

30 April 2013

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

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Company Report (Appendix 4C)

Enclosed is the Quarterly Report (Appendix 4C) for the 3 months ended 31 March 2013.

There was a net increase in cash for the quarter of \$187k comprising a decrease in cash from trading operations of \$120k, cash usage in investment activities amounting to \$360k and cash proceeds from financing arrangements of \$667k.

The cash position at 31 March 2013 was a net overdrawn balance of \$518k.

Company Update:

- Operations for the Quarter

Sales revenue for March quarter was \$3.7m, \$1.7m higher than December quarter and the strongest sales quarter since September 2011. The improvement was due to Telstra resuming their off-take of supplies under the 2012/13 contract and the initial deliveries to MCN China under the landmark distribution deal announced on 12 February 2013, as well as an improved level of business with key global distributors. As expected (and disclosed as part of the ASX announcement on 27 February 2013) operating cash flow in March quarter was nevertheless slightly negative due to the expansion of trading and the timing of customer payments. Inventories remained at reasonably high levels with the Company in the midst of the two major supply contracts (Telstra and MCN).

Product gross margins were in accordance with budget. The majority of trading is in USD as are most of the manufacturing costs providing a substantial natural hedge against FX losses. Overhead expenses continue at lower than budget levels.

During the March quarter the Company invested \$354k in development of a major new product for Iridium, a strategic project which began in September 2012.

A capital investment by the Season group of \$650,000 in convertible notes was received on 5 February. These funds were raised to assist with the increased working capital requirements while substantial R&D expenditure was being undertaken.

- Outlook

At 31 March the Company was continuing to make deliveries to Telstra under the major \$5m supply contract. Telstra has \$1.9m (incl gst) of its sales commitment for 2012/13 remaining which will be completed in June quarter. MCN have \$0.8m of their contract remaining, most of which is expected to be fulfilled by 30 June.

In November 2012 Satphone Shop Pty Ltd, a 100% subsidiary launched an on-line satellite phone shop, licensed as a Telstra mobile satellite dealer. It continues to expand its monthly revenues selling a wide range of Iridium based satellite products and services.

As mentioned above, the Company is mid way through a strategic product development project with Iridium. Expenditure began in December quarter and will continue at a high level until September quarter 2013. Incremental sales revenues exceeding \$3m are anticipated in the first twelve months beginning in December quarter 2013.

Revenues from Asia grew significantly in the March quarter as the Company expands its key sales initiatives in Asia, particularly in Japan and China. The welcome improvement in monthly trading during the March quarter is expected to continue into June quarter providing a substantial offset to the loss result of the first half year to 31 December 2012.

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")

31 March 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers (including deposits)	2569	8130
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(714)	(2044)
1.3	Dividends received	-	15
1.4	Interest and other items of a similar nature received	-	15
1.5	Interest and other costs of finance paid	(96)	(236)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	- Operating Purchases	(1825)	(5807)
	- Rent	(35)	(99)
	- GST (Net)	(19)	(108)
	- Other – Export Dev Grant (net)	-	11
Net operating cash flows		(120)	(138)

+ 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 (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(120)	(138)
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.	(6) (354)	(8) (580)
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		
	(360)	(588)
Net investing cash flows		
1.14 Total operating and investing cash flows	(480)	(726)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. - shares, convertible notes (net)	667	667
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan	-	(204)
1.19 Dividends paid		
1.20 Other		
	667	463
Net financing cash flows		
Net increase (decrease) in cash held	187	(263)
1.21 Cash at beginning of quarter/year to date	(705)	(255)
1.22 Exchange rate adjustments to item 1.20		
	(518)	(518)
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	111
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	933
3.2 Credit standby arrangements	NONE	NONE

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

Reconciliation of cash

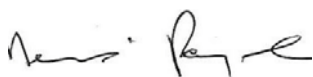
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	415	279
4.2	Deposits at call	-	-
4.3	Bank overdraft	(933)	(984)
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		(518)	(705)

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.
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Dennis Payne - Company Secretary

30 April 2013.

+ 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.

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