World Reach Limited
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27 February 2014

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4D Half Year Report and Financial Report

The Company encloses its Appendix 4D (Half Year Report) and Half Year Financial Report for the six months ended 31 December 2013, including all Financial Statements and Notes to the accounts, for immediate release.

Yours faithfully

Dennis Payne
Company Secretary

WORLD REACH LIMITED
ABN 39 010 568 804

Appendix 4D
Half Year Report
Half Year ended 31 December 2013

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 2013.

1. Reporting periods

Current reporting period	Half year ended 31 December 2013
Previous corresponding periods	Half year ended 31 December 2012
	Financial year ended 30 June 2013

2. Results for announcement to the market

$A

2.1	Total revenue	Up 2.88% to	5,525,753
2.2	Profit (loss) from ordinary activities after tax attributable to members	Loss of 754,057 half year ended 31 December 2012 (after prior year adjustment)	Loss of 6,705 half year ended 31 December 2013
2.3	Net profit (loss) for the period attributable to members	Loss of 754,057 half year ended 31 December 2012 (after prior year adjustment)	Loss of 6,705 half year ended 31 December 2013
2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
	Previous corresponding period:		
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A	
2.6	EXPLANATION A stronger level of business with core distributors for the half year resulted in a higher sales margin performance, also reflecting the absence of larger deals that typically have a lower margin, such as with Telstra and MCN China. With revenue holding steady when compared to the half year to 31 December 2012, the higher average margin achieved improved the profit result significantly.		

3. Net Tangible Assets per security

	31 December 2013 Cents per share	30 June 2013 Cents per share
Net tangible assets per security	(0.2009) ¢	(0.1706) ¢

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: 27 February 2014

World Reach Limited
and Controlled Entities

ABN 39 010 568 804

Half-year financial report
for the half-year ended 31 December 2013

WORLD REACH LIMITED
AND CONTROLLED ENTITIES
ABN 39 010 568 804

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2013

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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 2013. 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 Carl Cheung Hung
Mr Trevor Bruce Moyle

Managing Director:
Mr Michael Ian Capocchi

These 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 2013 and comparative results for the half-year ended 31 December 2012 are as follows:

	1 July 2013 to 31 Dec 2013	**1 July 2012 to 31 Dec 2012**
Revenue	5,525,753	5,370,966
Operating expenses	(5,207,805)	(5,807,122)
Operating profit/(loss) before interest and tax	317,948	(436,156)
Interest (including adjustment to prior year)	(324,653)	(317,901)
Profit/(loss) for the period	(6,705)	(754,057)

Revenue for the Group increased by 3% for the half year to 31 December 2013 compared to the same period in 2012. A stronger level of business with core distributors for the half year, particularly in Europe, resulted in higher sales margin performance, which was also assisted by the absence of larger and lower margin revenue, like the Telstra and MCN China contracts supplied in 2012/13. The revenue included improvements in sales of both Iridium and Inmarsat based products, especially fixed terminals and accessories such as docking units. In addition the performances of emerging SatPhone Shop and Short Burst Data airtime services sold in Australia continued to provide growth in sales.

With revenue holding steady when compared to the half year to 31 December 2012, the higher average margin achieved improved gross profit significantly. Tight control of operating costs and overheads also assisted in moving the net result ahead of budget expectations for the period.

The Group adopted a revised treatment for convertible notes (to comply with accounting standards) during the period, which requires expensing of notional interest (above the actual interest paid) thereby negatively impacting profit. The treatment also results in an increase of the recorded equity value from the convertible notes, thus improving the net assets position of the Group. Prior to the notional expense charge the Group's net result for the period was a profit of $89,774, reflecting what the board regards as a successful turnaround for the Group.

The Group's principal activity during the half-year ended 31 December 2013 has been the development, manufacture and global distribution of satellite communication terminals, handheld phone accessories and tracking devices, specifically developed for the two major global satellite networks Iridium and Inmarsat. The Group continued to invest heavily in the design and development of new products suitable for use with these networks. In particular the major development project for Iridium is in the final stages, with completion now anticipated in June quarter 2014. An announcement by Iridium to the global market place on the impact of this product was released on 5 February 2014. The product, known as the 'Iridium GO!', provides global online smartphone access to satellite communication. It is anticipated that sales revenue of US$2.25m will be achieved by the Group in the 2013/14 financial year. The minimum contracted sales revenue in the first twelve months is US$3m.

The Group has secured a capital injection from a Hong Kong based investor of $438,000, which was received on 21 February 2014, to bolster working capital. The capital injection will ensure the Group has sufficient cash through to launch of the 'Iridium GO!' product, assisting with the ongoing planned growth of business activities, and to begin retiring high interest debt. The Group is actively pursuing further capital investments by investors and has engaged a specialist corporate adviser to assist.

Review of Operations (continued)

During the 6 months to 31 December 2013 the Group further developed its relationship with the Season Group ('Season') which has manufacturing facilities in the USA, Canada, UK, Malaysia and China. A company associated with Season holds a strategic investment of 26 convertible notes ($650,000) in the Group and the President of Season, Mr Carl Hung, was appointed to the board of World Reach Limited in February 2013. Season is a major supplier to Beam Communications Pty Ltd ('Beam') currently providing manufacturing facilities for the majority of Beam's products in Guangdong, China. In the last half year Season has provided engineering, tool making and testing facilities for new products and it is anticipated that Beam and Season will collaborate in the short term on driving efficiencies in supply chain management.

The improved sales result, particularly the margin improvement, has generated cash flow from trading ahead of budget expectations, however the Iridium development project has taken longer and cost more than anticipated, drawing heavily on the Group's cash resources. Funding of the increased cash requirements of the Group has been assisted by the raising of the investor funds of $438,000 in February 2014. This will more than cover the shortfall through to launch of the 'Iridium GO!' in June quarter. The new product has a contractual minimum sales level of US$3m in the first twelve months which will generate substantial cash inflows for the Group enabling repayment of the loans and extended credit that are part financing the project. The expected achievement of positive cash flows from improving operations, the recent injection of share capital noted above, 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.

Indications during January and February are that strong sales of existing products to core global distributors will continue in the March 2014 quarter. The Group forecasts these sales, in addition to sales of the new 'Iridium GO!' product, will contribute to an improved performance for the 2013/14 financial year.

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, 27 February 2014

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of World Reach Limited for the half year ended 31 December 2013, 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 review; and

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Jason Croall

J S CROALL
Partner

Melbourne, VIC
Dated: 27 February 2014

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

		Half-year ended	
		31-Dec-13	**31-Dec-12**
	Note	**$**	**$**
Revenue		5,525,753	5,370,966
Raw materials, consumables and other costs of sale		(3,509,161)	(3,032,321)
Changes in inventories of raw materials, finished goods and work in progress		435,129	(452,718)
Employee benefits expense		(866,820)	(1,084,668)
Depreciation and amortisation expense		(393,431)	(530,110)
Finance costs expense		(324,653)	(317,901)
Consultancy and contractor expense		(120,402)	(187,882)
Auditor remuneration expense		(34,998)	(40,002)
Accounting, share registry and secretarial expenses		(42,685)	(43,443)
Legal and insurance expense		(81,779)	(57,100)
Unrealised foreign currency exchange gain/(loss) on foreign currency loan		-	34,733
Other expenses		(593,658)	(413,611)
Profit/(Loss)before income tax		(6,705)	(754,057)
Income tax (expense)/benefit		-	-
Profit/(Loss) for the half-year attributable to owners of the Company		(6,705)	(754,057)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half-year attributable to owners of the Company		(6,705)	(754,057)

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

Overall operations			
Basic earnings per share (cents)	2	(0.06)	(6.58)
Diluted earnings per share (cents)	2	(0.06)	(6.58)

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 2013

	Note	31-Dec-13 $	30-Jun-13 $
Current assets			
Cash and cash equivalents		451,019	1,322,921
Inventories		2,835,931	2,400,803
Trade and other receivables	3	1,586,018	2,136,915
Total current assets		4,872,968	5,860,639
Non-current assets			
Plant and equipment		125,883	156,381
Intangible assets	4	2,303,418	1,702,883
Total non-current assets		2,429,301	1,859,264
Total assets		7,302,269	7,719,903
Current liabilities			
Trade and other payables		3,044,907	3,086,122
Other financial liabilities	5	1,075,009	1,403,647
Short-term provisions		463,435	367,092
Total current liabilities		4,583,350	4,856,861
Non-current liabilities			
Other financial liabilities	5	2,743,047	3,123,064
Long-term provisions		25,414	34,719
Total non-current liabilities		2,768,461	3,157,783
Total liabilities		7,351,812	8,014,644
Net assets / (Deficiency of net assets)		(49,542)	(294,741)
Equity			
Issued capital	6	1,377,091	1,377,091
Reserves		674,231	762,040
Accumulated losses		(2,100,864)	(2,433,872)
Equity attributable to owners of the Company		(49,542)	(294,741)
Total equity		(49,542)	(294,741)

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

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2012	1,327,091	777,243	(1,839,265)	265,069
Total comprehensive loss attributable to owners of the Company	-	-	(754,057)	(754,057)
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	536,543	(2,352,622)	(488,988)
Balance at 1 July 2013	1,377,091	762,040	(2,433,872)	(294,741)
Total comprehensive loss attributable to owners of the Company	-	-	(6,705)	(6,705)
Transactions with owners in their capacity as owners				
- Convertible note options issued		228,174		228,174
- Convertible note options lapsed		(322,783)	322,783	-
- Remuneration based option payments		23,730	-	23,730
- Adjustment for employee share options lapsed	-	(16,930)	16,930	-
Balance at 31 December 2013	1,377,091	674,231	(2,100,864)	(49,542)

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

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-year ended	
	31-Dec-13	31-Dec-12
	$	$
Cash flow from operating activities		
Receipts from customers	6,580,712	5,863,338
Payments to suppliers and employees	(5,703,923)	(5,736,588)
Interest received	2,477	19,139
Interest and finance charges paid	(228,174)	(215,651)
Export market development grant	60,000	11,000
Net cash used in operating activities	711,092	(58,762)
Cash flow from investing activities		
Purchases of plant and equipment	(15,888)	(1,552)
Development costs capitalised	(956,003)	(226,303)
Net cash used in investing activities	(971,890)	(227,855)
Cash flow from financing activities		
Net cash proceeds / (payments) - Other loans	(194,611)	41,299
Net cash payments - Secured advances under contract	(75,000)	(204,702)
Net cash provided by / (used in) financing activities	(269,611)	(163,403)
Net decrease in cash and cash equivalents	(530,409)	(450,020)
Cash and cash equivalents at beginning of half-year	447,805	(254,508)
Cash and cash equivalents at end of half-year	(82,603)	(704,528)

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) New or revised Standards and Interpretations that are first effective in the current reporting period

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

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

(d) Going concern

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

The trading results for the half year ended 31 December 2013 and the financial position of the Group at that date are summarised as follows:

	31-Dec-13	31-Dec-12
Revenue	5,525,753	5,370,966
EBITDA	711,379	93,954
Profit / (Loss) for the half year	(6,705)	(754,057)
Cash provided by / (used in) operating activities	711,092	(58,762)
Net assets / (deficiency)	(49,542)	(294,741)
Net current assets	289,618	1,003,778

There are factors that indicate uncertainty with regard to the going concern basis, however adoption of the going concern basis for the preparation of the Financial Report has been made after consideration of the following matters:

- During the period to 31 December, 2013, the Group has traded profitably with cash flow ahead of budget. The Group is forecasting a continuation of these trading conditions for the remainder of the 2014 calendar year. The forecasts are based on the continuance of existing global economic conditions and an average AUD-USD exchange rate of 0.90. An average rate below 0.90 will enhance the profit and cash position when stated in AUD. Likewise, a rate above 0.90 will reduce profit. The trading forecasts include sales of existing products at levels achieved in the past six months and significant additional sales from:
    - A new product being developed for sale to Iridium Communications Inc. which is due for commercial release in June quarter 2014 and has a contracted minimum level of sales for the first twelve months of US$3M.
    - The emerging performances of SatPhone Shop and Short Burst Data airtime services sold in Australia expected to continue and contribute in excess of $1.4M to 2014 revenue (previous year $0.5M).
    - New markets, especially through the launch of Inmarsat products into Japan and Iridium products into Eastern Europe.

The Group recognises that any material variation in global economic conditions, exchange rates or the level of acceptance of the new Iridium product will affect revenues and have a consequential effect on profit and cash flow.

1 Summary of significant accounting policies (continued)

(d) Going concern (continued)

- The Group has secured a capital injection from a Hong Kong based investor of $438,000 which was received on 21 February 2014 to bolster working capital. Although the development work on the new Iridium product has taken longer and cost more than originally anticipated, the capital injection will ensure the Group has sufficient cash through to launch of the product, assisting with the ongoing planned growth of business activities, and to begin retiring high interest debt. The Group is actively pursuing further capital investments by investors and has engaged a specialist corporate adviser to assist.

- The Group is three years into a loan arrangement with Inmarsat PLC under which Inmarsat lent the Group USD3.18M to develop the initial "ISatDock" suite of products. The balance at 31 December 2013 was $1,158,781 (USD1,036,877). During the past twelve months the company repaid a further $669,264 (excluding realised and unrealised exchange differences) including a payment with stock in lieu of cash as allowed in the loan agreement, of $211,172. Loan repayments are based on percentages of sales to ensure that cash generated from sales of relevant products is sufficient to cover repayments

- On 29 November 2013 the Group's previous bank facility of an A$1,000,000 overdraft was renegotiated into three separate facilities:
    - A USD overdraft facility of US$320,000,
    - An AUD overdraft facility of A$300,000, and
    - An AUD bank loan facility of A$300,000.

  These facilities will suit the Group's positive cash flow as well as reduce interest costs and are in addition to guarantee facilities of $150,000. Continuation of these arrangements is subject to the Group satisfying specific covenants. Although the Group did not meet some of the covenants in the past financial year the Group's bank reconfirmed on 23 August 2013 that all banking facilities are continuing. The Group met all covenants for September quarter but missed its revenue target at the end of December quarter by a minor amount. The Group is not expecting the bank to make any changes to these facilities at this time and expects to satisfy future covenants to ensure continuance of on-going banking facilities.

- In the Group's non-current liabilities at 31 December 2013 are convertible notes with a face value of $2,175,000. These notes do not mature until July 2015 or later.
- Also part of the Group's non-current liabilities is an unsecured loan from a shareholder of $300,000 which does not mature until 1 July 2015.

Accordingly, the Directors believe that the expected achievement of positive cash flows from improving operations, the recent injection of share capital noted above, 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. As such, the Directors believe it is appropriate to adopt the going concern basis in the preparation of the Financial Report.

(e) Accounting policies

The accounting policies applied in preparing these condensed consolidated financial statements for the half-year ended 31 December 2013 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 2013.

	Half-year ended	
	31-Dec-13 cents	**31-Dec-12 cents**
2 Earnings per share		
Overall operations		
Basic earnings per share	(0.06)	(6.58)
Diluted earnings per share	(0.06)	(6.58)
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	11,711,797	11,461,797
Potential Ordinary Shares attributable to options outstanding at end of half-year	2,135,572	2,047,947
Potential Ordinary Shares attributable to convertible notes outstanding at end of half-year	10,225,000	8,000,000
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Diluted Earnings per share	24,072,369	21,509,744
	$	**$**
Overall operations		
Earnings used in the calculation of Basic and Diluted Earnings Per Share	(6,705)	(754,057)

Due to losses incurred during 31 December 2013 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.

		31-Dec-13 $	30-Jun-13 $
3	**Trade and other receivables**		
(a)	**Current**		
	Trade receivables	1,260,963	1,931,975
	Other receivables and prepayments	243,060	122,944
	Rental security deposit	81,996	81,996
		1,586,018	2,136,915

(b) Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue) 31 - 60	61 - 90	90+	Past due & impaired
30-Jun-13						
Current						
Trade receivables	1,931,975	1,007,220	686,040	54,858	183,857	-
Other receivables	122,944	122,944	-	-	-	-
Rental security deposit	81,996	81,996	-	-	-	-

All trade receivables past due terms but not impaired are expected to be received in the normal course of business. The past due and impaired figure includes a single debtor with a debt of $157,942. An allowance has been made as a doubtful debts provision of $80,000 for the effect of the return of the debtors stockholding. The debtors stockholding has been physically inspected and is suitable for return.

	Gross amount	Within trade terms	31 - 60	61 - 90	90+	Past due & impaired
31-Dec-13						
Current						
Trade receivables	1,260,963	895,820	254,273	19,009	13,919	77,942
Other receivables	243,060	243,060	-	-	-	-
Rental security deposit	81,996	81,996	-	-	-	-

		31-Dec-13 $	30-Jun-13 $
4	**Intangible assets**		
(a)	**Development costs capitalised**		
	Cost	4,830,327	3,874,324
	Accumulated amortisation and impairment	(2,526,908)	(2,171,441)
		2,303,418	1,702,883
(b)	**Movements in development costs capitalised**		
	Balance at the beginning of period	1,702,883	1,709,140
	Additional costs capitalised	956,003	965,604
	Amortisation expense	(355,467)	(971,861)
	Balance at the end of period	2,303,418	1,702,883
5	**Other financial liabilities**		
	Current		
	Bank overdraft - secured	233,623	875,116
	Bank loan - secured	300,000	-
	Secured advances under contract	491,621	450,360
	Unsecured other loans	49,765	3,171
	Secured convertible notes	-	75,000
		1,075,009	1,403,647
	Non Current		
	Secured convertible notes	1,356,361	1,509,975
	Secured advances under contract	667,160	915,482
	Unsecured convertible notes	419,526	397,607
	Unsecured other loans	300,000	300,000
		2,743,047	3,123,064

5 Other financial liabilities (continued)

Bank Facilities

On 29 November 2013 the previous bank facility of a $1,000,000 overdraft was renegotiated into three separate facilities - a USD overdraft of US$320,000, an AUD overdraft of A$300,000 and an AUD bank loan facility of A$300,000. All bank facilities are secured by first ranking Registered Mortgage Debenture over the Group's assets including uncalled capital and called but unpaid capital.

The Group did not meet some of the bank covenants in the financial year to 30 June 2013, however the bank reconfirmed all banking facilities as continuing on 23 August 2013. The Group met all covenants for September quarter 2013 but has missed the revenue target only for December 2013 by a minor amount. As the profit targets are considered more important, the Group is not expecting the bank to make any changes to facilities.

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 2013 the Group repaid $241,206 excluding realised and unrealised exchange differences.

Secured convertible notes

At 31 December 2013 secured convertible notes with a face value of $1,675,000 were outstanding on the following terms:

	Face Value	Maturity	Conv. Price
- Secured convertible notes - New issue	$650,000	Jan 2016	$0.25
- Secured convertible notes - Notes with maturity date extension	$1,025,000	Jul 2015	$0.20
- Interest rate	8%		
- Potential ordinary shares on conversion	7,725,000		

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.
On 6 February 2013 secured convertible notes were issued to the value of $650,000 at a conversion price of $0.25 per

On 18 December 2013, following shareholder approval, 260,000 options to subscribe for shares in the Company were issued to the holder of the convertible notes issued on 6 February 2013. Secured note holders in total hold 695,000 options to subscribe for shares in the Company 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 2013 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

Unsecured note holders hold 178,572 options to subscribe for shares in the Company at an exercise price of $0.70.

	31-Dec-13		30-Jun-13	
	Shares	**$**	**Shares**	**$**
6 Issued capital				
Contributed equity				
Ordinary shares fully paid	11,711,797	1,377,091	11,711,797	1,377,091
Total issued capital	11,711,797	1,377,091	11,711,797	1,377,091

7 Correction of prior period accounting errors

Financial assets and liabilities in prior years were not adjusted as prescribed by accounting standards AASB 132 and AASB 139 in relation to convertible notes issued by the Company. The accounting standards have been applied in the period to 31 December 2013 and accordingly the prior period comparative figures have also been restated in compliance with the accounting standards.

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

	31-Dec-12	30-Jun-13
Statement of Financial Position		
Increase in reserves	468,607	653,188
Increase in accumulated Losses	(253,286)	(385,770)
Increase in equity attributable to owners of the Company	215,321	267,418
Statement of Comprehensive Income		
Increase in interest expense	102,250	
Decrease in profit before income tax	102,250	

8 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.

9 Events after reporting date

New share placement

On 28 January 2014 the Company announced it had secured the support of an investor through the placement of 2,920,000 new ordinary shares at an issue price of $0.15 per share. The placement has raised $438,000 for additional working capital. The investor, Ample Skill Limited is not a current shareholder and is not a related party to the Company. The funds were received on the 21 February 2014 and the placement completed on the 24 February 2014.

DIRECTORS' DECLARATION

The directors of World Reach Limited declare that:

1. the financial statements and notes as set out in pages 5 to 13 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 2013 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 half year ending 31 December 2013.

This declaration is made in accordance with a resolution of the Board of Directors on 19 February 2014.

Mr Trevor Bruce Moyle
Chairman

Signed in Melbourne, 27 February 2014

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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 which comprises the condensed consolidated statement of financial position as at 31 December 2013, 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 half-year 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 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 2013 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*. 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 review report.

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 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 2013 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 conclusion expressed above, we draw attention to Note 1(d) in the financial report which indicates that the consolidated entity has traded at a net operating loss of $6,705, has a net asset deficiency of $49,542 and has $2,475,000 of debt which is due for repayment at 1 July 2015, of this amount $2,175,000 of the debt, which relates to convertible notes, may be converted into equity. These conditions, along with other matters as set forth in Note 1(d), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Jason Croall

J S CROALL
Partner

Melbourne, VIC
Dated: 27 February 2014