

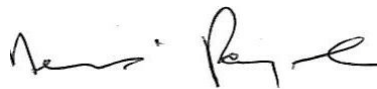
30 August 2012

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4E Preliminary Final Report

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 2012.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Dennis Payne', with a stylized flourish at the end.

Dennis Payne
Secretary

WORLD REACH LIMITED
ABN 39 010 568 804

Appendix 4E
Preliminary Final Report
Year ended 30 June 2012

1. Reporting periods

Current reporting period Year ended 30 June 2012
Previous corresponding period Year ended 30 June 2011

2. Results for announcement to the market

2.1 Revenue from ordinary activities
 Up 29.34% to 12,990,312

2.2 Loss from ordinary activities after tax attributable to members
 Loss of 249,179 for FY 2012
 Loss of 183,653 for FY 2011

2.3 Net loss for the period attributable to members
 Loss of 249,179 for FY 2012
 Loss of 183,653 for FY 2011

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. Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows

Refer to the attached financial statements together with notes for the year ended 30 June 2012.

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 2012.

9. Net Tangible Assets/(Liabilities) per security

	30 June 2012 Cents per share	30 June 2011 Cents per share
Net tangible assets / (deficiency of assets) per security	(0.1537) ¢	(0.4367) ¢

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

During the year the Group's operations were the design, development, manufacture and global sales and distribution of its extensive range of satellite communication terminals, accessories and data airtime services.

A summary of the results for the year follows:

	2012 (\$000)	2011 (\$000)
Revenue	\$ 12,990	\$ 10,044
Deduct:		
Cost of goods sold, research & development, administrative marketing and corporate expenses	\$(11,979)	\$(9,391)
Operating profit before amortisation, depreciation, interest and tax	\$ 1,011	\$ 653
Deduct:		
Amortisation	\$ (812)	\$ (388)
Depreciation	\$ (94)	\$ (123)
Interest	\$ (354)	\$ (326)
Operating loss	\$ (249)	\$ (184)
Net loss for year	\$ (249)	\$ (184)

The Group reported a profit of \$217,743 for the six months ended 31 December 2011 however the following two events occurred in the second half of the 30 June 2012 financial year which contributed to the Group recording an overall net loss for the year of \$249,179 (2011: Loss of \$183,653) were:

- An unexpected contraction of the market, especially in Europe, due to the increased uncertainty in the region. This impacted negatively on sales of Inmarsat based products in particular, which led to an estimated reduction in forecast margin of approximately \$400,000.
- In early May 2012 Iridium Satellite LLC advised of a halt in production and a global recall of their new 'Extreme 9575' handset. The company's subsidiary Beam Communications Pty Ltd was first to market with docking solutions to support the new handset and these were expected to generate significant additional sales in the June 2012 quarter. Deliveries of the 'Extreme 9575' handsets did not resume until late in June 2012 and in limited quantities. This severely restricted sales for May 2012 and June 2012 and gross profit was reduced by an estimated \$300,000.

14. Commentary on results for the year (continued)

Despite an overall increase in sales revenue of 29% and an increase in operating profit before amortisation, interest and tax of \$350,000 over the 2010/11 financial year, the company was unable to cover the increased amortisation of capitalised development costs (increased by \$424,000 as projects begin moving into full years of amortisation). The amortisation primarily relates to the Inmarsat docking and fixed terminal projects where the company invested heavily in the design and development of these products.

In setting a budget for the 2012/13 year the company has taken into consideration the impact of the European economies and considers that sales activity through market initiatives in China, Japan, Russia and South America will result in an improved financial performance for the 2012/13 year.

15. Audit

The financial statements for the year ended 30 June 2012 are currently in the process of being audited.

Signed by Chairman:



Mr Trevor Moyle

Date: 30th August 2012

**World Reach Limited
and Controlled Entities**

ABN 39 010 568 804

Preliminary final report
for the year ended 30 June 2012

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

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED
30 JUNE 2012**

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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 2012

	Note	Year ended	
		30 June 2012	30 June 2011
		\$	\$
Revenue	2(a)	12,990,312	10,043,876
Changes in inventories of raw materials, finished goods and work in progress		1,356,388	469,358
Raw materials, consumables and other costs of sale	2(b)	(9,292,602)	(6,484,806)
Employee benefits expense		(2,291,394)	(2,030,269)
Depreciation expense	7(a)	(94,086)	(122,962)
Amortisation expense	8(a)	(811,664)	(387,916)
Finance costs expense	2(c)	(354,352)	(326,407)
Auditor remuneration expense	18	(97,296)	(114,049)
Accounting, share registry and secretarial expense		(94,397)	(88,083)
Consultancy and contractor expense		(191,963)	(125,462)
Legal, insurance and patent expense		(129,175)	(118,274)
Other expenses	2(d)	<u>(1,238,950)</u>	<u>(898,659)</u>
Loss before income tax		(249,179)	(183,653)
Income tax expense / (benefit)	3(a)	<u>-</u>	<u>-</u>
Loss for the year		(249,179)	(183,653)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(249,179)</u>	<u>(183,653)</u>
Loss and total comprehensive loss are both fully attributable to owners of the Company			
Basic earnings per share (cents)	20	(0.02)	(0.03)
Diluted earnings per share (cents)	20	(0.02)	(0.03)

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 2012

		30 June 2012	30 June 2011
	Note	\$	\$
Current assets			
Cash and cash equivalents	4	712,884	845,917
Inventories	5	3,642,427	2,286,039
Trade and other receivables	6	1,634,175	1,611,709
Total current assets		<u>5,989,486</u>	<u>4,743,665</u>
Non-current assets			
Plant and equipment	7	217,602	294,985
Intangible assets	8	1,709,140	1,887,879
Total non-current assets		<u>1,926,742</u>	<u>2,182,864</u>
Total assets		<u>7,916,228</u>	<u>6,926,529</u>
Current liabilities			
Trade and other payables	9	2,771,308	2,300,719
Other financial liabilities	10	1,738,801	3,499,626
Short-term provisions	11	361,161	324,235
Total current liabilities		<u>4,871,270</u>	<u>6,124,580</u>
Non-current liabilities			
Other financial liabilities	10	3,070,442	1,750,000
Long-term provisions	11	27,018	37,333
Total non-current liabilities		<u>3,097,460</u>	<u>1,787,333</u>
Total liabilities		<u>7,968,730</u>	<u>7,911,913</u>
Net assets / (deficiency of net assets)		<u>(52,502)</u>	<u>(985,384)</u>
Equity			
Issued capital	12	1,327,091	19,869,935
Reserves		308,636	358,666
Accumulated losses		<u>(1,688,229)</u>	<u>(21,213,985)</u>
Total equity		<u>(52,502)</u>	<u>(985,384)</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2010	19,869,935	299,174	(21,032,655)	(863,546)
Total comprehensive loss for the year	-	-	(183,653)	(183,653)
Transactions with owners in their capacity as owners and other transfers:				
- 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)
Balance at 1 July 2011	19,869,935	358,666	(21,213,985)	(985,384)
Total comprehensive loss for the year	-	-	(249,179)	(249,179)
Transactions with owners in their capacity as owners and other transfers:				
- Remuneration based option payments	-	9,970	-	9,970
- Adjustment for employee share options lapsed	-	(60,000)	60,000	-
- Contributions of equity, net of transaction costs	1,172,091	-	-	1,172,091
- Capital reduction for discontinued businesses	(19,714,935)	-	19,714,935	-
Balance at 30 June 2012	1,327,091	308,636	(1,688,229)	(52,502)

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 2012

		Year ended	
		30 June 2012	30 June 2011
	Note	\$	\$
Cash flow from operating activities			
Receipts from customers		13,876,591	9,335,531
Payments to suppliers and employees		(13,746,107)	(8,992,068)
Interest received		32,610	20,956
Interest and finance charges paid		(354,352)	(326,407)
Export market development grant receipts		126,400	88,343
Net cash provided by / (used in) operating activities	15(a)	<u>(64,858)</u>	<u>126,355</u>
Cash flow from investing activities			
Purchases of plant and equipment	7(a)	(21,643)	(72,929)
Proceeds from sale of plant and equipment		-	5,743
Development costs capitalised	8(a)	<u>(632,925)</u>	<u>(1,511,205)</u>
Net cash used in investing activities		<u>(654,568)</u>	<u>(1,578,392)</u>
Cash flow from financing activities			
Proceeds - convertible notes		625,000	-
Net loan proceeds / (payments)		(797,611)	1,762,320
Proceeds on share purchase plan / share placement		<u>697,091</u>	<u>-</u>
Net cash provided by financing activities		<u>524,480</u>	<u>1,762,320</u>
Net increase / (decrease) in cash and cash equivalents		(194,947)	310,283
Cash and cash equivalents at beginning of year		(59,561)	(369,844)
Cash and cash equivalents at end of financial year	15(b)	<u><u>(254,508)</u></u>	<u><u>(59,561)</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 2012

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 for-profit listed public company, incorporated and domiciled in Australia.

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

Reporting Basis and Conventions

Other than cash flow information, the 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.

(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, realise its assets and extinguish its liabilities in the normal course of business.

The trading results for the year ended 30 June 2012 and the financial position of the Group at that date are summarised as follows:

	30 June 2012	30 June 2011
	\$	\$
Loss for the year	(249,179)	(183,653)
Cash generated / (used in) operating activities	(64,858)	126,355
Net assets / (deficiency)	(52,502)	(985,384)
Net current assets / (deficiency)	1,118,216	(1,380,915)

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 improved trading operations for the year ending 30 June 2013 with an improvement in sales and profitability and achievement of positive cash flows. The forecast trading results and cash flows are based on a continuation of existing economic conditions and an average AUD-USD exchange rate of parity. The trading forecasts include estimated sales of existing products at levels achieved in the year ended 30 June 2012 and significant additional sales of new products released during the 2011-12 year. 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 Secured Advances Under Contract from Inmarsat PLC at 30 June 2012 amounting to \$1,866,603. This loan was provided to the Group to develop and manufacture products compatible with the Inmarsat hand held satellite phone. The loan agreement was re-negotiated in February 2012 with loan repayments now based on lower percentages of sales to ensure that cash generated from sales of relevant products is sufficient to achieve the six-monthly repayments. During the current year the Group repaid \$781,831 (excluding realised and unrealised exchange differences). The estimated repayments based upon sales in the 12 months from 30 June 2012 is \$696,161.
- The Group has current banking arrangements which provide for overdraft facilities of \$1,000,000 and guarantee facilities of \$100,000. Continuation of these arrangements is subject to the Group satisfying specific covenants which are reviewed by the bank quarterly, including lodgement with the bank of a deposit of \$500,000. The Group has satisfied these quarterly covenants throughout the 30 June 2012 year except for the net profit covenant in the June 2012 quarter. With this knowledge the bank re-confirmed continuation of current facilities on 17 August 2012 and the Group expects to satisfy future covenants resulting in on-going banking facilities.
- There are secured convertible notes with a face value of \$1,100,000 at 30 June 2012. During August 2012 the Group negotiated the extension of the maturity date from July 2013 to July 2015 with holders of notes with a face value of \$1,025,000 to further strengthen the Group's financial position.
- Part of the Group's non-current liabilities is an unsecured loan from a shareholder of \$300,000 which had a maturity date of 1 July 2013. The Group confirmed on 8 August 2012 that this loan will be extended until at least 1 July 2015.
- The Group is planning to raise further share capital by way of a share purchase plan to existing shareholders at a discount to current market value of its shares in March 2013, similar to plans offered to shareholders in prior years.

The achievement of improved trading and positive cash flows from operations, the continuation of current banking facilities, the extension of maturity dates for long term debt items and the amendments to the Inmarsat loan agreement will provide the Group with sufficient cash flows to continue as a going concern. Any additional share capital from potential share purchase plans would provide further assistance with working capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 24 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 2012. 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 2011 and 2012.

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 2012

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 production. 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 2012.

(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 16 and 17 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 13 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 2012

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 continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of 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 2012

	Year ended	
	30 June 2012	30 June 2011
	\$	\$
2 Loss before income tax		
(a) Revenue from continuing operations		
<i>Sales revenue</i>		
- Equipment sales	12,721,886	9,245,991
- Equipment hire	78,452	84,845
- Other	30,964	1,562
	<u>12,831,302</u>	<u>9,332,398</u>
<i>Other income</i>		
- Interest	32,610	20,956
- Unrealised foreign currency exchange gain on foreign currency secured advances	-	602,179
- Export market development grant	126,400	88,343
	<u>159,010</u>	<u>711,478</u>
	<u>12,990,312</u>	<u>10,043,876</u>
(b) Cost of sales		
Opening inventories	2,286,039	1,816,681
Add: Purchases and other stock adjustments	<u>9,292,602</u>	<u>6,484,806</u>
	11,578,641	8,301,487
Closing inventories (Note 5)	<u>(3,642,427)</u>	<u>(2,286,039)</u>
	<u>7,936,214</u>	<u>6,015,448</u>
(c) Finance costs expense		
Interest expense on financial liabilities	<u>354,352</u>	<u>326,407</u>
(d) Other expenses include:		
- Directors fees for the year	51,545	50,004
- Unrealised foreign currency exchange loss on foreign currency secured advances	145,314	-
- Other realised and unrealised foreign currency exchange net loss	42,823	49,561
- Product development costs expensed	249,966	223,550
- Operating lease payments	129,088	122,567
3 Income tax		
(a) The components of tax expense / (benefit) comprise:		
Current tax		
- Current tax expense (refer 3b below)	-	-
- Current movement in deferred tax assets	(238,906)	76,915
- Deferred tax assets not brought to account	-	(76,915)
- Utilisation of deferred tax amount from prior year tax losses not taken up	238,906	-
	<u>-</u>	<u>-</u>
Income tax expense / (benefit) transferred to Statement of Comprehensive Income	<u>-</u>	<u>-</u>
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the current income tax benefit as follows:		
Loss from ordinary activities	<u>(249,179)</u>	<u>(183,653)</u>
Prima facie income tax benefit on loss from ordinary activities at 30% (2011: 30%)	<u>(74,754)</u>	<u>(55,096)</u>
Add / (Less):		
Tax effect of:		
- Temporary difference deferred tax assets not taken up	313,660	(21,819)
- Tax loss deferred tax asset not taken up	-	76,915
- Utilisation of deferred tax amount from prior year tax losses not taken up	<u>(238,906)</u>	<u>-</u>
Income tax expense attributable to the Consolidated Group	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

3 Income tax (continued)

- (c) Deferred tax assets of \$5,218,635 (2011: 5,378,946) have not been recognised at 30 June 2012. This consists of amounts relating to carried forward losses of \$5,532,295 (2011: \$5,801,755) and temporary differences of \$313,660 (2011: \$422,809).

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.

Year ended	
30 June 2012	30 June 2011
\$	\$

4 Cash and cash equivalents

Cash at bank and in hand	712,884	845,917
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5 Inventories

At cost:

Raw materials	1,529,228	1,165,155
Work In Progress	56,606	67,221
Finished Goods	2,056,593	1,053,663
	<u>3,642,427</u>	<u>2,286,039</u>

6 Trade and other receivables

(a) Current

Trade receivables	1,490,884	1,144,443
Other receivables and prepayments	67,666	387,110
Rental security deposit	75,625	80,156
	<u>1,634,175</u>	<u>1,611,709</u>

(b) Ageing reconciliation

Ageing reconciliation	Gross	Within trade	Past due but not impaired (days overdue)			Past due & impaired
	amount	terms	31 - 60	61 - 90	90+	
2012						
<u>Current</u>						
Trade receivables	1,490,884	1,028,927	390,510	38,147	33,300	-
Other receivables	67,666	67,666	-	-	-	-
Rental security deposit	75,625	75,625	-	-	-	-
2011						
<u>Current</u>						
Trade receivables	1,144,443	721,044	313,065	11,351	98,983	-
Other receivables	387,110	387,110	-	-	-	-
Rental security deposit	80,156	80,156	-	-	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

7 Plant and equipment

	Year ended	
	30 June 2012	30 June 2011
	\$	\$
Office furniture and equipment - at cost	383,583	381,098
Less: Accumulated depreciation and impairment	(202,038)	(141,585)
	<u>181,545</u>	<u>239,513</u>
Computer and test equipment - at cost	213,765	194,607
Less: Accumulated depreciation and impairment	(188,501)	(166,544)
	<u>25,264</u>	<u>28,063</u>
Rental equipment - at cost	216,212	216,212
Less: Accumulated depreciation and impairment	(205,419)	(188,803)
	<u>10,793</u>	<u>27,409</u>
Total plant and equipment	<u>217,602</u>	<u>294,985</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 2010	236,883	60,860	53,458	351,201
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>
Additions	2,485	19,158	-	21,643
Disposals	-	-	-	-
Depreciation expense	(60,086)	(17,384)	(16,616)	(94,086)
Depreciation capitalised in Development Costs	(367)	(4,573)	-	(4,940)
Balance at 30 June 2012	<u>181,545</u>	<u>25,264</u>	<u>10,793</u>	<u>217,602</u>

8 Intangible assets

	Year ended	
	30 June 2012	30 June 2011
	\$	\$
Development costs capitalised - at cost	2,908,720	2,275,795
Accumulated amortisation and impairment	(1,199,580)	(387,916)
	<u>1,709,140</u>	<u>1,887,879</u>

(a) Movements in carrying amounts

Balance at the beginning of the year	1,887,879	764,590
Additional costs capitalised	632,925	1,511,205
Amortisation expense	(811,664)	(387,916)
Balance at the end of the year	<u>1,709,140</u>	<u>1,887,879</u>

9 Trade and other payables

Current

Trade payables and accruals	2,716,328	2,241,770
Deferred income	54,980	58,949
	<u>2,771,308</u>	<u>2,300,719</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

10 Other financial liabilities

Current

	Year ended	
	30 June 2012	30 June 2011
	\$	\$
Bank overdraft - secured	967,393	905,478
Secured advances under contract	696,161	2,503,120
Unsecured other loans	75,247	91,028
	<u>1,738,801</u>	<u>3,499,626</u>

Non Current

Secured convertible notes	1,100,000	1,450,000
Secured advances under contract	1,170,442	-
Unsecured convertible notes	500,000	-
Unsecured other loans	300,000	300,000
	<u>3,070,442</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 advances under contract

At balance date the Company had secured advances under a contract with Inmarsat PLC to develop and manufacture products compatible with the Inmarsat hand held satellite phone. Advances 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 current year the Company repaid \$781,831 excluding realised and unrealised exchange differences.

Secured convertible notes

At 30 June 2012 secured convertible notes with a face value of \$1,100,000 were outstanding on the following terms:

- Maturity date - notes with maturity date extension	\$1,025,000	July 2015
- Maturity date - notes without maturity date extension	\$75,000	July 2013
- Conversion price		\$0.002
- Interest rate		8%
- Potential ordinary shares on conversion		550,000,000

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

Note holders were issued with 91,406,250 options to subscribe for shares in the Company at various exercise prices.

The company entered into agreements with Investors on 26 August 2011 under which they agreed to subscribe for 96,000,000 shares at \$0.0025 per share. Under the terms of the Convertible Note Deed the conversion price was adjusted to 80% of the price at which these new shares are issued which is \$0.002.

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

Unsecured convertible notes

At 30 June 2012 unsecured convertible notes with a face value of \$500,000 were outstanding on the following terms:

- Maturity date	July 2015
- Conversion price	\$0.0035
- Interest rate	8%
- Potential ordinary shares on conversion	142,857,140

On 16 April 2012 unsecured convertible notes were issued to the value of \$625,000 of which \$125,000 have been converted to shares at 30 June 2012.

Under the terms of the Convertible Note Subscription Agreement note holders were issued with 17,857,150 options (prior to consolidation, post consolidation 178,572 options) to subscribe for shares in the Company on 26 July 2012 at an exercise price of \$0.007 (prior to consolidation, after consolidation \$0.70).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

11 Provisions

Current

Employee benefits
Warranty costs

Year ended	
30 June 2012	30 June 2011
\$	\$
341,161	304,235
20,000	20,000
<u>361,161</u>	<u>324,235</u>

Non current

Employee benefits

27,018	37,333
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(a) Movements in provisions for the year ended 30 June 2012

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	341,568	20,000	361,568
Additional provisions	266,014	31,494	297,508
Amounts used	(239,403)	(31,494)	(270,897)
Balance at the end of the year	<u>368,179</u>	<u>20,000</u>	<u>388,179</u>

12 Issued capital

Issued and paid up capital:
Ordinary fully paid shares

Year ended	
30 June 2012	30 June 2011
\$	\$
<u>1,327,091</u>	<u>19,869,935</u>

The Company has 1,146,171,062 ordinary shares on issue at 30 June 2012 (2011: 657,906,777).

During the year the company raised additional funds for working capital purposes on several occasions as reported to the market via the Australian Securities Exchange. Issues of paid up ordinary share capital were completed as follows:

	Number of shares	\$
Balance at 30 June 2010	657,906,777	19,869,935
- Movement for the year	-	-
Balance at 30 June 2011	<u>657,906,777</u>	<u>19,869,935</u>
- Share placements to investors (net of costs)	235,950,000	593,091
- Share purchase plan for existing shareholders	41,600,000	104,000
- Convertible notes converted to equity	210,714,285	475,000
- Capital reduction for discontinued business (a)	-	(19,714,935)
Balance at 30 June 2012	<u>1,146,171,062</u>	<u>1,327,091</u>

(a) Capital reduction for discontinued business

At 30 June 2012 the company reviewed the make up of issued capital and of accumulated losses. Prior to 2007 the network services and 'Stratosonde' businesses previously conducted by the company incurred significant losses and equity funds of \$19,714,935 raised to fund these businesses was lost. The company ceased these businesses in 2007 and 2008 respectively. To present the financial accounts of the company in a manner which better reflects the current business operations, and in accordance with Section 258F of the Corporations Act 2001, the lost capital attributed to the discontinued businesses has been written out of both the issued capital and the accumulated losses of the company. This capital reduction does not change the number of shares nor affect the shareholding of any shareholder.

(b) Options over issued capital

The total number of potential ordinary shares attributable to options outstanding as at 30 June 2012 is 157,156,250 (2011: 159,406,250), of which 55,750,000 (2011: 50,000,000) were issued to employees under the Company's Share Option Incentive Plan and 10,000,000 (2011: 18,000,000) were issued to directors following shareholder approval. Refer Note 17: 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 (2011: 91,406,250) options outstanding were issued to investors in addition to subscriptions for convertible notes.

Under the terms of the Convertible Note Subscription Agreement note holders were issued with 17,857,150 options to subscribe for shares in the Company on 26 July 2012 at an exercise price of \$0.007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

12 Issued capital (continued)

(c) Convertible notes

The total number of potential ordinary shares attributable to secured and unsecured convertible notes outstanding at 30 June 2012 is 692,857,140 (2011: 322,222,222). Refer Note 10 for details.

(d) 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 2012 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.

13 Financial instruments

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

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

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

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

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

(a) Interest rate risk management

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

Interest rate risk for the Consolidated Group primarily arises from:

- Bank Funding - The funding is provided by the Consolidated Group's bankers at variable interest rates based upon Business Overdraft Prime Indicator rates plus a risk margin. The group diligently manages the facilities and its accompanying rate risk in its daily operations by keeping the net debt portfolio at a minimum level.
- 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 provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

13 Financial instruments (continued)

(a) Interest rate risk management (continued)

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
2012					
<u>Financial asset</u>					
Cash assets	712,884	-	3.96%	-	712,884
Receivables	-	-		1,634,175	1,634,175
TOTAL	712,884	-		1,634,175	2,347,059
<u>Financial liability</u>					
Payables	-	-		2,771,308	2,771,308
Convertible notes	1,600,000	-	8.00%	-	1,600,000
Bank overdraft	967,393	-	10.94%	-	967,393
Sec'd advances under contract	-	-		1,866,603	1,866,603
Unsecured other loans	-	300,000	14.69%	75,247	375,247
TOTAL	2,567,393	300,000		4,713,158	7,580,551
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
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

(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 2012	30 June 2011
		\$	\$
Impact on profit after tax	+/- 10%	+/- 190,226	+/- 268,810
Impact on equity	+/- 10%	+/- 190,226	+/- 268,810

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

13 Financial instruments (continued)

(c) Credit risk management

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

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

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

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

(d) Liquidity risk management

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

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

To help reduce these risks the Consolidated Group:

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

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

	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
2012				
<u>Asset class</u>				
Cash and cash equivalents	712,884	-	712,884	712,884
Receivables	1,558,550	75,625	1,634,175	1,634,175
Payables	(2,771,308)	-	(2,771,308)	(2,771,308)
Other financial liabilities including contractual interest	(1,911,801)	(3,416,442)	(5,328,243)	(4,809,243)
Net maturities	<u>(2,411,675)</u>	<u>(3,340,817)</u>	<u>(5,752,492)</u>	<u>(5,233,492)</u>
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>(5,092,719)</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 2012

Year ended	
30 June 2012	30 June 2011
\$	\$

14 Commitments and contingencies

Operating lease commitments

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

Not later than one year	148,262	139,776
Later than one year but not later than five years	232,864	381,126
Later than five years	-	-
	<u>381,126</u>	<u>520,902</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.

Capital expenditure commitments

Capital expenditure projects

Not longer than 1 year	-	86,500
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<u>-</u>	<u>86,500</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 2012

15 Notes to the statement of cash flows

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

	Year ended	
	30 June 2012	30 June 2011
	\$	\$
Loss after tax	(249,179)	(183,653)
<i>Non Cash flows in loss:</i>		
Depreciation	99,026	122,962
Amortisation	811,664	387,916
Unrealised foreign currency net losses / (gains)	145,314	(602,179)
Share options expensed	9,970	61,815
<i>Changes in assets and liabilities:</i>		
Increase in trade and other payables	470,589	1,322,092
Increase / (decrease) in employee provisions	26,612	61,119
(Increase) in trade and other receivables	(22,466)	(574,359)
(Increase) in inventory	(1,356,388)	(469,358)
Net cash from operating activities	(64,858)	126,355

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

Cash and cash equivalents (Note 4)	712,884	845,917
Bank overdraft (Note 10)	(967,393)	(905,478)
	(254,508)	(59,561)

(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 17.

(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 \$100,000 of which \$50,000 has been allocated to a subsidiary company and \$50,000 to the parent. Both were fully used at 30 June 2012.

The Consolidated Group has quarterly covenants to meet under its banking facility arrangements. The Group met all covenants at 30 September 2011, 31 December 2011 and 31 March 2012. The Group did not meet one of the covenants at 30 June 2012 related to net profit achievement. All bank facilities were reconfirmed as continuing on 17 August 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

16 Key management personnel disclosures

(a) Compensation by category

	Year ended	
	30 June 2012	30 June 2011
	\$	\$
Short-term employee benefits	547,567	529,235
Post-employee benefits	43,440	44,720
Other long-term benefits	5,740	15,615
Termination benefits	-	-
Share-based payments	1,520	49,467
	<u>598,267</u>	<u>639,037</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.

2012	Balance 1.07.11	Granted as Rem- uneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.12	Total Vested 30.06.12	Exer- cisable 30.06.12	Unexer- cisable 30.06.12
Directors *									
M Capocchi	52,937,500	-	-	-	(1,750,000)	51,187,500	51,187,500	51,187,500	-
J Bee	-	-	-	-	-	-	-	-	-
D Payne	7,406,250	1,000,000	-	-	-	8,406,250	8,406,250	8,406,250	-
A Bigum	11,437,500	-	-	-	(3,000,000)	8,437,500	8,437,500	8,437,500	-
J McCormack	7,812,500	-	-	-	(5,000,000)	2,812,500	2,812,500	2,812,500	-
Total	<u>79,593,750</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>(9,750,000)</u>	<u>70,843,750</u>	<u>70,843,750</u>	<u>70,843,750</u>	<u>-</u>
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>

* Mr John Bee was appointed director on 4 April 2012.
Mr Dennis Frank Payne was appointed director on 14 June 2012.
Mr Anthony Peter Bigum resigned as director on 4 April 2012.
Mr John Gordon McCormack resigned as director on 14 June 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

16 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.

2012	Balance 1.07.11	Received as Remuneration	Options Exercised	Net Change Other [a]	Balance 30.06.12
Directors					
Mr M Capocchi	-	-	-	7,522,760	7,522,760
Mr J Bee	-	-	-	72,000,000	72,000,000
Mr D Payne	10,023,693	-	-	-	10,023,693
Mr A P Bigum	12,866,000	-	-	(12,866,000)	-
Mr J G McCormack	7,323,299	-	-	(1,522,760)	5,800,539
	<u>30,212,992</u>	<u>-</u>	<u>-</u>	<u>65,134,000</u>	<u>95,346,992</u>
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>

[a] 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.

2012	Balance 1.07.11 No.	Notes issued No.	Total Face Value \$	Notes Sold	Balance 30.06.12 No.	Total Face Value \$
Directors						
Mr M Capocchi	14	-	-	-	14	350,000
Mr J Bee	-	-	-	-	-	-
Mr D Payne	2	-	-	-	2	50,000
Mr A P Bigum	6	-	-	6	-	-
Mr J G McCormack	2	-	-	-	2	50,000
	<u>24</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>18</u>	<u>450,000</u>
2011	Balance 1.07.10 No.	Notes issued No.	Total Face Value \$	Notes Sold	Balance 30.06.11 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 10 - Secured convertible notes for details of the Convertible Note Agreement.

(e) Loans and transactions

A short term loan from Mr M Capocchi, a director of the company, of \$68,025 was outstanding at 30 June 2012. The loan related to unpaid salary and expenses. There were no related party transactions during the year ended 30 June 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

17 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 2012:

- (i) 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 2012.
- (ii) 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 2012.
- (iii) 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 2012.
- (iv) 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 vested 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 2011.
1,500,000 of these options are outstanding as at 30 June 2012.
- (v) 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 or were cancelled in the periods prior to 30 June 2011.
7,550,000 of these options are outstanding as at 30 June 2012.
- (vi) 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 or were cancelled in the periods prior to 30 June 2011.
11,700,000 of these options are outstanding as at 30 June 2012.
- (vii) 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).
8,000,000 of these options lapsed or were cancelled in the periods prior to 30 June 2011.
10,000,000 of these options are outstanding as at 30 June 2012.
- (viii) 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 2012.
- (ix) 7,500,000 options were granted on 1 February 2012 to key employees with an expiry date of 1 February 2017 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 1 February 2012 at \$0.0045 per share (Issue WRR49).
7,500,000 of these options are outstanding as at 30 June 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

17 Share based payments (continued)

- (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 2012		30 June 2011	
	No.	WAEP \$	No.	WAEP \$
Outstanding at the beginning of the financial year	68,000,000	0.0140	43,500,000	0.016
Granted during the financial year	7,500,000	0.0045	25,500,000	0.011
Lapsed during the financial year	(8,000,000)	0.0125	(1,000,000)	0.007
Cancelled during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	(1,750,000)	0.0243	-	-
Outstanding at the end of the financial year	65,750,000	0.0129	68,000,000	0.014
Exercisable at the end of the financial year	65,750,000	0.0129	67,625,000	0.014

Notes to Share Based Payments

- (i) The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 2.12 years (2011: 2.93 years). The range of exercise prices for options outstanding at the end of the year was \$0.0045 - \$0.0300 (2011: \$0.0065 - \$0.0300). The weighted average fair value of options granted during the year was \$0.0013 (2011: \$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 2012.

	Notes	
Grant date		1/02/2012
No. of options granted		7,500,000
Weighted average share price at grant date (\$)		0.0030
Option exercise price (\$)		0.0045
Expected volatility (%)	17b(ii)	83
Expected life of option (years)		4.0
Dividend yield (%)	17b(iii)	-
Risk-free interest rate (%)		3.28

- (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 \$9,970 (2011: \$61,815), and relates, in full, to equity-settled share options.

18 Remuneration of auditors

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

Year ended	
30 June 2012	30 June 2011
\$	\$
97,296	114,049

19 Related party transactions

Short term loan from Mr M Capocchi

68,025	-
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A short term loan from Mr M Capocchi, a director of the company, was outstanding at 30 June 2012. The loan related to unpaid salary and expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Year ended	
	30 June 2012	30 June 2011
	\$	\$
20 Earnings per share		
Overall operations		
Basic earnings per share	(0.02)	(0.03)
Diluted earnings per share	(0.02)	(0.03)
	cents	cents
	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	1,146,171,062	657,906,777
Potential Ordinary Shares attributable to options outstanding at year end	162,156,250	159,406,250
Potential Ordinary Shares attributable to convertible notes outstanding at year end	835,714,283	322,222,222
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Dilutive Earnings per share	2,144,041,595	1,139,535,249
	\$	\$
Overall operations		
Earnings used in the calculation of Basic and Diluted Earnings Per Share	(249,179)	(183,653)

Dilutive Earnings Per Share

Due to losses incurred during the 2012 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.

21 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		Year ended	
	30 June 2012		30 June 2011	
	\$	%	\$	%
Sales by country				
Australia	5,227,926	40.24%	4,491,113	44.71%
Canada	1,787,414	13.76%	1,199,479	11.94%
United Kingdom	1,529,472	11.77%	1,337,010	13.31%
United States of America	1,078,418	8.30%	974,108	9.70%
Netherlands	873,764	6.73%	191,616	1.91%
Japan	599,675	4.62%	345,067	3.44%
Other foreign countries	1,893,643	14.58%	1,505,483	14.99%
	12,990,312	100.00%	10,043,876	100.00%

(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 14% of external revenue (2011: 30%), and the second largest customer also in Australia for 12% (2011: in Canada 9%) of external revenue. The next most significant customer accounts for 11% of external revenue (2011: 8%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

22 Events after reporting date

(a) Share consolidation

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

- ordinary shares	11,461,797
- convertible notes maturing July 2013	44
- convertible notes maturing July 2015	20
- options issued to Directors	150,000
- options issued under Employee Option Plan	557,500
- options issued to secured convertible note holders	914,063

(b) Convertible notes maturity date extension

During August 2012 the company negotiated the extension of the maturity date of the secured convertible notes from July 2013 to July 2015 with holders of notes with a face value of \$1,025,000 (subject to shareholder approval).

(c) Share options issued

On 26 July 2012 the company issued new options and cancelled existing options for ordinary shares following approval at the meeting of shareholders on 29 June 2012, as follows (numbers on a the post consolidation basis):

- Issued 200,000 options to Mr John Bee, a Director, and 600,000 options to Mr Michael Capocchi, Managing Director, exercisable at \$0.65 by 1 July 2017.
- Cancelled 315,000 existing options held by Mr Michael Capocchi which were at exercise prices ranging from \$1.25 to \$3.00 with various expiry dates.
- Cancelled 50,000 existing options previously issued to Mr John McCormack which automatically lapsed following his resignation as a Director on 14 June 2012.
- Issued 178,572 options to six investors who subscribed to the convertible note issue of 16 April 2012, exercisable at \$0.70 by 26 July 2014.

23 Parent company disclosures

(a) Statement of Comprehensive Income

	Year ended	
	30 June 2012	30 June 2011
	\$	\$
Profit / (loss) from continuing operations	(414,909)	(385,037)
Profit / (loss) for the year attributable to owners of the Company	(414,909)	(385,037)
Other comprehensive income	-	-
Total comprehensive income for the year attributable to owners of the Company	(414,909)	(385,037)

(b) Statement of Financial Position

Assets		
Current assets	626,088	626,390
Non-current assets	206,809	267,576
Total assets	832,897	893,966
Liabilities		
Current liabilities	2,672,865	3,640,770
Non-current liabilities	1,927,018	1,787,333
Total liabilities	4,599,883	5,428,103
Net assets / (deficiency of net assets)	(3,766,986)	(4,534,137)
Equity		
Issued capital	1,327,091	19,869,935
Reserves	308,636	358,666
Accumulated losses	(5,402,713)	(24,762,739)
Total equity	(3,766,986)	(4,534,137)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

23 Parent company disclosures (continued)

(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 14. The parent entity has no capital expenditure commitments.

24 Controlled entities

	Incorporated	Share class	Holding	
Investments in unquoted corporations being controlled entities:			2012	2011
Beam Communications Pty Ltd	Australia	Ordinary	100%	100%
SatPhonerental Pty Ltd (previously Telenet Rentals)	Australia	Ordinary	100%	100%
SatPhone Shop Pty Ltd (previously WR Communications)	Australia	Ordinary	100%	100%
Pacarc (PNG) Limited (Dormant)	Papua New Guinea	Ordinary	100%	100%

25 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