, information that has not already been the subject of disclosure to the market and is not generally available to the market is the subject of disclosure to the ASX. Only when confirmation of receipt of the disclosure and release to the market by the ASX is received may the information be presented.

If the Company becomes aware of market-sensitive information which ought to be disclosed, but the Company is not in a position to issue an announcement promptly and without delay, the Company may request that the ASX grant a trading halt or suspend the Company's securities from quotation. Management of the Company may consult external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

The Company's Policy Continuous Disclosure Policy is available on the Company's website.

### **6. Respect the Rights of Security Holders**

#### ***Recommendation 6.1: Communication to Shareholders and Investors***

The Company is committed to increasing the transparency and quality of its communication and to be regarded by our shareholders as an outstanding corporate citizen. Our approach to communication with shareholders and financial markets is set out in the Company's Shareholder Communication Strategy document.

Information is communicated to shareholders through the distribution of the Company's Annual Report and other communications. All significant information is posted on the Company's website as soon as it is disclosed to the ASX. All investors will have equal and timely access to information on the Company's financial position, performance, ownership and governance. Shareholders who wish to send and receive communications with the Company electronically should contact the Company Secretary, Mr Dennis Payne.

The Company ensures that shareholders are informed of all major developments affecting the Group promptly through the issue of ASX announcements and commentary on operations in quarterly reports. All ASX announcements and quarterly reports are posted on the ASX website for the Company and on the Company's website.

All shareholders receive copies of shareholders notices by email or post and a copy of the annual report is distributed to all shareholders who elect to receive one (hardcopy in the mail or electronically). The Company's most recent annual report is also available on the Company's website.

### Website Information

The Company has established a website at [www.worldreach.com.au](http://www.worldreach.com.au), where shareholders can access information about the Company's corporate governance policies and practices. Information lodged on this website in a specific corporate governance section includes:

- Board Charter
- Audit Committee Charter
- Risk Management Policy
- Remuneration Policy
- Securities Trading Policy
- CEO and CFO Declarations
- Whistle Blower Policy
- Code of Conduct
- Election of Directors Policy
- Disclosure Policy
- Shareholder Communication Policy
- Health and Safety Policy
- Environmental and Community Relations Policy
- Corporate Ethics Policy
- Related Parties and Conflicts Policy

### Recommendation 6.2 Investor Relations Program

Two-way communication between the Company and its shareholders is facilitated primarily via the Company's AGM. The Board encourages shareholder participation at the AGM and other general meetings of the shareholders. The Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company and/or to the Auditor (in the case of the AGM).

### Recommendation 6.3: Shareholders Participation at General Meetings

All shareholders are encouraged to attend and participate in shareholder meetings. All Directors, senior managers, Auditors and the Company Secretary attend these meetings and respond to shareholder questions in relation to specific agenda items and general business. The Annual General Meeting features an address by the Chairman and an extensive presentation by the CEO which is also released as an ASX announcement for shareholders who cannot attend the meeting.

A description of the arrangements the Company has to promote communications with shareholders is detailed in the Shareholder Communication Policy, available at the Company's website.

### Recommendation 6.4: Electronic Communication

Shareholders may elect to send communication to and receive communications from the Company and its Share Registry electronically. The contact email address for the Company is [info@worldreach.com.au](mailto:info@worldreach.com.au) and shareholders may submit electronic queries to the Company's Share Registry via its website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## 7. Recognise and Manage Risk

### Recommendation 7.1: Risk Committee

Due to the size of the Company and the nature of the Company's operations, a formal Risk Committee has not been established. The Board is responsible for ensuring appropriate measures are in place in order to manage risk in line with the Company's risk strategy. An external consultant has assisted the Board in this process.

The Board has required management to implement internal control systems to manage the Company's material business risks and to report on whether risks are being effectively managed.

Arrangements put in place by the Board to monitor risk include:

- review of risk areas at monthly Board meetings;
- regular monthly reporting to the Board in respect of operations, the financial position of the Company and new contracts;
- reports by the Chairman of the Audit Committee;
- attendance and reports by the Managing Director, CFO and the Company's management team at Board Meetings;
- any Director may request that operational and project audits be undertaken either internally or be external consultants.

### Recommendation 7.2: Risk Management Framework

The Company has implemented a risk management program that enables the business to identify and assess risks, respond appropriately and monitor risks and controls.

The Company is exposed to risk from operations (employee health and safety, environmental, insurance, litigation, disaster, business continuity), compliance issues and financial risks (interest rate, foreign currency, credit and liquidity). To mitigate these risks, the Company has established risk and assurance policies and procedures, which aim to:

- assist management to discharge its corporate and legal responsibilities; and
- assure management and the Board that the framework is effective.

Responsibility for control and risk management is delegated to the appropriate levels of management within the Company and the Managing Director has ultimate responsibility to the Board for risk management and control. Areas of significant business risk to the Company are detailed in the Business plan presented to the Board by the Managing Director at the start of each year. The Board reviews and approves the parameters under which significant business risks will be managed before adopting the Business Plan. Risk parameters and compliance information are reported monthly to the Board by the Managing Director and CFO.



The Board has adopted reporting procedures which allow it to:

- monitor the Company's compliance with the continuous disclosure requirements of the ASX; and
- assess the effectiveness of its risk management and control framework.

The Company's Risk Management Policy is available on the Company's website.

#### **Recommendation 7.3: Internal Audit Function**

The Audit Committee assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the Group's risk management and control framework.

The Audit Committee meets regularly to ensure, amongst other things, that the risk management internal control structures and compliance with laws and regulations are operating effectively. Details of the Audit Committee are also set out in the Risk Management Policy, available at the Company's website.

#### **Recommendation 7.4: Exposure to Risks**

The Company regularly undertakes reviews of risks that may be material to its business. The review examines the processes and procedures that the Company must initiate to control and/or mitigate these risks from impacting upon the performance of the Company.

### **8. Remunerate Fairly and Responsibly**

#### **Recommendation 8.1: Remuneration Committee**

The Board considers that, due to its small size, all members of the Board should be involved in determining remuneration levels. Accordingly it has not established a separate remuneration committee. Instead time is set aside at two Board meetings each year specifically to address the matters usually considered by a remuneration committee. Executive Directors absent themselves during discussion of their remuneration.

At these two meetings the Board reviews the following:

- the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives
- senior executives remuneration and incentives
- superannuation arrangements
- remuneration framework for Directors
- remuneration by gender.

#### **Recommendation 8.2: Remuneration of Executive and Non-Executive Directors**

The remuneration structure of Non-Executive directors and executives is disclosed in the Remuneration Report within the Directors' Report in the Annual Report. The remuneration of Non-Executive Directors is determined by the Board having regard to the level of fees paid to Non-Executive directors by other companies of similar size and stature.





CORPORATE  
GOVERNANCE STATEMENT



The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders, currently \$500,000 as determined at the General Meeting held on 3 August 2007.

The Company is committed to remunerating its Executive Directors and senior executives in a manner that motivates them to pursue the long-term growth and success of the Company and is consistent with best practice. The Company aims to align the interests of Executive Directors and senior executives with those of shareholders through short-term and long-term incentive plans which demonstrate a clear relationship between performance and remuneration. Consequently, Executive Directors and senior executives' remuneration consists of the following elements:

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

#### *Fixed Salary*

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

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

#### *Performance Bonus*

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

#### *Other Benefits*

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

#### *Long-Term Incentives*

The Company has a share options scheme which is discussed further below which is designed to provide long-term incentives to senior executives.

#### *Termination Payments*

Senior executives may be entitled to a payment upon termination of employment from the Company. Where so entitled, the termination payment has been agreed in the senior executive's contract of employment and it is not payable where termination of employment is for misconduct.

Further details in relation to the Company's remuneration policies are contained in the Remuneration Report within the Director's Report in the Annual Report. The Company's Remuneration Policy is available on the Company's website.

### ***Recommendation 8.3: Equity Based Remuneration***

#### *Long-Term Incentives*

The Company has a share option scheme in which senior executives may be invited to participate. The Share Option Incentive Plan was approved by shareholders on 18 November 2014 and authorises the Directors to issue options up to 10% of the shares issued by the Company. The number of shares and options issued under the scheme is reasonable in relation to the existing capitalisation of the Company and all payments under the scheme are made in accordance with thresholds set in plans approved by shareholders. Any issue of Options to Executive and Non-Executive Directors must be approved by Shareholders.

The Company has a Share Trading Policy which aims to:

- protect stakeholders' interests at all times;
- ensure that directors and employees do not use any information they possess for their personal advantage or the Company's detriment; and
- ensure that Directors and employees comply with insider trading legislation of the various jurisdictions in which transactions may take place.

Purchase or sale of the Company's shares and/or options over such shares by Directors, executives and staff of the Company should only occur in circumstances where the market is considered to be fully informed of the Company's activities. This policy requires that the relevant person notify the Company Secretary of their intention to trade in the Company's shares and/or options over such shares prior to the transaction and that the Company Secretary be required to discuss the proposed trading intentions with the Chairman. The Board recognises that it is the individual responsibility of each Director to comply with this policy. Breaches of this policy may lead to disciplinary action being taken, including dismissal in serious cases. The Company's Employee Share Trading Policy is available on the Company's website.

The Corporations Act prohibits the key management personnel of an ASX listed company established in Australia, or a closely related party of such personnel, from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.



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 2016

	Note	Year ended	
		30 June 2016 \$	30 June 2015 \$
Revenue	2(a)	12,378,060	16,967,356
Changes in inventories		13,915	308,624
Raw materials, consumables and other costs of sale	2(b)	(6,105,854)	(9,430,783)
Employee benefits expense		(3,215,401)	(2,978,467)
Depreciation expense	7(a)	(54,889)	(69,847)
Amortisation expense	9(a)	(840,304)	(1,677,244)
Finance costs expense	2(c)	(50,594)	(180,137)
Auditor remuneration expense	19	(59,000)	(59,205)
Accounting, share registry and secretarial expense		(80,743)	(106,837)
Consultancy and contractor expense		(441,928)	(342,767)
Legal, insurance and patent expense		(135,252)	(141,976)
Share based payments expense		(376,909)	(229,320)
Other expenses	2(d)	(614,090)	(1,414,461)
<b>Profit before income tax</b>		<b>417,011</b>	<b>644,934</b>
Tax (expense) / benefit	3(a)	64,411	1,367,933
<b>Net profit for the year</b>		<b>481,422</b>	<b>2,012,867</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>481,422</b>	<b>2,012,867</b>
Net profit and total comprehensive income are both fully attributable to owners of the Company			
Basic earnings per share (cents)	21	1.12	5.13
Diluted earnings per share (cents)	21	1.04	4.97

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 2016

	Note	30 June 2016 \$	30 June 2015 \$
<b>Current assets</b>			
Cash and cash equivalents	4	2,287,898	3,129,286
Inventories	5	3,533,773	3,519,858
Trade and other receivables	6	1,162,452	2,526,124
<b>Total current assets</b>		<b>6,984,123</b>	<b>9,175,268</b>
<b>Non-current assets</b>			
Plant and equipment	7	174,403	93,435
Deferred tax assets	8	1,483,943	1,406,402
Intangible assets	9	2,076,589	1,752,419
<b>Total non-current assets</b>		<b>3,734,934</b>	<b>3,252,256</b>
<b>Total assets</b>		<b>10,719,057</b>	<b>12,427,525</b>
<b>Current liabilities</b>			
Trade and other payables	10	2,157,791	4,101,583
Other financial liabilities	11	-	585,937
Provisions	12	826,845	867,644
<b>Total current liabilities</b>		<b>2,984,636</b>	<b>5,555,164</b>
<b>Non-current liabilities</b>			
Provisions	12	23,320	19,590
<b>Total non-current liabilities</b>		<b>23,320</b>	<b>19,590</b>
<b>Total liabilities</b>		<b>3,007,956</b>	<b>5,574,754</b>
<b>Net assets</b>		<b>7,711,101</b>	<b>6,852,770</b>
<b>Equity</b>			
Issued capital	13	5,784,925	5,784,925
Reserves		668,780	304,696
Retained earnings		1,257,396	763,149
<b>Total equity</b>		<b>7,711,101</b>	<b>6,852,770</b>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2016

	Issued capital \$	Reserves \$	Retained earnings / (accumulated losses ) \$	Total equity \$
Balance at 1 July 2014	1,769,355	697,630	(1,654,710)	812,276
Total loss and 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	-	(16,930)	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>
Balance at 1 July 2015	5,784,925	304,696	763,149	6,852,770
Total profit and other comprehensive income for the year	-	-	481,422	481,422
Transactions with owners in their capacity as owners:				
- Remuneration based option payments	-	376,909	-	376,909
- Adjustment for employee share options lapsed	-	(12,825)	12,825	-
<b>Balance at 30 June 2016</b>	<b>5,784,925</b>	<b>668,780</b>	<b>1,257,396</b>	<b>7,711,101</b>

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

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Year ended	
		30 June 2016 \$	30 June 2015 \$
<b>Cash flow from operating activities</b>			
Receipts from customers		13,379,276	18,026,035
Payments to suppliers and employees		(12,549,461)	(16,013,327)
Interest received		892	6,153
Interest and finance charges paid		(50,594)	(104,826)
Income tax paid		(13,130)	(38,469)
Export market development grant receipts		103,823	107,949
<b>Net cash provided by operating activities</b>	16(a)	<b>870,805</b>	<b>1,983,515</b>
<b>Cash flow from investing activities</b>			
Purchases of plant and equipment	7(a)	(135,857)	(64,318)
Development costs capitalised	9(a)	(1,164,474)	(516,631)
Research and development grant receipts		-	692,135
<b>Net cash provided by / (used in) investing activities</b>		<b>1,300,331</b>	<b>111,186</b>
<b>Cash flow from financing activities</b>			
Net payments - convertible notes		-	(500,000)
Net loan payments		(411,862)	(760,577)
Net cash proceeds on share placement / rights issue		-	2,340,570
<b>Net cash provided by / (used in) financing activities</b>		<b>(411,862)</b>	<b>1,079,993</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(841,388)</b>	<b>3,174,694</b>
Cash and cash equivalents at beginning of year		3,129,286	(45,408)
<b>Cash and cash equivalents at end of financial year</b>	16(b)	<b>2,287,898</b>	<b>3,129,286</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 2016****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) 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.

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.

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

**(ii) Accounting policies (continued)**

**(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 2015 and 2016.

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

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

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

**(d) Inventories**

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

**(e) Product development**

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

The amortisation rate for capitalised development costs is dependent on an assessment of the minimum useful life of each project. Recent projects/products have been assessed at 3 years giving a 33% amortisation rate during 2015.

**(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.

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

**(k) Government Grants**

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

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

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

**(l) Foreign currency transactions and balances***Functional and presentation currency*

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

*Transactions and balances*

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

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

**(m) Leases**

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



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

**(ii) Accounting policies (continued)**

**(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 2018).

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

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.

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

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

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

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements 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 2016

**2 Profit before income tax**

(a) Revenue from continuing operations

*Sales revenue*

- Equipment sales
- Other

*Other income*

- Gain on loan settlement
- Other realised and unrealised foreign currency net gain
- Export market development grant
- Research and Development grant
- Interest

(b) Cost of sales

Opening inventories

Add: Purchases and other stock adjustments

Closing inventories (Note 5)

(c) Finance costs expense

Interest expense on financial liabilities

(d) Other expenses include:

- Product development costs expensed
- Operating lease payments

**3 Income tax**

(a) The components of tax expense benefit comprise:

Current tax

- Current tax expense (d)
- Current movement in net deferred tax assets
- Recognition of deferred tax assets

Income tax benefit transferred to statement of profit or loss and other comprehensive income

(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

Prima facie income tax benefit on loss from ordinary activities at 30% (2015: 30%)

Add / (Less):

Tax effect of:

- Tax reconciling items
- Utilisation of prior year tax losses
- Deferred tax assets and portion of tax losses brought to account

Income tax benefit attributable to the Consolidated Group

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
(a) Revenue from continuing operations		
<i>Sales revenue</i>		
- Equipment sales	11,434,474	15,965,646
- Other	45,315	17,878
	11,479,789	15,983,524
<i>Other income</i>		
- Gain on loan settlement	218,478	309,757
- Other realised and unrealised foreign currency net gain	124,836	266,591
- Export market development grant	103,823	107,949
- Research and Development grant	450,242	293,382
- Interest	892	6,153
	898,271	983,832
	12,378,060	16,967,356
(b) Cost of sales		
Opening inventories	3,519,858	3,211,234
Add: Purchases and other stock adjustments	6,105,854	9,430,783
	9,625,712	12,642,017
Closing inventories (Note 5)	(3,533,773)	(3,519,858)
	6,091,939	9,122,158
(c) Finance costs expense		
Interest expense on financial liabilities	50,594	180,137
(d) Other expenses include:		
- Product development costs expensed	152,699	615,810
- Operating lease payments	212,734	189,838
<b>3 Income tax</b>		
(a) The components of tax expense benefit comprise:		
Current tax		
- Current tax expense (d)	13,130	38,469
- Current movement in net deferred tax assets	303,475	-
- Recognition of deferred tax assets	(381,016)	(1,406,402)
Income tax benefit transferred to statement of profit or loss and other comprehensive income	(64,411)	(1,367,933)
(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	417,011	644,934
Prima facie income tax benefit on loss from ordinary activities at 30% (2015: 30%)	125,103	193,480
Add / (Less):		
Tax effect of:		
- Tax reconciling items	(111,973)	496,467
- Utilisation of prior year tax losses	-	(651,478)
- Deferred tax assets and portion of tax losses brought to account	(77,541)	(1,406,402)
Income tax benefit attributable to the Consolidated Group	(64,411)	(1,367,933)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

3 Income tax (continued)

(c) The deferred tax expense reflects the movements in the deferred assets and liabilities. The directors have maintained a conservative approach and have recognised 60% (2015: 50%) of the deferred asset relating to carry forward tax losses which was for the first time brought to account in the 2015 financial year.

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 recognise 60% (2015: 50%) of 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 \$1,196,125 (2015: \$1,413,172); and capital tax losses \$2,018,274 (2015: \$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 of current year tax of \$13,130 incurred by the Group's USA subsidiary which is unable to be claimed against Australian tax losses.

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

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
<b>4 Cash and cash equivalents</b>		
Cash at bank and in hand	2,287,898	3,129,286
<b>5 Inventories</b>		
Raw materials	1,031,433	869,120
Work In Progress	-	16,238
Finished Goods	2,502,340	2,634,500
	3,533,773	3,519,858
<b>6 Trade and other receivables</b>		
<b>(a) Current</b>		
Trade receivables	999,864	2,286,754
Provision for doubtful debts	(58,420)	(58,420)
Other receivables and prepayments	116,184	206,671
Rental & other security deposits	104,823	91,119
	1,162,452	2,526,124

(b) Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
			31 - 60	61 - 90	90+	
<b>2016</b>						
<u>Current</u>						
Trade receivables	999,865	652,062	236,998	51,370	1,016	58,420
Other receivables	116,184	116,184	-	-	-	-
Rental & other security deposits	104,823	104,823	-	-	-	-
<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	-	-	-	-

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 2016

7 Plant and equipment

	Year ended	
	30 June 2016 \$	30 June 2015 \$
Office furniture and equipment - at cost	439,150	407,278
Less: Accumulated depreciation and impairment	(373,288)	(369,210)
	65,862	38,068
Computer and test equipment - at cost	293,255	245,006
Less: Accumulated depreciation and impairment	(202,004)	(192,965)
	91,251	52,041
Rental equipment - at cost	22,238	3,326
Less: Accumulated depreciation and impairment	(4,948)	-
	17,290	3,326
Total plant and equipment	174,403	93,435

(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 2014	80,812	18,152	-	98,964
Additions	10,722	50,270	3,326	64,318
Disposals	-	-	-	-
Depreciation expense	(53,466)	(16,381)	-	(69,847)
Balance at 30 June 2015	38,068	52,041	3,326	93,435
Additions	44,017	72,928	18,912	135,857
Disposals	-	-	-	-
Depreciation expense	(16,223)	(33,718)	(4,948)	(54,889)
Balance at 30 June 2016	65,862	91,251	17,290	174,403

8 Tax

Non-current

Deferred tax assets

	Opening balance	Charged to Income	Closing balance
Deferred tax assets:			
Provision for doubtful debts	17,526	-	17,526
Carrying amount of patents and capital raising costs	3,415	(2,492)	923
Accruals	231,845	(192,611)	39,234
Provisions	266,170	(11,121)	255,049
Tax losses	1,413,172	381,016	1,794,188
	1,932,128	174,792	2,106,920
Deferred tax liability:			
Product development costs	(525,726)	(97,251)	(622,977)
Balance as at 30 June 2016	1,406,402	77,541	1,483,943

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2016

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>9 Intangible assets</b>		
Development costs capitalised - at cost	7,460,821	6,296,347
Accumulated amortisation and impairment	(5,384,232)	(4,543,928)
	<b>2,076,589</b>	<b>1,752,419</b>
<b>(a) Movements in carrying amounts</b>		
Balance at the beginning of the year	1,752,419	2,913,033
Additional costs capitalised	1,164,474	516,630
Amortisation expense	(840,304)	(1,677,244)
Balance at the end of the year	<b>2,076,589</b>	<b>1,752,419</b>
<b>10 Trade and other payables</b>		
<b>Current</b>		
Trade payables and accruals	1,086,077	2,316,425
Deferred income	1,071,714	1,785,158
	<b>2,157,791</b>	<b>4,101,583</b>
<b>11 Other financial liabilities</b>		
<b>Current</b>		
Secured advances under contract	-	585,937
	<b>-</b>	<b>585,937</b>

**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 2016, 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 2016.
- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 30 June 2016.

**Secured advances under contract**

At 30 June 2016 there were no secured advances outstanding. The secured advances under a contract with Inmarsat PLC were repaid in October 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

12 Provisions

Current

Employee benefits  
Warranty costs

Non current

Employee benefits

Year ended	
30 June 2016	30 June 2015
\$	\$
712,917	715,724
113,928	151,920
826,845	867,644
23,320	19,590

(a) Movements in provisions for the year ended 30 June 2016

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	735,314	151,920	887,234
Additional provisions	571,032	4,147	575,179
Amounts used	(570,109)	(42,139)	(612,248)
Balance at the end of the year	736,237	113,928	850,165

13 Issued capital

Issued and paid up capital:

Ordinary fully paid shares

Year ended	
30 June 2016	30 June 2015
\$	\$
5,784,925	5,784,925

The Company has 43,173,452 ordinary shares on issue at 30 June 2016 (2015: 43,173,452).

	Number of shares	\$
Balance at 30 June 2014	14,631,797	1,769,355
- Conversion of convertible notes (b)	12,541,655	1,675,000
- Renounceable rights issue (net of costs) (c)	16,000,000	2,340,570
Balance at 30 June 2015 & 30 June 2016	43,173,452	5,784,925

(a) Share issue

The Company did not issue any shares during the financial year ended 30 June 2016.

(b) Conversion of Convertible Notes

In July and August, 2014 the Company finalised the conversion of 67 convertible notes. A total of 12,541,655 ordinary shares were issued under the terms of the Convertible Note Subscription Agreement. The Company did not convert any convertible notes during the financial year ended 30 June 2016. There are no convertible notes on issue as at 30 June 2016.

(c) Renounceable Rights Issue

On 28th July, 2014 the company issued 16,000,000 ordinary shares through a Renounceable Rights Issue. There were no renounceable rights issues during the financial year ended 30 June 2016.

(d) Options over issued capital

The total number of potential ordinary shares attributable to options outstanding as at 30 June 2016 is 4,917,959 (2015: 2,593,146), of which 1,837,126 (2015: 1,019,813) were issued to employees under the Company's Share Option Incentive Plan and 2,107,500 (2015: 600,000) 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 (2015: 973,333) options outstanding were issued in financial year 2014 as part of a share placement agreement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

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 2016 or prior years.

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

14 Financial instruments

The Consolidated Group undertakes transactions in a range of financial instruments including:

- cash assets;
- receivables;
- payables;
- deposits;

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

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

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

(a) Interest rate risk management

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

Interest rate risk for the Consolidated Group primarily arises from:

- Bank Funding - 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:

2016	Floating Interest	Fixed Interest	Weighted Average Interest Rate	Non-Interest bearing	TOTAL
<b>Financial asset</b>					
Cash assets	2,287,898	-	0.03%	-	2,287,898
Receivables	-	-		1,162,452	1,162,452
<b>TOTAL</b>	<b>2,287,898</b>	<b>-</b>		<b>1,162,452</b>	<b>3,450,351</b>
<b>Financial liability</b>					
Payables	-	-	0.00%	2,157,791	2,157,791
<b>TOTAL</b>	<b>-</b>	<b>-</b>		<b>2,157,791</b>	<b>2,157,791</b>
<b>2015</b>					
<b>Financial asset</b>					
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>
<b>Financial liability</b>					
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>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

14 Financial instruments (continued)

(b) Foreign currency risk management

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

Foreign currency risk sensitivity:

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

	Foreign currency movement	Year ended	
		30 June 2016 \$	30 June 2015 \$
Impact on profit after tax	+/- 10%	+/- 128,911	+/- 23,182
Impact on equity	+/- 10%	+/- 128,911	+/- 23,182

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

(c) Credit risk management

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

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

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

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

(d) Liquidity risk management

Liquidity risk includes the risk that, as a result of the Consolidated Group's operational liquidity requirements, the group:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth;
- may be unable to settle or recover a financial asset at all.

To help reduce these risks the Consolidated Group:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained; and
- monitors forecast cash flows and endeavours to ensure that adequate borrowing facilities are maintained and/or maturity dates are managed appropriately.

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

	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
2016				
<b>Asset class</b>				
Cash and cash equivalents	2,287,898	-	2,287,898	2,287,898
Receivables	1,057,629	104,823	1,162,452	1,162,452
Payables	(2,157,791)	-	(2,157,791)	(2,157,791)
Net maturities	1,187,737	104,823	1,292,560	1,292,560
2015				
<b>Asset class</b>				
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

(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 2016

## 15 Commitments and contingencies

## Operating lease commitments

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

Not later than one year	176,533	169,913
Later than one year but not later than five years	518,484	568,547
Later than five years	64,720	191,190
	<b>759,737</b>	<b>929,650</b>

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	2,500,223	2,458,000
Longer than 1 year and not longer than 5 years	-	444,224
Longer than 5 years	-	-
	<b>2,500,223</b>	<b>2,902,224</b>

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	481,422	2,012,867
<i>Non Cash flows in profit:</i>		
Depreciation	54,889	69,847
Amortisation	840,304	1,677,244
Gain on loan settlement	(218,478)	(309,757)
Convertible note finance expense	-	75,311
Unrealised foreign currency net losses on foreign currency secured advances	44,403	179,497
Share options expensed	376,909	229,320
Doubtful debt expense	-	2,420
<i>Changes in assets and liabilities:</i>		
(Increase) in trade and other receivables	1,363,674	165,936
(Increase) / Decrease in inventory	233,085	(308,624)
(Increase) in deferred tax assets	(77,541)	(1,406,402)
Increase in trade and other payables	(1,943,793)	(531,899)
Increase in employee provisions	923	55,835
Increase / (Decrease) in provision for warranty costs	(37,992)	71,920
Increase in provision for stock obsolescence	(247,000)	-
<b>Net cash from operating activities</b>	<b>870,805</b>	<b>1,983,515</b>

**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:

Cash and cash equivalents (Note 4)

Year ended	
30 June 2016	30 June 2015
\$	\$
2,287,898	3,129,286

**(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**

At 30 June 2016, the Consolidated Group had the following unused bank facilities with the National Australia Bank:

- an Australian dollar overdraft with a limit of \$300,000. The overdraft was not utilised at 30 June 2016.
- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 30 June 2016.

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 2016.

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 June quarter 2016 but achieved all covenant requirements for all prior quarters in the financial year. The bank reconfirmed the banking facilities as continuing on 12 August 2016.

**17 Key management personnel disclosures**

**Compensation by category**

Short-term employee benefits  
 Post-employee benefits  
 Other long-term benefits  
 Termination benefits  
 Share-based payments

Year ended	
30 June 2016	30 June 2015
\$	\$
1,073,623	1,002,342
78,858	89,390
29,091	50,392
-	-
340,513	164,955
1,522,085	1,307,079

### 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 2016:

(i) 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 2016.

67,500 of these options are outstanding as at 30 June 2016.

(ii) 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 2016.

600,000 of these options are outstanding as at 30 June 2016.

(iii) 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 2016.

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

884,813 of these options are outstanding as at 30 June 2016.

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

907,500 of these options are outstanding as at 30 June 2016.

(vi) 400,000 options were granted on 24 December 2015 to a director with an expiry date of 18 November 2016 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2016 at \$0.195 per share (Issue WRR58).

400,000 of these options are outstanding as at 30 June 2016.

(vii) 200,000 options were granted on 24 December 2015 to a director with an expiry date of 5 February 2017 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2016 at \$0.195 per share (Issue WRR59).

200,000 of these options are outstanding as at 30 June 2016.

(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 2016		30 June 2015	
	No.	WAEP \$	No.	WAEP \$
Outstanding at the beginning of the financial year	1,619,813	0.3931	1,262,000	0.6381
Granted during the financial year	2,392,313	0.1950	884,813	0.1950
Lapsed during the financial year	-	-	-	-
Cancelled during the financial year	-	-	(412,500)	0.6464
Exercised during the financial year	-	-	-	-
Expired during the financial year	(67,500)	0.6500	(114,500)	0.6500
Outstanding at the end of the financial year	3,944,626	0.2686	1,619,813	0.3931
Exercisable at the end of the financial year	3,744,626	0.2482	1,219,813	0.3089

Notes to Share Based Payments

- (i) The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 is 3.02 years (2015: 3.42 years).  
The range of exercise prices for options outstanding at the end of the year was \$0.195 - \$0.65 (2015: \$0.195 - \$0.65).  
The weighted average fair value of options granted during the year was \$0.1991 (2015: \$0.115).

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 \$376,909 (2015: \$229,320), and relates, in full, to equity-settled share options.

19 Remuneration of auditors

Remuneration of the Auditor for auditing or reviewing financial reports of the Consolidated Group

20 Related party transactions

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

*Transactions with the Seasons Group*

- Purchases

- Sales

*Amounts outstanding with the Seasons Group*

- Receivables

- Payables

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 2016 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.

21 Earnings per share

Overall operations

Basic earnings per share

Dilutive earnings per share

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

Weighted average number of dilutive options and converting preference shares on issue

Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Dilutive Earnings Per Share

Anti-dilutive options on issue not used in dilutive EPS calculation

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.

Earnings:

Earnings used in the calculation of Basic Earnings Per Share

Reconciliation of dilutive earnings to profit or loss:

Profit

Interest on convertible notes

Earnings used in the calculation of Dilutive Earnings Per Share

	Year ended	
	30 June 2016	30 June 2015
	\$	\$
	59,000	59,205
	1,424,835	4,356,931
	(27,381)	(205,062)
	12,478	-
	(42,631)	(781,162)
	¢	¢
	1.12	5.13
	1.04	4.97
	No.	No.
	43,173,452	39,206,133
	3,277,126	2,791,549
	46,450,578	41,997,682
	667,500	735,000
	\$	\$
	481,422	2,012,867
	481,422	2,012,867
	-	75,311
	481,422	2,088,178



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**
**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 2016		Year ended 30 June 2015	
	\$	%	\$	%
<b>Sales by country</b>				
Australia	4,376,653	35.36%	4,676,423	27.56%
China	1,029,319	8.32%	657,124	3.87%
United Kingdom	1,796,629	14.51%	1,900,582	11.20%
United States of America	2,263,007	18.28%	6,654,984	39.22%
Netherlands	612,119	4.95%	724,978	4.27%
Japan	875,507	7.07%	1,250,945	7.37%
Other foreign countries	1,424,826	11.51%	1,102,321	6.50%
	12,378,060	100.00%	16,967,357	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 United Kingdom accounting for 11% of external revenue (2015: the largest customer was in the USA, 32%) and the second largest customer, located in the USA accounted for 9% of external revenue (2015: second largest customer was in the United Kingdom, 8%). The next most significant customer accounts for 7% of external revenue (2015: 6%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

## 23 Parent company disclosures

	Year ended	
	30 June 2016 \$	30 June 2015 \$
<b>(a) Statement of profit or loss and other comprehensive income</b>		
Loss from continuing operations	(858,861)	(1,011,811)
Tax benefit	77,541	1,406,402
<b>Profit / (loss) for the year attributable to owners of the Company</b>	<b>(781,320)</b>	<b>394,591</b>
Other comprehensive income	-	-
<b>Total Profit / (Loss) and other comprehensive income for the year attributable to owners of the Company</b>	<b>(781,320)</b>	<b>394,591</b>
<b>(b) Statement of financial position</b>		
<b>Assets</b>		
Current assets	374,976	1,453,220
Non-current assets	1,641,056	2,022,237
Total assets	2,016,032	3,475,457
<b>Liabilities</b>		
Current liabilities	2,397,689	2,930,707
Non-current liabilities	23,320	545,316
Total liabilities	2,421,009	3,476,023
Net assets / (deficiency of net assets)	(404,978)	(567)
<b>Equity</b>		
Issued capital	5,784,925	5,784,925
Reserves	668,780	304,696
Accumulated losses	(6,858,683)	(6,090,188)
Total equity	(404,978)	(567)

**(c) Guarantees**

The parent company has no contractual guarantees in place.

**(d) Contractual commitments**

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

## 24 Controlled entities

	Incorporated	Share class	Holding	2016	2015
<b>Investments in unquoted corporations being controlled entities:</b>					
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



## DIRECTORS' DECLARATION

The directors of World Reach Limited declare that:

1. The financial statements and notes as set out in pages 34 to 54 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
  - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company and consolidated group;
  - c. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
  - d. any other matters that are prescribed by the regulations for the purposes of this declaration in relation to the financial statements and the notes for the financial year are also satisfied.
  
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2016.

This declaration is made in accordance with a resolution of the Board of Directors on 30 August 2016.



**Mr David Antony Dawson**  
Chairman





**RSM Australia Partners**

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

We have audited the accompanying financial report of World Reach Limited, which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**THE POWER OF BEING UNDERSTOOD****AUDIT | TAX | CONSULTING**

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WORLD REACH





### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of World Reach Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Opinion*

In our opinion:

- (a) the financial report of World Reach Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Opinion*

In our opinion the Remuneration Report of World Reach Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'RSM'.

### **RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that reads 'J S Croall'.

**J S CROALL**  
Partner  
Melbourne, VIC

Dated: 30 August 2016

## AUSTRALIAN SECURITIES EXCHANGE INFORMATION

As at 31 July 2016.

This section includes information required by ASX Listing Rules which is not disclosed elsewhere in this Annual Report.

### TWENTY LARGEST SHAREHOLDERS

	Number	% of Class
SGV1 HOLDINGS LIMITED	9,243,207	21.41%
ACK PTY LTD	8,634,258	19.99%
ARTPRECIATION PTY LTD	1,888,632	4.37%
CAPOCCHI SUPER PTY LTD	1,408,561	3.26%
KILLARNEY PROPERTIES P/L	1,212,245	2.81%
ASHLEY RAYMOND LITTLE	840,000	1.95%
HOTTON FAMILY	807,052	1.87%
IVAN & FELICITY TANNER	800,000	1.85%
VINCENT GALANTE	785,415	1.82%
TOM BEKIARIS	731,835	1.70%
PETER LINCOLN SIMPSON	600,000	1.39%
ROBERT MANSFIELD NIALI	527,200	1.22%
GRAHAM LLOYD TWARTZ	416,666	0.97%
NICHOLAS ANDREW ROXBURGH	370,000	0.86%
RAPAKI PTY LTD	360,000	0.83%
HUGH WILLIAM ROXBURGH	360,000	0.83%
DAVID & CARMEN FINDLAY	350,000	0.81%
DENNIS FRANK PAYNE	328,570	0.76%
BLUE MORRIS P/L (DAWSON A/C)	300,000	0.69%
JAMES VINCENT GUEST	300,000	0.69%
<b>TOTAL TOP 20:</b>	<b>30,263,641</b>	<b>70.10%</b>
<b>TOTAL ISSUED:</b>	<b>43,173,452</b>	<b>100.00%</b>

### HOLDERS OF EACH CLASS OF EQUITY SECURITY

The company has issued:

- 43,173,452 ordinary fully paid shares to 747 shareholders.
- 4,917,959 options to subscribe for ordinary shares to 12 option holders.

No convertible notes remain on issue, having been converted to ordinary shares or redeemed in cash on 26 August 2014.

### VOTING RIGHTS

There are 43,173,452 ordinary fully paid shares held by 747 members and these are the only class of share currently issued. The Company's Constitution provides that every member present in person, by proxy or by corporate representative or by appointed attorney shall on the show of hands have one vote.

## SUBSTANTIAL SHAREHOLDERS

	Number	% of Class
SGV1 HOLDINGS LIMITED	9,243,207	21.41%
ACK PTY LTD	8,634,258	19.99%

In addition to the above shareholdings:

- ACK Pty Ltd holds options to subscribe for 973,333 ordinary shares.

### DISTRIBUTION OF SHARES

Size of Holdings	Number of Holders	Number of Shares	%
1 to 1,000	253	76,420	0.18%
1,001 to 5,000	158	448,404	1.04%
5,001 to 10,000	85	640,107	1.48%
10,001 to 100,000	200	7,285,797	16.88%
100,001 and over	51	34,722,724	80.43%
<b>TOTAL</b>	<b>747</b>	<b>43,173,452</b>	<b>100.00%</b>

### HOLDERS OF LESS THAN A MARKETABLE PARCEL OF QUOTED ORDINARY SHARES

Number of Holders	% of Total Holders	Number of Shares	% of Total Quoted Shares
312	41.77%	173,333	0.40%





**World Reach Limited**

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