



World Reach Limited
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19 February 2010

The Manager
Company Announcements Platform
Australian Securities Exchange

Announcement for Immediate Release

Appendix 4D – Half Year Report

The Company encloses the Appendix 4D – Half Year Report for the six months ended 31 December 2009.

Yours faithfully

A handwritten signature in black ink, appearing to read "John McCormack". The signature is fluid and cursive, with a large initial "J" and "M".

John McCormack
Director and Company Secretary

3. Net Tangible Assets per security

	31 December 2009 Cents per share	30 June 2009 Cents per share
Net tangible assets per security	(0.001) ¢	(0.001) ¢

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

4.1 Name of the entity.

N/A

4.2 The date of the gain or loss of control.

N/A

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

Current period	Previous corresponding Period
N/A	N/A

5. Individual and Total Dividend or Distribution Payments

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

6. Dividend or Distribution Reinvestment Plans

N/A

7. Details of associates and joint venture

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

8. Foreign entity accounting standards

N/A

9. Independent review of the financial report

Signed by Chairman:



Name: Mr Anthony Peter Bigum
Date: 19 February 2010

**World Reach Limited
and Controlled Entities**

ABN 39 010 568 804

Half-year financial report
for the half-year ended 31 December 2009

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

**HALF-YEAR FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2009**

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WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

DIRECTORS' REPORT

The Directors of World Reach Limited submit herewith the condensed consolidated financial report of World Reach Ltd and controlled entities for the half-year ended 31st December 2009. In order to comply with the provisions of the Corporations Act 2001, the Director's report as follows:

Directors:

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

Non-Executive Directors:

Mr Anthony Peter Bigum
Mr John Gordon McCormack

Managing Director:

Mr Michael Ian Capocchi

Each of the above named Directors held office at all times during and since the end of the half-year.

Review of Operations

The consolidated group financial results for the half-year ended 31 December 2009 and comparative results for the half-year ended 31 December 2008 are as follows:

	1 July 2009 to 31 Dec 2009	1 July 2008 to 31 Dec 2008
Sales	4,095,217	5,391,972
Operating expenses	<u>4,193,428</u>	<u>5,098,925</u>
Operating profit/(loss)	(98,211)	293,047
Foreign currency gain/(loss)	(46,716)	242,482
Profit from discontinued operations	<u>22,000</u>	<u>191,262</u>
Profit/(loss) for period	<u>(122,927)</u>	<u>726,791</u>

The consolidated group's principal activity during half-year ended 31 December 2009 has been the development, manufacture and global distribution of satellite communication terminals, handheld phone accessories and tracking devices specifically developed for the Iridium satellite network.

A new range of Beam accessory products were released to the market in March 2009 to complement a new handset for satellite communications that had been developed by Iridium. Initial sales were lower than anticipated due to:

- the general decline in economic activity as a consequence of the global financial crisis.
- decisions by re-sellers of Beam products to reduce inventories.
- A decline in the number of Iridium handsets sold due to a substantial increase in the selling price of new handsets compared to the selling price of the previous model.

In addition to lower unit sales the sales revenue received by the company from sales denominated in US\$ (approximately 60% of total sales) was also reduced as a consequence of the decline in the US\$ exchange rate.

In recent months there has been an increase in unit sales following market acceptance of the new Iridium handset and an improvement in the general economic conditions however overall sales revenue continues to be effected by the weakness in the US\$ exchange rate.

In addition to sales of core accessory products the company was able to secure contracts worth \$1.5m for the supply of data and tracking equipment to KDDI Japan and Telstra. Of this approximately \$840,000 was delivered to 31 December 2009, with the remainder to be invoiced in Q1 2010.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

DIRECTORS' REPORT

The company is continuing to promote its technical and product development capabilities and to seek opportunities to develop accessory products for other major satellite communications operators to support their network requirements.

Limited price increases for some products have been achieved since 31 December 2009 to offset the continuing weakness in the US\$. Substantial price increases to US based customers are unlikely and, having in mind the still depressed global market conditions, significant sales growth will only be achieved if and when there is a marked improvement in the US\$ exchange rate and/or the company is able to widen its market by developing products for other satellite communication operators or diversification into 3G based tracking solutions.

The company is continuing to minimize administrative and corporate expense levels.

The company's financial position is satisfactory having regard to the present banking facilities and trading position. However the Directors are mindful of the maturity date of convertible notes with a face value of \$1,450,000 in July 2011 and will review the likelihood of note holder conversion or alternative arrangements prior to 30 June 2010.

Significant changes in the state of affairs

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

Auditor's Declaration of Independence

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

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

On behalf of the directors.

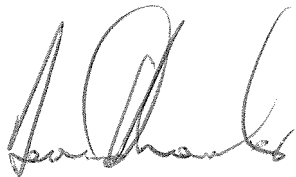


Mr Anthony Bigum
Chairman
Signed in Melbourne, 19 February 2010

AUDITOR'S INDEPENDENCE DECLARATION**To the Directors of World Reach Limited**

In relation to the half-year independent review for the six months to 31 December 2009, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001.
- (ii) No contraventions of any applicable code of professional conduct.



D A KNOWLES
Partner
19 February 2010



PITCHER PARTNERS
Melbourne

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated	
		Half-year ended	
		31-Dec-09	31-Dec-08
		\$	\$
Continuing Operations			
Revenue		4,095,217	5,391,972
Foreign currency exchange gain/(loss)		(46,716)	242,482
Changes in inventories of raw materials, finished goods and work in progress		(215,658)	(94,199)
Raw materials, consumables and other costs of sale		(2,355,209)	(2,981,700)
Employee benefits expense		(990,050)	(1,148,918)
Depreciation expense		(50,996)	(54,981)
Product development costs		(124,256)	(196,310)
Finance costs expense		(122,635)	(124,036)
Auditor remuneration expense		(28,365)	(40,650)
Accounting and secretarial expenses		(57,236)	(35,202)
Consultancy and contractor expense		(58,476)	(57,599)
Legal and insurance expense		(41,284)	(52,471)
Other expenses		(149,262)	(312,858)
Profit/(Loss) before income tax		(144,927)	535,529
Income tax (expense) benefit		-	-
Profit/(Loss) from continuing operations		(144,927)	535,529
Discontinued operation			
Profit/(Loss) from discontinued operation including profit on sale of discontinued operations	2	22,000	191,262
Profit/(Loss) for the period		(122,927)	726,791
Total comprehensive income for the period attributable to members of the parent		(122,927)	726,791
Earnings Per Share			
Continuing and discontinued operations			
Basic earnings per share (cents)	3	(0.02)	0.12
Diluted earnings per share (cents)	3	(0.02)	0.09
Continuing operations			
Basic earnings per share (cents)	3	(0.02)	0.09
Diluted earnings per share (cents)	3	(0.02)	0.06
Discontinued operations			
Basic earnings per share (cents)	3	0.003	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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	Consolidated	
		31-Dec-09	30-Jun-09
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		370,249	233,686
Inventories		1,504,682	1,720,340
Trade and other receivables	4	1,647,483	850,580
TOTAL CURRENT ASSETS		3,522,414	2,804,606
NON-CURRENT ASSETS			
Plant and equipment		201,322	197,155
TOTAL NON-CURRENT ASSETS		201,322	197,155
TOTAL ASSETS		3,723,736	3,001,761
CURRENT LIABILITIES			
Trade and other payables		1,191,766	804,024
Other financial liabilities	5	904,848	514,499
Short-term provisions		255,979	419,228
TOTAL CURRENT LIABILITIES		2,352,593	1,737,751
NON CURRENT LIABILITIES			
Other financial liabilities	5	1,921,233	1,750,000
Long-term provisions		68,101	45,938
TOTAL NON CURRENT LIABILITIES		1,989,334	1,795,938
TOTAL LIABILITIES		4,341,927	3,533,689
NET DEFICIENCY OF ASSETS		(618,191)	(531,928)
EQUITY			
Issued capital		19,869,935	19,869,935
Reserves		298,387	395,938
Accumulated losses		(20,786,513)	(20,797,801)
TOTAL EQUITY		(618,191)	(531,928)

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

WORLD REACH LIMITED AND CONTROLLED ENTITIES
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Consolidated	Issued capital \$	Reserves \$	Retained earnings (Accumulated losses) \$	Total Equity \$
Balance at 1 July 2008	19,790,798	394,597	(21,498,930)	(1,313,535)
Profit/(loss) for the period	-	-	726,791	726,791
Total comprehensive income for the period	-	-	726,791	726,791
Transactions with owners in their capacity as owners				
Remuneration based option payments recognised directly in equity	-	51,601	-	51,601
Balance at 31 December 2008	19,790,798	446,198	(20,772,139)	(535,142)
Balance at 1 July 2009	19,869,935	395,938	(20,797,801)	(531,928)
Profit/(loss) for the period	-	-	(122,927)	(122,927)
Total comprehensive income for the period	-	-	(122,927)	(122,927)
Transactions with owners in their capacity as owners				
Remuneration based option payments recognised directly in equity	-	36,664	-	36,664
Adjustment for options lapsed	-	(134,215)	134,215	-
Balance at 31 December 2009	19,869,935	298,387	(20,786,513)	(618,191)

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

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	Half-year ended	
	31-Dec-09	31-Dec-08
	\$	\$
Cash flow from operating activities		
Receipts from customers	3,520,961	5,884,687
Payments to suppliers and employees	(3,818,278)	(6,062,700)
Interest received	129	8,893
Interest and finance charges paid	(122,512)	(180,568)
Export market development grant	50,000	-
Net cash provided by/(used) in operating activities	(369,700)	(349,688)
Cash flow from investing activities		
Payment of plant and equipment	(55,318)	-
Proceeds on sale of Network Services division	-	195,433
Net cash provided by/(used in) investing activities	(55,318)	195,433
Cash flow from financing activities		
Net cash proceeds - Unsecured other loans	171,233	-
Cash payments - Prior period share buyback	(8,698)	-
Repayment of secured convertible note upon redemption	-	(175,000)
Proceeds on secured convertible notes issue	-	350,000
Net cash provided by financing activities	162,535	175,000
Net increase/(decrease) in cash and cash equivalents	(262,483)	20,745
Cash and cash equivalents at beginning of half-year	(258,476)	282,547
Cash and cash equivalents at end of the half-year	(520,959)	303,292

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

The condensed consolidated half-year 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. All amounts are presented in Australian Dollars.

Going Concern

The Consolidated Group incurred a loss of \$144,927 from continuing operations for the half-year ended 31 December 2009.

At that date the Consolidated Group had a net asset deficiency of \$618,191, however current assets exceeded current liabilities by \$1,169,821.

A non current liability of \$1,450,000 on the maturity of convertible notes is not due until July 2011 and may not be repayable if note holders exercise their entitlement to convert these notes into shares in the company.

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

The Consolidated Group is forecasting profitable trading and positive cash flows from its continuing operations for the year ending 31 December 2010.

The company has continuing arrangements with its bankers for overdraft facilities of \$1,000,000 and leasing and guarantee facilities up to \$400,000 which were not fully drawn at 31 December 2009. Certain covenants at 30 September 2009 and 31 December 2009 were not met, however the bank has advised that no action will be taken and that arrangements will continue unchanged.

On the basis of net current assets of \$1,169,821 at 31 December 2009, the company forecast to achieve positive cash flows from its continuing operations and the continuance of current banking facilities the company believes there are sufficient cash flows to continue as a going concern.

Accounting Policies

The accounting policies applied in preparing these condensed consolidated financial statements for the half-year ended 31 December 2009 are the same as those applied by the consolidated entity in its consolidated annual financial report as at and for the year ended 30 June 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

2 DISCONTINUED OPERATIONS

The Profit from discontinued operations of \$22,000 disclosed in the Statement of Comprehensive Income for the half-year ended 31 December 2009 is the collection of an impaired debtor balance in the Network Services Division which was sold in March 2008.

	Consolidated	
	Half-year ended	
3 EARNINGS PER SHARE	31-Dec-09	31-Dec-08
	cents	cents
Continuing and discontinued operations		
Basic earnings per share	(0.02)	0.12
Diluted earnings per share	(0.02)	0.09
Continuing operations		
Basic earnings per share	(0.02)	0.09
Diluted earnings per share	(0.02)	0.06
Discontinued operations		
Basic earnings per share	0.003	0.03
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share (Refer 3(a) below)	657,906,777	609,726,510
Potential Ordinary Shares attributable to options outstanding at year end	134,906,250	93,256,250
Potential Ordinary Shares attributable to convertible notes outstanding at year end	<u>322,222,190</u>	<u>126,923,077</u>
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Diluted Earnings Per Share	<u>1,115,035,217</u>	<u>829,905,837</u>
Continuing and discontinued operations		
Earnings used in the calculation of Basic and Diluted Earnings Per Share	\$ (122,927)	\$ 726,791
Continuing operations		
Earnings from continuing operations used in the calculation of Basic and Diluted Earnings Per Share	(144,927)	535,529
Discontinued operations		
Earnings from discontinued operations used in the calculation of Basic Earnings Per Share	22,000	191,262

(a) Diluted Earnings Per Share:

Due to losses incurred during the 31 December 2009 half-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.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

4 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31-Dec-09	30-Jun-09
	\$	\$
Current		
Trade Debtors	1,228,075	570,528
Other Debtors	98,016	102,296
Prepayments	241,236	130,495
Security Deposit	80,156	47,531
	<u>1,647,483</u>	<u>850,850</u>

5 OTHER FINANCIAL LIABILITIES

	Consolidated	
	31-Dec-09	30-Jun-09
	\$	\$
Current		
Bank Overdraft	891,208	492,162
Unsecured other loans	13,640	22,337
	<u>904,848</u>	<u>514,499</u>
Non Current		
Secured convertible notes	1,450,000	1,450,000
Unsecured other loans	471,233	300,000
	<u>1,921,233</u>	<u>1,750,000</u>

SECURED CONVERTIBLE NOTES

At 30 June 2009 convertible notes with a face value of \$1,450,000 were outstanding on the following terms:

- Maturity date	July 2011
- Conversion price	\$0.0045
- Interest rate	8.00%
- Potential ordinary shares on conversion	322,222,190

New note holders were also issued with 43,500,000 options to subscribe for shares in the company at an exercise price of \$0.006. These options vest immediately and expire on 1 July 2014.

The issue of the new convertible notes and the options were approved by shareholders on 7 May 2009.

6 SEGMENT REPORTING

During the year the consolidated group operated solely in the Satellite Communications business.

WORLD REACH LIMITED AND CONTROLLED ENTITIES
ABN 39 010 568 804

DIRECTORS' DECLARATION

The directors' of the company declare that the financial statements and notes as set out in pages 5 to 11 are in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Act 2001*, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December, 2009 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors.



Mr Anthony Bigum
Chairman
Signed in Melbourne, 19 February 2010

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

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of World Reach Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of World Reach Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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

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

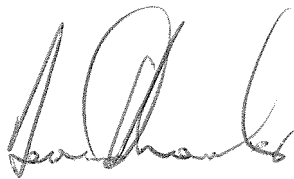
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Inherent uncertainty regarding going concern

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



D A KNOWLES
Partner
19 February 2010



PITCHER PARTNERS
Melbourne