World Reach Limited
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22 February 2013

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4D – Half Year Report

The Company hereby encloses the Appendix 4D – Half Year Report for the six months ended 31 December 2012.

Yours faithfully

Dennis Payne
Company Secretary

WORLD REACH LIMITED
ABN 39 010 568 804

Appendix 4D
Half Year Report
Half Year ended 31 December 2012

The information contained in this Appendix 4D should be read in conjunction with the most recent Annual Report covering the financial year ending 30 June 2012.

1. Reporting periods

Current reporting period	Half year ended 31 December 2012
Previous corresponding periods	Half year ended 31 December 2011
	Financial year ended 30 June 2012

2. Results for announcement to the market

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2.1	Total revenue	Down 26.25% to	5,370,966
2.2	Profit (loss) from ordinary activities after tax attributable to members	Profit of 217,743 half year ended 31 December 2011	Loss of 651,807 half year ended 31 December 2012
2.3	Net profit (loss) for the period attributable to members	Profit of 217,743 half year ended 31 December 2011	Loss of 651,807 half year ended 31 December 2012
2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
	Previous corresponding period:		
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A	
2.6	EXPLANATION The decline in revenue is due to Telstra delaying their intended December 2012 quarter purchases until the March 2013 quarter and significant project based sales to NEC in the December 2011 quarter not being repeated in 2012. Revenue and profit were also impacted by the difficult nature of the European and North American markets at present due to the global financial crisis resulting in two major one-off sales only achieved at lower profit margins.		

3. Net Tangible Assets per security

	31 December 2012 Cents per share	30 June 2012 Cents per share
Net tangible assets per security	(0.1879) ¢	(0.1537) ¢

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

4.1 Name of the entity.	N/A	
4.2 The date of the gain or loss of control.	N/A	
	Current period	**Previous corresponding Period**
4.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.	N/A	N/A

5. Individual and Total Dividend or Distribution Payments

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

6. Dividend or Distribution Reinvestment Plans

N/A

7. Details of associates and joint venture

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

8. Foreign entity accounting standards

N/A

9. Independent review of the financial report

The financial report has been independently reviewed. Whilst the financial report is not subject to a qualified independent review statement the auditor has drawn attention to the matters set out in Note 1 to the financial statements – Going Concern.

Signed by Chairman:

Name: Mr Trevor Bruce Moyle
Date: 22 February 2013

World Reach Limited
and Controlled Entities

ABN 39 010 568 804

Half-year financial report
for the half-year ended 31 December 2012

WORLD REACH LIMITED
AND CONTROLLED ENTITIES
ABN 39 010 568 804

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2012

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The Directors of World Reach Limited submit herewith the Condensed Consolidated Financial Report of World Reach Limited and controlled entities ('Group') for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Director's report as follows:

Directors:

The names of the directors of the company during or since the end of the half-year are:

Non-Executive Directors:
Mr John Broadhurst Bee
Mr Trevor Bruce Moyle (appointed 13 August 2012)
Mr Carl Cheung Hung (appointed 21 February 2013)

Executive Director:
Mr Dennis Frank Payne (resigned 13 August 2012)

Managing Director:
Mr Michael Ian Capocchi

All other Directors held office at all times during and since the end of the half-year.

Review of Operations

The consolidated group financial results for the half-year ended 31 December 2012 and comparative results for the half-year ended 31 December 2011 are as follows:

	1 July 2012 to 31 Dec 2012	**1 July 2011 to 31 Dec 2011**
Revenue	5,370,966	7,283,022
Operating expenses	(5,807,122)	(6,901,217)
Operating profit/(loss) before interest and tax	(436,156)	381,805
Interest	(215,651)	(164,062)
Profit/(loss) for the period	(651,807)	217,743

Revenue for the Group was down by 26% for the half year to 31 December 2012 compared to the same period in 2011 due to the following:

- Revenue in late 2011 benefited from significant sales of satellite communication terminals to NEC Australia which were project based and not repeated in 2012.
- Telstra delayed its intended December 2012 quarter purchases of bundled handset and accessory products until March 2013 quarter. The Telstra sales are part of the $5m supply contract secured in April 2012. The contract is for the period May 2012 to April 2013 and covers the supply of Iridium satellite phone handsets as well as accessories such as docking units and connection cables. Telstra has $2.7m of its purchases remaining for the 2012/2013 financial year and this is expected to be fulfilled by 30 April 2013.
- The difficult nature of the European and North American markets at present, as a direct result of the global financial crisis has created a "buyers market" which was evidenced by two major one-off sales being achieved at lower than normal profit margins.

In the six month period to 31 December 2012, the Group continued to invest heavily in the design and development of new products suitable for the two major global satellite networks of Iridium and Inmarsat. The Group's principal activity during the half-year ended 31 December 2012 has been the development, manufacture and global distribution of satellite communication terminals, handheld phone accessories and tracking devices, specifically developed for these satellite networks.

Review of Operations (continued)

Significant achievements in the half year ended 31 December 2012 include the following:

- In November 2012 the group announced a major strategic product development initiative with Iridium, likely to achieve $3m of sales in the first year once the products are launched later in 2013.
- Also in November 2012, a new subsidiary, Satphone Shop Pty Ltd, launched an on-line satellite phone shop, licensed as a Telstra mobile satellite dealer, selling a wide range of Iridium based satellite products and services.
- In July 2012 a significant trial in China of Inmarsat's marine satellite terminal (the "Oceana") was announced. Following the success of the trial, on 12 February 2013 a landmark China distribution deal was announced whereby MCN China, a major Chinese satellite communications provider, has placed an initial order for the supply of $1m of Inmarsat terminals over the next 4 months. Future orders are expected to follow which have the potential to greatly expand the group's revenues in Asia.

Beam is mid-way through the term of a loan arrangement with Inmarsat under which Inmarsat lent Beam US$3.18m to develop the initial "ISatDock" suite of products. The amount outstanding at 31 December 2012 was $1,627,149. Loan repayments, re-negotiated in February 2012, are now geared to Inmarsat sales revenues however repayments do still limit cash availability of the Group. A scheduled loan repayment to Inmarsat of $239,454 (excluding realised and unrealised exchange differences) was made in October 2012 and the next 6 monthly loan repayment is forecast to be $281,122 and is due before the end of March 2013.

The Group had convertible notes at on issue with a face value of $1,100,000 and a maturity date of 1 July 2013. During August 2012 the Group negotiated the extension of the maturity date to 1 July 2015 with holders of notes with a face value of $1,025,000 to strengthen the Group's financial position. All convertible notes can be converted to equity at any time prior to their maturity date.

Part of the Group's non-current liabilities is an unsecured loan from a shareholder of $300,000 which had a maturity date of 1 July 2013. The group confirmed on 8 August 2012 that this loan will be extended until at least 1 July 2015.

On 6 February 2013, the Group has completed an agreement with the Season Group from Hong Kong for a strategic investment in 26 convertible notes which raised $650,000 for working capital and product development. The notes mature in January 2016. Season is a major supplier to Beam currently providing manufacturing facilities for the majority of Beam's products in Guangdong, China.

The Group's cash position, although recently underpinned by the receipt of the $650,000 from issuing convertible notes, remains tight. The Group continues to pursue key sales initiatives in Asia, particularly in Japan and China and, together with the release of newly developed Iridium products later this year, the Directors and management are confident that trading results will improve in the second half of the 2013 financial year which is expected to provide the Group with an improving financial outlook. The expected achievement of positive cash flows from operations, the continuation of current banking facilities, the extension of the maturity date of a shareholder loan and of the majority of existing convertible notes, and the continuing support of creditors and financiers will provide the Group with sufficient cash flows to continue as a going concern.

Although the first half of the year was heavily impacted by lower sales and a net loss was recorded for the period, the Directors' expectation that trading results will improve in the second half, will provide a substantial improvement in the profit result for the 2012/13 financial year as a whole. It is likely however that the overall result will be approximately break-even, not the modest profit previously anticipated.

Significant changes in the state of affairs

There have been no significant changes in the consolidated group's state of affairs during the period.

Auditor's Declaration of Independence

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

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

On behalf of the directors.

Mr Trevor Bruce Moyle
Chairman
Signed in Melbourne, 22 February 2013

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of World Reach Limited

In relation to the half-year independent review for the six months to 31 December 2012, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the Corporations Act 2001.

(ii) No contraventions of any applicable code of professional conduct.

N R BULL
Partner
22 February 2013

PITCHER PARTNERS
Melbourne

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Half-year ended 31-Dec-12 $	Half-year ended 31-Dec-11 $
Revenue		5,370,966	7,283,022
Raw materials, consumables and other costs of sale		(3,032,321)	(5,556,650)
Changes in inventories of raw materials, finished goods and work in progress		(452,718)	1,130,505
Employee benefits expense		(1,084,668)	(1,122,524)
Depreciation and amortisation expense		(530,110)	(426,650)
Finance costs expense		(215,651)	(164,062)
Consultancy and contractor expense		(187,882)	(77,984)
Auditor remuneration expense		(40,002)	(37,656)
Accounting, share registry and secretarial expenses		(43,443)	(63,181)
Legal and insurance expense		(57,100)	(54,911)
Unrealised foreign currency exchange gain/(loss) on foreign currency loan		34,733	(153,238)
Other expenses		(413,611)	(538,928)
Profit/(Loss)before income tax		(651,807)	217,743
Income tax (expense)/benefit		-	-
Profit/(Loss) for the half-year attributable to owners of the Company		(651,807)	217,743
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half-year attributable to owners of the Company		(651,807)	217,743

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

	Note	31-Dec-12	31-Dec-11
Overall operations			
Basic earnings per share (cents)	2	(5.69)	2.86
Diluted earnings per share (cents)	2	(5.69)	1.44

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31-Dec-12 $	30-Jun-12 $
Current assets			
Cash and cash equivalents		279,957	712,884
Inventories		3,189,709	3,642,427
Trade and other receivables	3	1,647,511	1,634,175
Total current assets		5,117,177	5,989,486
Non-current assets			
Plant and equipment		174,975	217,602
Intangible assets	4	1,449,512	1,709,140
Total non-current assets		1,624,487	1,926,742
Total assets		6,741,664	7,916,228
Current liabilities			
Trade and other payables		2,428,178	2,771,308
Other financial liabilities	5	1,785,149	1,738,801
Short-term provisions		353,664	361,161
Total current liabilities		4,566,991	4,871,270
Non-current liabilities			
Other financial liabilities	5	2,843,051	3,070,442
Long-term provisions		35,931	27,018
Total non-current liabilities		2,878,982	3,097,460
Total liabilities		7,445,973	7,968,730
Net assets / (Deficiency of net assets)		(704,309)	(52,502)
Equity			
Issued capital	6	1,327,091	1,327,091
Reserves		67,936	308,636
Accumulated losses		(2,099,336)	(1,688,229)
Equity attributable to owners of the Company		(704,309)	(52,502)
Total equity		(704,309)	(52,502)

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

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2011	19,869,935	358,666	(21,213,985)	(985,384)
Total comprehensive income attributable to owners of the Company	-	-	217,743	217,743
Transactions with owners in their capacity as owners				
- Remuneration based option payments	-	133	-	133
- Adjustment for employee share options lapsed	-	(39,201)	39,201	-
- Share placement net of transaction costs	224,742	-	-	224,742
- Shares issued under share puchase plan	104,000	-	-	104,000
- Shares issued on conversion of notes	275,000	-	-	275,000
- Unallotted share capital net of transaction costs	368,349	-	-	368,349
Balance at 31 December 2011	20,842,026	319,598	(20,957,041)	204,583
Balance at 1 July 2012	1,327,091	308,636	(1,688,229)	(52,502)
Total comprehensive loss attributable to owners of the Company	-	-	(651,807)	(651,807)
Transactions with owners in their capacity as owners				
- Adjustment for employee share options lapsed	-	(240,700)	240,700	-
Balance at 31 December 2012	1,327,091	67,936	(2,099,336)	(704,309)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half-year ended	
	31-Dec-12	**31-Dec-11**
	$	**$**
Cash flow from operating activities		
Receipts from customers	5,863,338	7,738,064
Payments to suppliers and employees	(5,736,588)	(7,689,196)
Interest received	19,139	17,912
Interest and finance charges paid	(215,651)	(164,062)
Export market development grant	11,000	-
Net cash used in operating activities	(58,762)	(97,282)
Cash flow from investing activities		
Purchases of plant and equipment	(1,552)	(17,598)
Development costs capitalised	(226,303)	(507,620)
Net cash used in investing activities	(227,855)	(525,218)
Cash flow from financing activities		
Net cash proceeds / (payments) - Other loans	41,299	(296,357)
Net cash payments - Secured advances under contract	(204,702)	-
Net proceeds on share placements	-	697,091
Net cash provided by / (used in) financing activities	(163,403)	400,734
Net decrease in cash and cash equivalents	(450,020)	(221,766)
Cash and cash equivalents at beginning of half-year	(254,508)	(59,561)
Cash and cash equivalents at end of half-year	(704,528)	(281,327)

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

1 Summary of significant accounting policies

(a) Statement of compliance

The condensed consolidated half-year financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS34 Interim Financial Reporting. The half-year financial report does not include notes of the type typically included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The condensed consolidated half-year financial report has been prepared on an accruals basis and is based on historical costs modified where applicable by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian Dollars.

(c) Going concern

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

The consolidated Group's trading results for the six months ended 31 December 2012 and the financial position of the Group at that date can be summarized as:

	31-Dec-12	31-Dec-11
Profit / (Loss) for the half year	(651,807)	217,743
Cash provided by / (used in) operating activities	(58,762)	(97,202)
Net assets / (deficiency)	(704,309)	204,583
Net current assets	550,186	744,753

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

- The Group has forecast that trading results will improve in the second half of the 2012/13 financial year and into the 2013/14 financial year, with an improvement in sales and profitability and achievement of positive operating cash flows. The forecasts are based on a continuation of existing economic conditions and an average AUD-USD exchange rate of 1.03, with significant improvement emanating from new customers and new products to be released later in 2013.
  - Beam Communications Pty Ltd ("Beam") has a $5m supply contract with Telstra of which $2.7m is remaining for this financial year and this is expected to be fulfilled by 30 April 2013.
  - Another subsidiary, Satphone Shop Pty Ltd, launched an on-line satellite phone shop in November 2012, licensed as a Telstra mobile satellite dealer, which has increasing monthly revenues in Iridium based products.
  - MCN China, a major Chinese satellite communications provider, placed an initial order in February 2013 for the supply of $1m of Inmarsat terminals over the next 4 months and future orders are expected.
  - In November 2012 the group announced a major strategic product development initiative with Iridium, likely to achieve $3m of sales in the first year once the products are launched in the second half of calendar 2013.

  Material variations in conditions, exchange rates or the acceptance of new products will affect sales with a consequential impact on profits and cash flows.

- The Group has current banking arrangements for an overdraft of $1,000,000 and guarantee facilities of $150,000. Continuation of these arrangements is subject to the Group satisfying specific covenants which are reviewed by the bank quarterly. The bank re-confirmed continuation of facilities in August 2012 and in early October 2012 returned the previously conditional term deposit of $500,000. The Group did not meet the covenants requiring actual results to be within 20% of forecasted results for the September 2012 and December 2012 quarters. On 20 November 2012 the bank waived its right to any further action in relation to the September quarter covenant breach. On 4 February 2013 the bank advised the Group that it does not waive or give up its rights however it would not be taking action at this time in relation to the December 2012 quarter covenant breach. Based on improved trading, the Group expects on-going banking facilities will be provided.

- On 6 February 2013, the Group has completed an agreement with the Season Group from Hong Kong, a major supplier to Beam, for a strategic investment in 26 convertible notes which raised $650,000 for working capital and product development. The notes mature in January 2016.

- Beam is mid-way through the term of a loan arrangement with Inmarsat under which Inmarsat lent Beam US$3.18m to develop the initial "ISatDock" suite of products. The amount outstanding at 31 December 2012 was $1,627,149. Loan repayments, re-negotiated in February 2012, are now based on lower percentages of sales to ensure cash generated from sales of Inmarsat products is sufficient to cover repayments.

1 Summary of significant accounting policies (continued)

(c) Going concern (continued)

- The Group had convertible notes on issue with a face value of $1,100,000 and a maturity date of 1 July 2013. During August 2012 the Group negotiated the extension of the maturity date to 1 July 2015 with holders of notes with a face value of $1,025,000 to strengthen the Group's financial position.

- Part of the Group's non-current liabilities is an unsecured loan from a shareholder of $300,000 which had a maturity date of 1 July 2013. The Group confirmed on 8 August 2012 that this loan will be extended until at least 1 July 2015.

The expected achievement of positive cash flows from improved operations, the continuation of current banking facilities and the continuing support of creditors and financiers will provide the Group with sufficient cash flows to continue as a going concern.

(d) Accounting policies

The accounting policies applied in preparing these condensed consolidated financial statements for the half-year ended 31 December 2012 are the same as those applied by the consolidated entity in its consolidated annual financial report as at and for the year ended 30 June 2012.

2 Earnings per share

	Half-year ended	
	31-Dec-12 cents	**31-Dec-11 cents**
Overall operations		
Basic earnings per share	(5.69)	2.86
Diluted earnings per share	(5.69)	1.44
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	11,461,797	7,622,426
Potential Ordinary Shares attributable to options outstanding at end of half-year	2,047,947	1,576,563
Potential Ordinary Shares attributable to convertible notes outstanding at end of half-year	8,000,000	5,875,000
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Diluted Earnings per share	21,509,744	15,073,989
	$	**$**
Overall operations		
Earnings used in the calculation of Basic and Diluted Earnings Per Share	(651,807)	217,743

Due to losses incurred during 31 December 2012 half-year, at that date all Potential Ordinary Shares that could potentially dilute basic earnings per share in the future were considered to be antidilutive and therefore not included in a calculation of diluted earnings per share. Accordingly basic and diluted earnings per share equate.

On 3 July 2012 the issued share capital of the company was altered by consolidating every 100 shares into 1 share. Earnings per share calculations were amended in the inverse proportion to the consolidation ratio. The consolidation was approved by shareholders at a meeting on 29 June 2012.

		31-Dec-12 $	30-Jun-12 $
3	**Trade and other receivables**		
(a)	**Current**		
	Trade receivables	1,359,598	1,490,884
	Other receivables and prepayments	212,288	67,666
	Rental security deposit	75,625	75,625
		1,647,511	1,634,175

(b) Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue) 31 - 60	61 - 90	90+	Past due & impaired
31-Dec-12						
Current						
Trade receivables	1,359,598	587,747	347,776	155,755	268,320	-
Other receivables	212,288	212,288	-	-	-	-
Rental security deposit	75,625	75,625	-	-	-	-

Selected customers have been granted temporary extended terms but the debt is not considered impaired and is expected to be received in the normal course of business.

	Gross amount	Within trade terms	31 - 60	61 - 90	90+	Past due & impaired
30-Jun-12						
Current						
Trade receivables	1,490,884	1,028,927	390,510	38,147	33,300	-
Other receivables	67,666	67,666	-	-	-	-
Rental security deposit	75,625	75,625	-	-	-	-

		31-Dec-12 $	30-Jun-12 $
4	**Intangible assets**		
(a)	**Development costs capitalised**		
	Cost	3,135,023	2,908,720
	Accumulated amortisation and impairment	(1,685,511)	(1,199,580)
		1,449,512	1,709,140
(b)	**Movements in development costs capitalised**		
	Balance at the beginning of period	1,709,140	1,887,879
	Additional costs capitalised	226,303	632,925
	Amortisation expense	(485,931)	(811,664)
	Balance at the end of period	1,449,512	1,709,140
5	**Other financial liabilities**		
	Current		
	Bank overdraft	984,485	967,393
	Secured advances under contract	609,118	696,161
	Secured convertible notes	75,000	-
	Unsecured other loans	116,546	75,247
		1,785,149	1,738,801
	Non Current		
	Secured convertible notes	1,025,000	1,100,000
	Secured advances under contract	1,018,051	1,170,442
	Unsecured convertible notes	500,000	500,000
	Unsecured other loans	300,000	300,000
		2,843,051	3,070,442

5 Other financial liabilities (continued)

Bank Facilities

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Group's assets including uncalled capital and called but unpaid capital.

Secured advances under contract

At balance date the Group had secured advances under a contract with Inmarsat PLC to develop and manufacture products compatible with the Inmarsat hand held satellite phone. Advances are secured by a charge over the Intellectual Property developed under the agreement, are non-interest bearing and are repaid as a percentage of product sale proceeds. During the half year to 31 December 2012 the Group repaid $239,454 excluding realised and unrealised exchange differences.

Secured convertible notes

At 31 December 2012 secured convertible notes with a face value of $1,100,000 were outstanding on the following terms:

- Maturity date - notes with maturity date extension	$1,025,000	July 2015
- Maturity date - notes without maturity date extension	$75,000	July 2013
- Conversion price		$0.200
- Interest rate		8%
- Potential ordinary shares on conversion		5,500,000

During August 2012 the Group negotiated the extension of the maturity date with noteholders holding notes with a total face value of $1,025,000 to July 2015.

Following the expiry of certain options on 31 October 2012, note holders of these notes with face value of $1,100,000 hold 526,875 options to subscribe for shares in the Group at various exercise prices.

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

Unsecured convertible notes

At 31 December 2012 unsecured convertible notes with a face value of $500,000 were outstanding on the following terms:

- Maturity date	July 2015
- Conversion price	$0.20
- Interest rate	8%
- Potential ordinary shares on conversion	2,500,000

On 6 February 2012 the Group issued new secured convertible notes to the value of $650,000 with a conversion price of $0.25 per share. Under the terms of the Convertible Note Deed the conversion price of the $500,000 unsecured notes was adjusted to 80% of the conversion price of the new notes which is $0.20.

Under the terms of the Convertible Note Subscription Agreement note holders were issued with 178,572 options to subscribe for shares in the Group on 26 July 2012 at an exercise price of $0.70.

6 Issued capital

	31-Dec-12		30-Jun-12	
	Shares	**$**	**Shares**	**$**
Contributed equity				
Ordinary shares fully paid	11,461,797	1,327,091	11,461,797	1,327,091
Total issued capital	11,461,797	1,327,091	11,461,797	1,327,091

On 3 July 2012 the issued share capital of the Group was altered by consolidating every 100 shares into 1 share. Outstanding options and convertible notes were consolidated on the same basis and their exercise prices were amended in the inverse proportion to the consolidation ratio. The consolidation was approved by shareholders at a meeting on 29 June 2012.

7 Segment reporting

Sole operating segment

The Group has identified its sole operating segment 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 and services.

Revenue and results are fully disclosed in the Consolidated Statement of Comprehensive Income for the sole operating segment.

The Consolidated Statement of Financial Position discloses the sole operating segment assets and liabilities which are held within Australia.

8 Events after reporting date

New convertible notes

On 6 February 2013, the Group issued 26 new convertible notes following the receipt of $650,000 which will be used for working capital and product development.

The notes were issued to SGV1 Holdings Limited, a company controlled by Season Group which is the preferred manufacturing partner of Beam Communications Pty Ltd (a subsidiary of World Reach Limited). This strategic investment by Beam's largest supplier will provide further opportunities to utilise Season Group's global infrastructure to support regionalised distribution and support, important factors in continuing to improve Beam's manufacturing and distribution efficiencies. Mr Carl Cheung Hung, President and COO of Season Group joined the board of World Reach Limited as a non-executive Director on 21 February 2013.

The notes were issued as follows:

- Issue date	6 February 2013
- Maturity date	31 January 2016
- Conversion price per share (Conversion is subject to shareholder approval of the issue).	$0.25 per share

DIRECTORS' DECLARATION

The directors' of the company declare that the financial statements and notes as set out in pages 5 to 13 are in accordance with the Corporations Act 2001:

(a) Comply with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001, and

(b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2012 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' 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.

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

On behalf of the directors.

Mr Trevor Bruce Moyle
Chairman
Signed in Melbourne, 22 February 2013

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

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
WORLD REACH LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of World Reach Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half- year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of World Reach Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
WORLD REACH LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of World Reach Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without qualification to the opinion expressed above, attention is drawn to the matters set out in Note 1 (c) to the financial statements – Going Concern.

The Group has current banking arrangements for an overdraft of $1,000,000 and guarantee facilities of $150,000. Continuation of these arrangements is subject to the Group satisfying specific covenants which are reviewed by the bank quarterly. The bank re-confirmed continuation of facilities in August 2012 and in early October 2012 returned the previously conditional term deposit of $500,000. The Group did not meet the covenants requiring actual results to be within 20% of forecasted results for the September 2012 and December 2012 quarters. On 20 November 2012 the bank waived its right to any further action in relation to the September quarter covenant breach. On 4 February 2013 the bank advised the Group that it does not waive or give up its rights however it would not be taking action at this time in relation to the December 2012 quarter covenant breach. Based on improved trading, the Group expects on-going banking facilities will be provided.

Various other matters are also explained in Note 1 (c) to the financial statements – Going Concern.

The achievement of positive cash flows from improved operations, the continuation of current banking facilities and the continuing support of creditors and financiers is expected to provide the Group with sufficient cash flows to continue as a going concern.

These conditions indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern. If the going concern basis is found to no longer be appropriate the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

N R BULL
Partner
22 February 2013

PITCHER PARTNERS
Melbourne