

30 July 2012

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

T +61 3 8561 4200
F +61 3 9560 9055
E: info@worldreach.com.au

Company Report (Appendix 4C)

Enclosed is the Quarterly Report (Appendix 4C) for the 3 months ended 30 June 2012.

There was a net decrease in cash for the quarter of \$323K comprising an increase in cash from operations of \$81K offset by a net decrease from investment/financing activities of \$404K.

The cash position at 30 June 2012 was a net overdrawn balance of \$255K.

Operations for the Quarter

Sales revenue for June quarter was \$2.9m, a 5% increase on the previous quarter. However as reported in the Profit Guidance of 8 June 2012 two main factors combined in the June quarter to produce a lower than originally anticipated result. These were the economic uncertainty in Europe which has led to lower than expected sales of, particularly, Inmarsat products and the interruption to supplies of Iridium '9575 Extreme' handsets delaying sales to Telstra and other customers. As a consequence inventories remained high.

Gross margins for standard products were on budget and overhead expenses in the period were controlled to lower than budget levels. Lower sales volume however resulted in a loss for the quarter. As per the Profit Guidance, despite a profit before tax of \$217,000 for the 6 months ended 31 December 2011 the Company now anticipates it will report a loss for the full year to 30 June 2012 of up to \$250k.

The Company secured a net \$85K in April being the balance of the recent convertible note issue. The convertible note funds were used for part of the loan repayments to Inmarsat which totaled \$477K and to provide funds for continued new product development and growth in sales.

Outlook

Supplies of Iridium products have gradually returned to normal allowing orders from May-June to be delivered in July-August. Telstra has drawn down further orders against the \$5.1m sales commitment for 2012/13 and it is expected that there will be quarterly deliveries through to June 2013.

While the Company re-negotiated the Inmarsat loan contract to bring repayments more in line with sales revenues, a large amount of the Company's cash generation is expended on the 6 monthly loan repayments as well as on-going product development.

Issues with the European economies continue to re-surface causing 'softness' in the satellite hardware market and making forecasts for 2012/13 problematic. However a conservative approach still sees the Company confident that sales activity for 2012/13 through other initiatives will result in a significant increase in sales revenues and deliver a modest profit for the 2012/13 year.

Yours faithfully



Michael Capocchi
Managing Director

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000.

Name of entity

World Reach Limited

ABN

39 010 568 804

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers (including deposits)	2926	13068
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(621)	(2575)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	25
1.5	Interest and other costs of finance paid	(74)	(303)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	- Operating Purchases	(2139)	(10045)
	- Rent	(29)	(128)
	- GST (Net)	(51)	(184)
	- Other – Export Dev Grant (net)	68	112
Net operating cash flows		81	(30)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	81	(30)
Cash flows related to investing activities		
1.9 Payment for acquisition of: (a) businesses (item 5) (b) equity investments (c) intellectual property (d) physical non-current assets (e) other non-current assets – product dev. capitalized.	(3) (9)	(22) (633)
1.10 Proceeds from disposal of: (a) businesses (item 5) (b) equity investments (c) intellectual property (d) physical non-current assets (e) other non-current assets	-	-
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other		
	(12)	(655)
Net investing cash flows		
1.14 Total operating and investing cash flows	69	(685)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. - shares, convertible notes (net)	85	1295
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan	(477)	(782)
1.19 Dividends paid		
1.20 Other		
	(392)	513
Net financing cash flows		
Net increase (decrease) in cash held	(323)	(172)
1.21 Cash at beginning of quarter/year to date	68	(83)
1.22 Exchange rate adjustments to item 1.20		
	(255)	(255)
1.23 Cash at end of quarter		

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	103
1.25	Aggregate amount of loans to the parties included in item 1.11	NIL

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities – Bank overdraft	1000	967
3.2 Credit standby arrangements	NONE	NONE

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	712	452
4.2	Deposits at call	-	-
4.3	Bank overdraft	(967)	(520)
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		(255)	68

Acquisitions and disposals of business entities

	Acquisitions (Year to date) (Item 1.9(a))	Disposals (Year to date) (Item 1.10(a))
5.1	Name of entity	
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
 - 2 This statement does give a true and fair view of the matters disclosed.
-



Michael Capocchi – Managing Director 30 July 2012.

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.