

31st August 2011

The Manager
Company Announcements Platform
Australian Securities Exchange

Appendix 4E

The company encloses its Appendix 4E Preliminary Final Report, together with its Preliminary Financial Report and Notes to the accounts, for the year ended 30 June 2011.

Yours faithfully



A Bigum
Chairman

WORLD REACH LIMITED
ABN 39 010 568 804

Appendix 4E
Preliminary Final Report
Year ended 30 June 2011

1. Reporting periods

Current reporting period Year ended 30 June 2011
Previous corresponding period Year ended 30 June 2010

2. Results for announcement to the market

2. Results for announcement to the market

				\$A
2.1	Revenues from continuing activities	Up	28.61%	to 10,043,876
	Revenues from discontinuing activities	Down	100.00%	to Nil
	Total Revenue	Up	27.27%	to 10,043,876
2.2	Profit from ordinary activities after tax attributable to members	Loss of 183,653 for FY 2011		Loss of 369,069 for FY 2010
2.3	Net profit for the period attributable to members	Loss of 183,653 for FY 2011		Loss of 369,069 for FY 2010
2.4	Dividends (distributions)	Amount per security		Franked amount per security
	Final dividend	NIL ¢		NIL ¢
	Interim dividend	NIL ¢		NIL ¢
	Previous corresponding period:			
	Final dividend	NIL ¢		NIL ¢
	Interim dividend	NIL ¢		NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A		
2.6	EXPLANATION			
	Refer to item 14 – Commentary on results for the year.			

3, 4 & 5. Income Statement, Balance Sheet and Cash flow Statement

Refer to the attached financial statements together with notes for the year ended 30 June 2011.

6. 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			

7. Dividend or Distribution Reinvestment Plans

N/A

8. Statement of Accumulated Losses and movements

Refer to the attached financial statements together with notes for the year ended 30 June 2011.

9. Net Tangible Assets/(Liabilities) per security

	30 June 2011 Cents per share	30 June 2010 Cents per share
Net tangible assets / (deficiency of assets) per security	(0.4367) ¢	(0.2475) ¢

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

10.1 Name of the entity.

N/A

10.2 The date of the gain or loss of control.

N/A

10.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Current period

**Previous
corresponding
Period**

\$

N/A

\$

N/A

11. Details of associates and joint venture

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

12. Other significant information

N/A

13. Foreign entities

N/A

14. Commentary on results for the year

World Reach Ltd and its controlled entities report a loss for the year ended 30 June 2011 of \$183,653 (2010: Loss of \$369,069).

During the year the Group's operations were the development and marketing of a range of products and accessories for equipment used in satellite communications networks.

A summary of the results for the year follows:

	2011 (\$000)	2010 (\$000)
Revenue	\$ 10,044	\$ 7,810
Deduct:		
Cost of Goods Sold, Research & Development, Administrative Marketing and Corporate Expenses	\$(9,902)	\$(7,998)
Operating profit (Loss) before interest and tax	\$ 142	\$ (188)
Deduct:		
Interest	\$ (326)	\$ (263)
Operating Loss	\$ (184)	\$ (451)
Add:		
Profit attributable to discontinued business	\$ -	\$ 82
Net Loss for year	\$ (184)	\$ (369)

Revenue and trading results for the year have been affected by three main issues:

- In the first quarter of the year substantial resources were committed to completing the development of new products. The release of these products in September 2010 was supported by additional marketing programs and expenditure. Sales in the September to November period were lower than anticipated due to manufacturing issues and sales at anticipated levels did not commence until the second half of the year. As a consequence the Group incurred a loss of \$490,606 for the first half of the year and a profit of \$306,953 for the second half of the year.
- Sales of all products continued to be impacted by the effects of the global financial crisis particularly in the North American markets.
- Approximately 67% of the Group's sales are denominated in USD. The continuing high level of the AUD to the USD reduced sales revenues and gross profit margins when stated in AUD. The reduction in revenues and operating profits has been partially offset by the unrealized gain of \$602,179 arising from loans to the Group which are repayable in USD.

The Group continues to commit significant management and other resources to the development of additional new products which are anticipated to generate incremental sales and profits in the 2011/12 year.

15. Audit

The financial statements for the year ended 30 June 2011 are currently in the process of being audited.

Signed by Director



Mr Anthony Peter Bigum

Date: 31st August 2011

**World Reach Limited
and Controlled Entities**

ABN 39 010 568 804

Preliminary financial report
for the year ended 30 June 2011

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

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011**

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WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Year ended	
		30 June 2011	30 June 2010
		\$	\$
Continuing Operations			
Revenue	2(a)	10,043,876	7,809,725
Changes in inventories of raw materials, finished goods and work in progress		469,358	96,341
Raw materials, consumables and other costs of sale	2(b)	(6,484,806)	(4,908,892)
Employee benefits expense		(2,030,269)	(1,882,139)
Depreciation expense	8(a)	(122,962)	(107,339)
Amortisation expense	9	(387,916)	-
Finance costs expense	2(c)	(326,407)	(263,236)
Auditor remuneration expense	20	(114,049)	(57,342)
Accounting, share registry and secretarial expense		(88,083)	(83,047)
Consultancy and contractor expense		(125,462)	(110,466)
Legal, insurance and patent expense		(118,274)	(92,080)
Other expenses		<u>(898,659)</u>	<u>(852,594)</u>
Loss before income tax		(183,653)	(451,069)
Income tax (expense) / benefit	3(a)	<u>-</u>	<u>-</u>
Loss from continuing operations		(183,653)	(451,069)
Discontinued operations			
Profit from discontinued operations	4	<u>-</u>	<u>82,000</u>
Loss for the year attributable to owners of the Company		(183,653)	(369,069)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year attributable to owners of the Company		<u><u>(183,653)</u></u>	<u><u>(369,069)</u></u>
Loss and total comprehensive loss are both fully attributable to owners of the Company			
Overall operations			
Basic earnings per share (cents)	21	(0.03)	(0.06)
Diluted earnings per share (cents)	21	(0.03)	(0.06)
Continuing operations			
Basic earnings per share (cents)	21	(0.03)	(0.07)
Diluted earnings per share (cents)	21	(0.03)	(0.07)
Discontinuing operations			
Basic earnings per share (cents)	21	-	0.01

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		30 June 2011	30 June 2010
	Note	\$	\$
Current assets			
Cash and cash equivalents	5	845,917	406,853
Inventories	6	2,286,039	1,816,681
Trade and other receivables	7	1,611,709	1,037,350
Total current assets		4,743,665	3,260,884
Non-current assets			
Plant and equipment	8	294,985	351,201
Intangible assets	9	1,887,879	764,590
Total non-current assets		2,182,864	1,115,791
Total assets		6,926,529	4,376,675
Current liabilities			
Trade and other payables	10	2,300,719	979,067
Other financial liabilities	11	3,499,626	2,210,705
Short-term provisions	12	324,235	263,318
Total current liabilities		6,124,580	3,453,090
Non-current liabilities			
Other financial liabilities	11	1,750,000	1,750,000
Long-term provisions	12	37,333	37,131
Total non-current liabilities		1,787,333	1,787,131
Total liabilities		7,911,913	5,240,221
Net assets / (deficiency of net assets)		(985,384)	(863,546)
Equity			
Issued capital	13	19,869,935	19,869,935
Reserves		358,666	299,174
Accumulated losses		(21,213,985)	(21,032,655)
Equity attributable to owners of the Company		(985,384)	(863,546)
Total equity		(985,384)	(863,546)

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

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Issued capital \$	Reserves \$	Retained earnings (Accumulated losses) \$	Total equity \$
Balance at 1 July 2009	19,869,935	395,938	(20,797,801)	(531,928)
Total comprehensive loss attributable to owners of the Company	-	-	(369,069)	(369,069)
Transactions with owners in their capacity as owners				
- Remuneration based option payments	-	37,451	-	37,451
- Adjustment for employee share options lapsed	-	(134,215)	134,215	-
Balance at 30 June 2010	19,869,935	299,174	(21,032,655)	(863,546)
Balance at 1 July 2010	19,869,935	299,174	(21,032,655)	(863,546)
Total comprehensive loss attributable to owners of the Company	-	-	(183,653)	(183,653)
Transactions with owners in their capacity as owners				
- Remuneration based option payments	-	61,815	-	61,815
- Adjustment for employee share options lapsed	-	(2,323)	2,323	-
Balance at 30 June 2011	19,869,935	358,666	(21,213,985)	(985,384)

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

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

		Year ended	
		30 June 2011	30 June 2010
	Note	\$	\$
Cash flow from operating activities			
Receipts from customers		9,335,531	8,150,945
Payments to suppliers and employees		(8,992,068)	(8,384,405)
Interest received		20,956	442
Interest and finance charges paid		(326,407)	(263,236)
Export market development grant		88,343	103,755
Net cash provided by / (used in) operating activities	16(a)	<u>126,355</u>	<u>(392,499)</u>
Cash flow from investing activities			
Purchases of plant and equipment	8(a)	(72,929)	(264,397)
Proceeds from sale of plant and equipment		5,743	164
Development costs capitalised	9	<u>(1,511,205)</u>	<u>(764,590)</u>
Net cash used in investing activities		<u>(1,578,392)</u>	<u>(1,028,823)</u>
Cash flow from financing activities			
Net cash proceeds - Loans		1,762,320	1,319,278
Payments on share buy back		-	(9,323)
Net cash provided by financing activities		<u>1,762,320</u>	<u>1,309,954</u>
Net increase / (decrease) in cash and cash equivalents		310,283	(111,368)
Cash and cash equivalents at beginning of year		(369,844)	(258,476)
Cash and cash equivalents at end of financial year	16(b)	<u><u>(59,561)</u></u>	<u><u>(369,844)</u></u>

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 2011

1. Summary of significant accounting policies

(i) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group of World Reach Limited and controlled entities. World Reach Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of World Reach Limited and controlled entities also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(ii) Going concern

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

The trading results for the year ended 30 June 2011 and the financial position of the Group at that date are summarized as follows:

	30 June 2011	30 June 2010
	\$	\$
Loss for the year	(183,653)	(369,069)
Cash generated (used in) operating activities	126,355	(392,499)
Net deficiency	(985,384)	(863,546)
Net current deficiency	(1,380,915)	(192,206)

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 is forecasting profitable trading and positive cash flows from operations for the year ending 30 June 2012. The forecast trading profits and cash flows are based on a continuation of existing economic conditions and exchange rates similar to those at the date of the report. The forecasts include estimated sales of existing products at levels achieved in the year ended 30 June 2011 and significant additional sales of new products released in April 2011. Any material variation in economic conditions, exchange rates or the anticipated level of acceptance of the new products will affect the timing and amount of sales and will have a consequential effect on future profits and cash flows.
- The Group has entered into agreements for the issue of \$240,000 of additional share capital.
- The Group is planning to raise further share capital by way of a share purchase plan at a discount to current market value of its shares in September 2011.
- Current liabilities include an amount of \$2,503,120 payable to Inmarsat P.L.C. This loan was provided to the Group for the design, development, marketing and inventory build up of new products specifically for mobile phones used in the Inmarsat satellite communications network. The agreement with Inmarsat provides for these loans to be repaid in six monthly instalments in September 2011 and March 2012. The amount of each instalment is to be equal to a percentage of the sale of these products in the six month period ending 30 days prior to the due date of the instalment. Inmarsat has advised the Group that it presently anticipates showing flexibility around the timing of the payment of further instalments if insistence on payment on the due dates would cause significant financial difficulties for the Group. Inmarsat has further advised that it does not presently intend to place the Group in a situation of financial distress at any point.
- The Group has current banking arrangements which provide for overdraft facilities of \$1,000,000 and guarantee facilities of \$92,000. Continuation of these arrangements is subject to the Group satisfying specific covenants which are reviewed by the bank quarterly, including lodgment with the bank of a deposit of \$500,000. The Group has satisfied these covenants to 30 June 2011 and anticipates continuing to satisfy these covenants in the future resulting in an expected continuation of the banking facilities.

The achievement of profitable trading and positive cash flows from operations, the continuation of current banking facilities, the issue of additional share capital to investors and members under a share purchase plan and the acceptance of a flexible loan repayment program by Inmarsat Plc will provide the Group with sufficient cash flows to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of significant accounting policies (continued)

(iii) Accounting policies

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(a) Principles of consolidation

The consolidated accounts comprise the accounts of the company and all entities controlled by the company. A controlled entity is any entity over which World Reach Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 25 to the financial statements. All controlled entities have a 30 June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

(b) Income tax

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

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Due to the consolidated group's continued tax losses, the consolidated group has not recognised deferred tax assets as at 30 June 2011. Refer Note 3(c). At each reporting date, the consolidated group re-assesses unrecognised deferred tax assets as to the extent that it has become probable that future tax profit will enable recognition.

World Reach Limited and its wholly owned Australian subsidiaries have formed a tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own tax expense and deferred tax. The current tax liability of each group entity and deferred tax assets arising from tax losses are immediately assumed by the parent entity.

(c) Plant & equipment

Plant and equipment is carried at cost less any accumulated depreciation and impairment losses, where applicable.

The carrying amount of plant and equipment is reviewed at each reporting date by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Repairs and maintenance to plant and equipment is charged to the Statement of 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 2010 and 2011.

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 Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of significant accounting policies (continued)

(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 economic benefits. Expenditure during the research phase of a project is recognised as an expense when incurred.

The amortisation rate for capitalised development costs was 33% for 2011.

(f) Employee benefits

Leave entitlements

Provision is made for the company's liability for employee leave entitlements arising from services rendered by employees to balance date. Entitlements that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Sales incentives provisions

Provision is made for the company's liability under the Sales Incentive Scheme. The scheme applies to certain managers whose performance is sales related and who have a sales incentive included in their employment contract.

Superannuation

Contributions made by the company to employee superannuation funds are charged to the Statement of Comprehensive Income as expenses when incurred.

Equity - settled compensation

Share and option based employee compensation benefits are provided in accordance with the World Reach Limited Share Option Incentive Plan.

The fair value of options granted under this plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised pro rata over the period during which the employees become entitled to the options. The fair value at grant date is independently determined using the Black-Scholes option pricing model. Further information relating to equity settled compensation is provided in Notes 17 and 18 to these financial statements.

(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 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 Comprehensive Income. Refer Note 14 for a detailed review of the group's financial instruments.

(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 Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(j) Revenue recognition

Revenue from the sale of goods and services is recognised upon delivery of goods or performance of services to customers.

Interest revenue and rental income is recognised when it becomes receivable. Other revenue is recognised when the right to receive the revenue has been established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of significant accounting policies (continued)

(k) 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 continued 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 Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

(l) 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.

(m) 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.

(n) 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).

(o) New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Directors have not yet assessed the impact of these standards or interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
2 Loss before income tax		
(a) Revenue from continuing operations		
<i>Revenue</i>		
- Equipment sales	9,245,991	7,669,441
- Equipment hire	84,845	85,216
- Other	1,562	20,871
	<u>9,332,398</u>	<u>7,775,528</u>
<i>Other income</i>		
- Interest	20,956	442
- Unrealised foreign currency exchange gain on foreign currency secured advances	602,179	-
- Export market development grant	88,343	33,755
	<u>711,478</u>	<u>34,197</u>
Total revenue from continuing operations	<u>10,043,876</u>	<u>7,809,725</u>
(b) Cost of sales for continuing operations		
Opening inventories	1,816,681	1,720,340
Add: Purchases and other stock adjustments	<u>6,484,806</u>	<u>4,908,892</u>
	8,301,487	6,629,232
Closing inventories (Note 6)	<u>(2,286,039)</u>	<u>(1,816,681)</u>
	<u>6,015,448</u>	<u>4,812,551</u>
(c) Finance costs expense		
Interest expense on financial liabilities		
- External	326,407	263,236
Total finance costs expense	<u>326,407</u>	<u>263,236</u>
(d) Other expenses include:		
- Directors fees for the year	50,004	50,004
- Other realised and unrealised foreign currency exchange loss	49,561	48,506
- Unrealised foreign currency exchange loss on foreign currency secured advances	-	83,670
- Product development costs expensed	223,550	234,819
- Write back in provision for bad and doubtful debts	-	(22,000)
- Operating lease payments	122,567	112,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

3 Income tax

(a) The components of tax expense / (benefit) comprise:

Current tax

- Current tax expense / (benefit) (refer 3b below)
- Current movement in deferred tax assets
- Deferred tax assets not brought to account

Income tax expense / (benefit) transferred to Statement of Comprehensive Income

Year ended	
30 June 2011	30 June 2010
\$	\$
-	-
76,915	205,839
(76,915)	(205,839)
-	-

(b) The prima facie tax benefit on profit / (loss) from ordinary activities before income tax is reconciled to the current income tax benefit as follows:

Profit / (loss) from ordinary activities

Prima facie income tax benefit on profit / (loss) from ordinary activities at 30% (2010: 30%)

Add / (Less):

Tax effect of:

- Temporary difference deferred tax assets not taken up
- Tax loss deferred tax asset not taken up

Income tax expense / (benefit) attributable to the Consolidated Group

(183,653)	(369,069)
(55,096)	(110,721)
(21,819)	(95,118)
76,915	205,839
-	-

(c) Deferred tax assets of \$5,945,310 (2010: 5,809,372) have not been recognised at 30 June 2011. This consists of amounts relating to carried forward losses of \$5,801,755 (2010: \$5,724,840) and temporary differences of \$143,555 (2010: \$84,532).

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

The amount of deferred tax assets which may be realised in the future is dependent on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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

4 Discontinued operations

The Consolidated Group finalised the amount of the post completion payment in relation to the sale of the Network Services division in 2008 and received the balance of the sale consideration due under the contract. Profit from discontinued operations in the 2010 year of \$82,000 was comprised of writeback of related warranty and debt provisions.

5 Cash and cash equivalents

Cash at bank and in hand

30 June 2011	30 June 2010
\$	\$
845,917	406,853

6 Inventories

Raw materials

Work In Progress

Finished Goods

1,165,155	1,085,003
67,221	131,177
1,053,663	600,501
2,286,039	1,816,681

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 201111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
8 Plant and equipment		
Office furniture and equipment - at cost	381,098	318,604
Less: Accumulated depreciation and impairment	(141,585)	(81,721)
	<u>239,513</u>	<u>236,883</u>
Computer and test equipment - at cost	194,607	185,473
Less: Accumulated depreciation and impairment	(166,544)	(124,613)
	<u>28,063</u>	<u>60,860</u>
Rental equipment - at cost	216,212	216,212
Less: Accumulated depreciation and impairment	(188,803)	(162,754)
	<u>27,409</u>	<u>53,458</u>
Total plant and equipment	<u>294,985</u>	<u>351,201</u>

(a) Movements in carrying amounts

Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the current financial year

	Office Furniture & Equipment	Computer & Test Equipment	Rental Equipment	Total
Balance at 1 July 2009	33,545	66,065	97,545	197,155
Additions	226,225	34,846	3,326	264,397
Disposals	(164)	-	-	(164)
Depreciation expense	(22,553)	(37,373)	(47,413)	(107,339)
Depreciation capitalised in Development Costs	(170)	(2,678)	-	(2,848)
Balance at 30 June 2010	<u>236,883</u>	<u>60,860</u>	<u>53,458</u>	<u>351,201</u>
Additions	63,794	9,135	-	72,929
Disposals	-	-	(184)	(184)
Depreciation expense	(60,725)	(36,372)	(25,865)	(122,962)
Depreciation capitalised in Development Costs	(439)	(5,560)	-	(5,999)
Balance at 30 June 2011	<u>239,513</u>	<u>28,063</u>	<u>27,409</u>	<u>294,985</u>

	30 June 2011 \$	30 June 2010 \$
9 Intangible assets		
Development costs capitalised		
Cost	2,275,795	764,590
Accumulated amortisation and impairment	(387,916)	-
	<u>1,887,879</u>	<u>764,590</u>

(a) Movements in development costs capitalised

Balance at the beginning of the year	764,590	-
Additional costs capitalised	1,511,205	764,590
Amortisation expense	(387,916)	-
Balance at the end of the year	<u>1,887,879</u>	<u>764,590</u>

10 Trade and other payables

Current

Trade payables and accruals	2,241,770	887,075
Deferred income	58,949	91,992
	<u>2,300,719</u>	<u>979,067</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
11 Other financial liabilities		
Current		
Bank overdraft - secured	905,478	776,697
Secured advances under contract	2,503,120	1,420,994
Unsecured other loans	91,028	13,014
	<u>3,499,626</u>	<u>2,210,705</u>
Non Current		
Secured convertible notes	1,450,000	1,450,000
Unsecured other loans	300,000	300,000
	<u>1,750,000</u>	<u>1,750,000</u>

Bank Facilities

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

Secured convertible notes

At 30 June 2011 convertible notes with a face value of \$1,450,000 were outstanding on the following terms:

- Maturity date	July 2013
- Conversion price	\$0.0045
- Interest rate	8%
- Potential ordinary shares on conversion	322,222,222

Note holders were issued with 91,406,250 options to subscribe for shares in the Company at various exercise prices. No convertible notes or options were issued in 2010-2011.

The company has entered into agreements with Investors on 26 August 2011 under which they have agreed to subscribe for 96,000,000 shares at \$0.0025 per share. Under the terms of the Convertible Note Deed the conversion price is to be adjusted to 80% of the price at which these new shares are issued. This increases the potential number of ordinary shares that could be issued if the notes are converted to 725,000,000.

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

Secured advances under contract

During the year the Company received further advances under a contract with Inmarsat PLC of \$1,537,987 (inclusive of net foreign exchange gain of \$602,179) 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 year the Company repaid \$455,861 out of relevant product sale proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
12 Provisions		
Current		
Employee benefits	304,235	243,318
Warranty costs	20,000	20,000
	<u>324,235</u>	<u>263,318</u>
Non current		
Employee benefits	<u>37,333</u>	<u>37,131</u>

(a) Movements in provisions for the year ended 30 June 2011

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	280,449	20,000	300,449
Additional provisions	302,029	-	302,029
Amounts used	(240,910)	-	(240,910)
Balance at the end of the year	<u>341,568</u>	<u>20,000</u>	<u>361,568</u>

	30 June 2011 \$	30 June 2010 \$
13 Issued capital		
Issued and paid up capital:		
Ordinary fully paid shares	<u>19,869,935</u>	<u>19,869,935</u>

The Company has 657,906,777 ordinary shares on issue at 30 June 2011 (2010: 657,906,777).

No movements in issued and paid up ordinary share capital of the Company occurred during the year.

(a) Options over issued capital

The total number of potential ordinary shares attributable to options outstanding as at 30 June 2011 is 159,406,250 (2010: 134,906,250), of which 68,000,000 (2010: 43,500,000) were issued to employees under the Company's Share Option Incentive Plan. 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 91,406,250 (2010: 91,406,250) options outstanding were issued to investors in addition to subscriptions for convertible notes.

(b) Convertible notes

The total number of potential ordinary shares attributable to convertible notes outstanding at 30 June 2011 is 322,222,222 (2010: 322,222,222). Refer Note 11 for details.

(c) Capital management

When managing capital, management's objective is to ensure the Consolidated Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

No dividends have been paid or declared in respect of ordinary shares for the 2011 or prior years.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

14 Financial instruments

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

- cash assets;
- receivables;
- payables;
- deposits;
- borrowings, including loans and secured convertible notes.

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

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

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

(a) Interest rate risk management

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

Interest rate risk for the Consolidated Group primarily arises from:

- Bank Funding - The funding is provided by the Consolidated Group's bankers at variable interest rates based upon Business Overdraft Prime Indicator rates plus a risk margin. The group diligently manages the facilities and its accompanying rate risk in its daily operations by keeping the net debt portfolio at a minimum level.
- Convertible Notes issued at an interest rate of the higher of 8% or 90 day dealer's rate plus 3%, which exposes the Consolidated Group to interest rate risk on future payments.

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

Financial Instrument Composition and Maturity:

The Consolidated Group's exposure to interest rate risk, and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating Interest	Fixed Interest	Weighted Average Interest Rate	Non-Interest bearing	TOTAL
2011					
<u>Financial asset</u>					
Cash assets	845,917	-	3.62%	-	845,917
Receivables	-	-		1,611,709	1,611,709
TOTAL	845,917	-		1,611,709	2,457,626
<u>Financial liability</u>					
Payables	-	-		2,300,719	2,300,719
Secured convertible notes	1,450,000	-	8.00%	-	1,450,000
Bank overdraft	905,478	-	11.11%	-	905,478
Sec'd advances under contract	-	-		2,503,120	2,503,120
Unsecured other loans	78,149	300,000	14.62%	12,879	391,028
TOTAL	2,433,627	300,000		4,816,718	7,550,345
2010					
<u>Financial asset</u>					
Cash assets	406,853	-	1.34%	-	406,853
Receivables	-	-		1,037,350	1,037,350
TOTAL	406,853	-		1,037,350	1,444,203
<u>Financial liability</u>					
Payables	-	-		979,067	979,067
Secured convertible notes	1,450,000	-	8.00%	-	1,450,000
Bank Overdraft	776,697	-	10.17%	-	776,697
Sec'd advances under contract	-	-		1,420,994	1,420,994
Unsecured other loans	-	300,000	15.00%	13,014	313,014
TOTAL	2,226,697	300,000		2,413,075	4,939,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

14 Financial instruments (continued)

(b) Foreign currency risk management

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

Foreign currency risk sensitivity:

If foreign exchange rates were to increase/decrease by 10% from rates used to determine values as at reporting date then the impact on profit and equity due to movements in unrealised foreign currency exchange gain on foreign currency secured advances are as follows:

	Foreign currency movement	Year ended	
		30 June 2011	30 June 2010
		\$	\$
Impact on profit after tax	+/- 10%	+/- 268,810	+/- 121,111
Impact on equity	+/- 10%	+/- 268,810	+/- 121,111

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

(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.

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

	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
2011				
<u>Asset class</u>				
Cash and cash equivalents	845,917	-	845,917	845,917
Receivables	1,531,553	80,156	1,611,709	1,611,709
Payables	(2,300,719)	-	(2,300,719)	(2,300,719)
Other financial liabilities including contractual interest	(3,660,626)	(1,888,500)	(5,549,126)	5,249,626
Net maturities	<u>(3,583,875)</u>	<u>(1,808,344)</u>	<u>(5,392,219)</u>	<u>5,406,533</u>
2010				
<u>Asset class</u>				
Cash and cash equivalents	406,853	-	406,853	406,853
Receivables	957,194	80,156	1,037,350	1,037,350
Payables	(979,067)	-	(979,067)	(979,067)
Other financial liabilities including contractual interest	(2,371,705)	(2,049,500)	(4,421,205)	(3,960,705)
Net maturities	<u>(1,986,725)</u>	<u>(1,969,344)</u>	<u>(3,956,069)</u>	<u>(3,495,569)</u>

(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 2011

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:

	30 June 2011 \$	30 June 2010 \$
Not later than one year	139,776	133,176
Later than one year but not later than five years	381,126	520,902
Later than five years	-	-
	<u>520,902</u>	<u>654,078</u>

The Consolidated Group and parent entity renegotiated a 5 year non-cancellable commercial rental property lease at Mulgrave in December 2009. The new lease expires in December 2014. There is an option to renew the lease for a further 5 year period.

	30 June 2011 \$	30 June 2010 \$
Capital expenditure commitments		
<u>Capital expenditure projects</u>		
Not longer than 1 year	86,500	235,400
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<u>86,500</u>	<u>235,400</u>

Capital commitments relate to product development projects being undertaken by World Reach Limited's subsidiary Beam Communications Pty Ltd

Superannuation commitments

World Reach Ltd makes superannuation contributions to prescribed superannuation funds on behalf of employees and executive directors, as required by the Superannuation Guarantee legislation. The principal types of benefits are death, permanent disability and superannuation benefits upon retirement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

16 NOTES TO THE STATEMENTS OF CASH FLOWS

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

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Loss after tax	(183,653)	(369,069)
<i>Non Cash flows in loss:</i>		
Depreciation	122,962	107,339
Amortisation	387,916	
Unrealised foreign currency net losses / (gains)	(602,179)	83,670
Movement in provision for bad and doubtful debts	-	(22,000)
Movement in provision for warranty costs	-	(80,000)
Increase / (decrease) in provisions	61,119	(84,717)
Share options expensed	61,815	37,451
<i>Changes in assets and liabilities:</i>		
Increase in trade and other payables	1,322,092	145,267
(Increase) in trade and other receivables	(574,359)	(114,099)
(Increase) in inventory	(469,358)	(96,341)
Net cash from operating activities	126,355	(392,499)

(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 5)	845,917	406,853
Bank overdraft (Note 11)	(905,478)	(776,697)
	<u>(59,561)</u>	<u>(369,844)</u>

(c) Non cash financing and investing activities

Non cash financing and investing activities undertaken by the Consolidated Group during the year are disclosed in Note 18.

(d) Facilities

The Consolidated Group has in place an overdraft facility with the National Australia Bank with a limit of \$1,000,000. A \$500,000 term deposit has been lodged as a security for the facility.

Bank guarantee facilities of the Consolidated Group total \$92,000 of which \$50,000 has been allocated to a subsidiary company and \$42,000 to the parent. Both were fully used at 30 June 2011.

The Consolidated Group met all covenants required under its banking facility arrangements during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

17 Key management personnel disclosures

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration for each key management person of the Consolidated Group.

(a) Compensation by category

	30 June 2011	30 June 2010
	\$	\$
Short-term employee benefits	529,235	511,632
Post-employee benefits	44,720	40,257
Other long-term benefits	15,615	16,582
Termination benefits	-	-
Share-based payments	49,467	14,170
	<u>639,037</u>	<u>582,641</u>

(b) Option holdings

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

2011	Balance 1.07.10	Granted as Rem- uneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.11	Total Vested 30.06.11	Exer- cisable 30.06.11	Unexer- cisable 30.06.11
Directors									
A Bigum	8,437,500	3,000,000	-	-	-	11,437,500	11,437,500	11,437,500	-
M Capocchi	42,937,500	10,000,000	-	-	-	52,937,500	52,562,500	52,562,500	375,000
J McCormack	2,812,500	5,000,000	-	-	-	7,812,500	7,812,500	7,812,500	-
Other									
D Payne	6,406,250	1,000,000	-	-	-	7,406,250	7,406,250	7,406,250	-
Total	<u>60,593,750</u>	<u>19,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,593,750</u>	<u>79,218,750</u>	<u>79,218,750</u>	<u>375,000</u>

2010	Balance 1.07.09	Granted as Rem- uneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.10	Total Vested 30.06.10	Exer- cisable 30.06.10	Unexer- cisable 30.06.10
Directors									
A Bigum	8,437,500	-	-	-	-	8,437,500	8,437,500	8,437,500	-
M Capocchi	45,687,500	-	-	-	(2,750,000)	42,937,500	41,937,500	41,937,500	1,000,000
J McCormack	2,812,500	-	-	-	-	2,812,500	2,812,500	2,812,500	-
Other									
D Payne	5,906,250	2,750,000	-	-	(2,250,000)	6,406,250	6,406,250	6,406,250	-
Total	<u>62,843,750</u>	<u>2,750,000</u>	<u>-</u>	<u>-</u>	<u>(5,000,000)</u>	<u>60,593,750</u>	<u>59,593,750</u>	<u>59,593,750</u>	<u>1,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

17 Key management personnel disclosures (continued)

(c) Share holdings

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

2011	Balance 1.07.10	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.06.11
Directors					
Mr A P Bigum	12,866,000	-	-	-	12,866,000
Mr M Capocchi	-	-	-	-	-
Mr J G McCormack	7,323,299	-	-	-	7,323,299
Other					
Mr D Payne	10,023,693	-	-	-	10,023,693
	<u>30,212,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,212,992</u>
2010	Balance 1.07.09	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.06.10
Directors					
Mr A P Bigum	12,866,000	-	-	-	12,866,000
Mr M Capocchi	-	-	-	-	-
Mr J G McCormack	4,277,778	-	-	3,045,521	7,323,299
Other					
Mr D Payne	8,369,778	-	-	1,653,915	10,023,693
	<u>25,513,556</u>	<u>-</u>	<u>-</u>	<u>4,699,436</u>	<u>30,212,992</u>

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

(d) Convertible notes

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

2011	Balance 1.07.10	Notes issued		Notes Cancelled	Balance 30.06.11	
		No.	Total Face Value \$		No.	Total Face Value \$
Directors						
Mr A P Bigum	6	-	-	-	6	150,000
Mr M Capocchi	14	-	-	-	14	350,000
Mr J G McCormack	2	-	-	-	2	50,000
Other						
Mr D Payne	2	-	-	-	2	50,000
	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>600,000</u>
2010	Balance 1.07.09	Notes issued		Notes Cancelled	Balance 30.06.10	
		No.	Total Face Value \$		No.	Total Face Value \$
Directors						
Mr A P Bigum	6	-	-	-	6	150,000
Mr M Capocchi	14	-	-	-	14	350,000
Mr J G McCormack	2	-	-	-	2	50,000
Other						
Mr D Payne	2	-	-	-	2	50,000
	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>600,000</u>

Refer Note 11 for details of the Convertible Note Agreement.

(e) Loans and transactions

There were no loans to or transactions with key management personnel or their personally related parties other than described in this Note for the year ended 30 June 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2011:

- (i) 1,850,000 options were granted on 10 March 2006 to key employees with an expiry date of 28 February 2009 or 1 July 2011 on terms and conditions set out in the Company's Share Option Incentive Plan. These options vest in 25% tranches on 1 December 2005, 2006, 2007 and 2008, and were exercisable at \$0.025 per share (Issue WRR30).

Due to late grant date, vesting of 25% on 1 December 2005 was effective upon grant date and expiry date was deferred until 1 July 2011.

1,350,000 of these options lapsed or were cancelled in the periods prior to 30 June 2010.

500,000 of these options are outstanding as at 30 June 2011.

- (ii) 1,000,000 options were granted on 10 March 2006 to key employees with an expiry date of 28 February 2009 or 1 July 2011 on terms and conditions set out in the Company's Share Option Incentive Plan. These options vested in 25% tranches on 1 June 2006, 2007, 2008 and 2009, and were exercisable at \$0.02 per share (Issue WRR31a).

750,000 of these options lapsed or were cancelled in the periods prior to 30 June 2010.

250,000 of these options are outstanding as at 30 June 2011.

- (iii) 3,300,000 options were granted on 29 October 2006 to key employees with an expiry date of 28 February 2009 or 29 October 2011 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options vested in 25% tranches on 1 November 2007, 2008, 2009 and 2010, and were exercisable at \$0.025 per share (Issue WRR33).

2,300,000 of these options lapsed or were cancelled in the periods prior to 30 June 2010.

1,000,000 of these options are outstanding as at 30 June 2011.

- (iv) 10,000,000 options were granted on 20 September 2007 to the Acting Chief Executive Officer (appointed Managing Director on 20/03/08) as set out under a contract of employment dated 5 September 2007. These options were exercisable from 30 September 2007 at \$0.02 per share, expiring 30 September 2012 (Issue WRR34).

10,000,000 of these options are outstanding as at 30 June 2011.

- (v) 5,000,000 options were granted on 20 September 2007 to the Acting Chief Executive Officer (appointed Managing Director on 20/03/2008) as set out under a contract of employment dated 5 September 2007. These options were exercisable from 30 September 2008 at \$0.025 per share, expiring 30 September 2012 (Issue WRR35).

5,000,000 of these options are outstanding as at 30 June 2011.

- (vi) 5,000,000 options were granted on 20 September 2007 to the Acting Chief Executive Officer (appointed Managing Director on 20/03/2008) as set out under a contract of employment dated 5 September 2007. These options were exercisable from 30 September 2009 at \$0.03 per share, expiring 30 September 2012 (Issue WRR36).

5,000,000 of these options are outstanding as at 30 June 2011.

- (vii) 6,300,000 options were granted on 2 May 2008 to key employees with an expiry date of 28 February 2009 or 1 May 2013 on terms and conditions set out in the Company's Share Option Incentive Plan. These options vest in 25% tranches on 1 May 2009, 2010, 2011 and 2012, and are exercisable at \$0.025 per share (Issue WRR37).

4,800,000 of these options lapsed or were cancelled in the periods prior to 30 June 2010.

1,500,000 of these options are outstanding as at 30 June 2011.

- (viii) 7,800,000 options were granted on 23 December 2008 to key employees with an expiry date of 31 December 2013 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 23 December 2008 at \$0.0065 per share (Issue WRR44).

250,000 of these options lapsed upon resignation of the respective employees during the financial year ended 30 June 2011.

7,550,000 of these options are outstanding as at 30 June 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

18 Share based payments (continued)

The following share based payment arrangements existed at 30 June 2011 (continued):

- (ix) 12,450,000 options were granted on 30 September 2009 to key employees with an expiry date of 30 September 2014 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 September 2009 at \$0.0065 per share (Issue WRR46).

750,000 of these options lapsed upon resignation of the respective employees during the financial year ended 30 June 2011.

11,700,000 of these options are outstanding as at 30 June 2011.

- (x) 18,000,000 options were granted on 26 November 2010 to the directors with an expiry date of 31 December 2015 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 26 November 2010 at \$0.0125 per share (Issue WRR47).

18,000,000 of these options are outstanding as at 30 June 2011.

- (xi) 7,500,000 options were granted on 1 January 2011 to key employees with an expiry date of 1 January 2016 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 1 January 2011 at \$0.0065 per share (Issue WRR48).

7,500,000 of these options are outstanding as at 30 June 2011.

- (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 2011		30 June 2010	
	No.	WAEP \$	No.	WAEP \$
Outstanding at the beginning of the financial year	43,500,000	0.016	41,160,000	0.022
Granted during the financial year	25,500,000	0.011	12,450,000	0.007
Lapsed during the financial year	(1,000,000)	0.007	-	-
Cancelled during the financial year	-	-	(7,210,000)	0.026
Exercised during the financial year	-	-	-	-
Expired during the financial year	-	-	(2,900,000)	0.042
Outstanding at the end of the financial year	68,000,000	0.014	43,500,000	0.016
Exercisable at the end of the financial year	67,625,000	0.014	42,500,000	0.012

Notes to Share Based Payments

- (i) The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 2.93 years (2010: 3.02 years)
The range of exercise prices for options outstanding at the end of the year was \$0.0065 - \$0.0300 (2010: \$0.0065 - \$0.0300)
The weighted average fair value of options granted during the year was \$0.0024 (2010: \$0.0024)
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.

The following table lists the inputs to the Binomial Option Valuation model and Black-Scholes model used for the valuation of options issued for year ended 30 June 2011.

Notes		26/11/2010	1/01/2011
Grant date			
No. of options granted		18,000,000	7,500,000
Weighted average share price at grant date (\$)		0.0059	0.005
Option exercise price (\$)		0.0125	0.0065
Expected volatility (%)	18c(ii)	73	75
Expected life of option (years)		4.50	4.0
Dividend yield (%)	18c(iii)	-	-
Risk-free interest rate (%)		5.00	5.40

- (ii) The expected volatility of the share price representing a measure of uncertainty of return was evaluated using the data generated by The Australian Graduate School of Management Centre for Research based upon historical volatility and consideration of future volatility factors.
- (iii) The Company does not have a history of paying dividends and the valuation of options issued is based on the assumption that no dividends will be paid during the currency of the options.
- (iv) Included under employee benefits expense in the Statement of Comprehensive Income is \$61,815 (2010: \$37,451), and relates, in full, to equity-settled share options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

19 Related party transactions

Secretarial fees paid to McCormack & Partners Advisory Pty Ltd, a company related to Mr J G McCormack, a director of the Company.

There were no other related party transactions during the year ended 30 June 2011.

Year ended	
30 June 2011	30 June 2010
\$	\$
-	6,252

20 Remuneration for auditors

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

114,049	57,342
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21 Earnings per share

Overall operations

Basic earnings per share

Diluted earnings per share

Continuing operations

Basic earnings per share

Diluted earnings per share

Discontinued operations

Basic earnings per share

cents	cents
(0.03)	(0.06)
(0.03)	(0.06)
(0.03)	(0.07)
(0.03)	(0.07)
-	0.01

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

Potential Ordinary Shares attributable to options outstanding at year end

Potential Ordinary Shares attributable to convertible notes outstanding at year end

Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Dilutive Earnings per share

No.	No.
657,906,777	657,906,777
159,406,250	134,906,250
322,222,222	322,222,222
1,139,535,249	1,115,035,249

Overall operations

Earnings used in the calculation of Basic and Diluted Earnings Per Share

Continuing operations

Earnings from continuing operations used in the calculation of Basic and Diluted Earnings Per Share

Discontinued operations

Earnings from discontinued operations used in the calculation of Basic Earnings Per Share

\$	\$
(183,653)	(369,069)
(183,653)	(451,069)
-	82,000

Dilutive Earnings Per Share

Due to losses incurred during the 2011 financial year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

22 Segment reporting

(a) Sole operating segment

The Consolidated 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.

(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 2011		Year ended 30 June 2010	
	\$	%	\$	%
Sales by country				
Australia	4,491,113	47.57%	4,108,290	52.60%
United Kingdom	1,337,010	14.16%	318,782	4.08%
Canada	1,199,479	12.70%	660,535	8.46%
United States of America	974,108	10.32%	1,159,703	14.85%
Japan	345,067	3.65%	919,437	11.77%
Other foreign countries	1,094,920	11.60%	642,978	8.23%
	<u>9,441,697</u>	<u>100.00%</u>	<u>7,809,725</u>	<u>100.00%</u>

(c) Major customers

The Consolidated Group has a number of customers to whom it provides both products and services. The Consolidated Group supplies a single customer in Australia accounting for 30% of external revenue (2010: 32%), and another based in Canada for 9% (2010: in Japan 12%) of external revenue. The next most significant customer accounts for 8% of external revenue (2010: 6%).

23 Events after reporting date

Share Purchase Plan

The Company has entered into agreement with investors on 26 August 2011 under which they have agreed to subscribe for 96,000,000 shares at \$0.0025 per share to raise \$240,000 of additional share capital. Payment of the amount due on subscription is due on 31 August 2011.

24 Parent company disclosures

(a) Statement of Comprehensive Income

	Year ended	
	30 June 2011 \$	30 June 2010 \$
Loss from continuing operations	(385,037)	(338,449)
Profit from discontinuing operations including profit on sale of discontinuing operations	-	82,000
Loss for the year attributable to owners of the Company	(385,037)	(256,449)
Other comprehensive income	-	-
Total comprehensive income for the year attributable to owners of the Company	(385,037)	(256,449)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

24 Parent company disclosures (continued)

(b) Statement of Financial Position

	30 June 2011	30 June 2010
	\$	\$
Assets		
Current assets	626,390	311,942
Non-current assets	267,576	297,743
Total assets	893,966	609,685
Liabilities		
Current liabilities	3,640,770	3,033,473
Non-current liabilities	1,787,333	1,787,131
Total liabilities	5,428,103	4,820,604
Net assets / (deficiency of net assets)	(4,534,137)	(4,210,919)
Equity		
Issued capital	19,869,935	19,869,935
Reserves	358,666	299,174
Accumulated losses	(24,762,739)	(24,380,027)
Total equity	(4,534,137)	(4,210,919)

(c) Guarantees

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

(d) Contractual commitments

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

25 Controlled entities

	Incorporated	Share class	Holding	
Investments in unquoted corporations being controlled entities:			2011	2010
Beam Communications Pty Ltd	Australia	Ordinary	100%	100%
SatPhonerental Pty Ltd (previously Telenet Rentals Pty Ltd)	Australia	Ordinary	100%	100%
World Reach Communications Pty Ltd (Dormant)	Australia	Ordinary	100%	100%
Pacarc (PNG) Limited (Dormant)	Papua New Guinea	Ordinary	100%	100%

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