

31 July 2013

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

Company Report (Appendix 4C)

Enclosed is the Quarterly Report (Appendix 4C) for the 3 months ended 30 June 2013.

There was a net increase in cash for the quarter of \$965k comprising a substantial increase in cash from trading operations of \$1541k, cash usage in investment activities amounting to \$392k and net cash repayments of borrowings of \$184k.

The cash position at 30 June 2013 was a net in funds balance of \$447k.

For the full financial year ending June quarter there was a net increase in cash of \$702k, after a slow, and negative cash, start to the year.

Company Update:

- Operations for the Quarter

Sales revenue for June quarter was \$4.9m, \$1.2m higher than March quarter and one of the highest sales quarters recorded by the Company. Telstra completed the off-take of supplies under the 2012/13 contract and significant monthly deliveries were made to MCN China under the distribution deal announced earlier this year. The level of business with key global distributors remained strong. As a consequence of the improved level of sales since February 2013, operating cash flow in June quarter was significantly positive at \$1.5m. Inventories were reduced as the two major supply contracts (Telstra and MCN) were fulfilled.

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 cash FX losses. Overhead expenses continue at lower than budget levels.

During the June quarter the Company invested a further \$385k in development of a major new product for Iridium, a strategic project that began in September 2012. This brought the year's total expenditure on capitalized R&D to \$965k.

A six monthly loan repayment to Inmarsat of \$217k against the development loan was made during the quarter, as well as a non-cash repayment in stock amounting to \$195k.

- **Outlook**

The Company is in the final stages of the strategic product development project with Iridium which has minimum contracted sales revenues of US\$3m in the first twelve months, beginning in December quarter 2013. Development expenditure will however continue at a high level through to launch.

Core sales activity from non contracted global distributors improved in the last quarter and into July and it is anticipated that sales will continue at these levels in the coming months.

SatPhone Shop Pty Ltd, a 100% owned on-line satellite phone shop, licensed as a Telstra mobile satellite dealer, is contributing to the underlying sales revenues and is budgeted for further growth in the coming year as the presence of the SatPhone Shop gains exposure on the Telstra.com website. SatPhone Shop sells a wide range of Iridium based satellite products and services.

At this point in time new contracts for the extension of supplies to Telstra and MCN China are not in place however the Company is anticipating further business to contribute to 2013/14 revenue.

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 2013

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)	5,416	13,546
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(740)	(2,784)
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	(106)	(342)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	- Operating Purchases	(2,883)	(8,691)
	- Rent	(40)	(139)
	- GST (Net)	(253)	(360)
	- Other – Export Dev Grant (net)	147	158
Net operating cash flows		1,541	1,404

+ 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)	1,541	1,404
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.	(7) (385)	(15) (965)
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		
	(392)	(980)
Net investing cash flows		
1.14 Total operating and investing cash flows	1,149	424
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. - shares, convertible notes (net)	33	700
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan	(217)	(422)
1.19 Dividends paid		
1.20 Other		
	(184)	278
Net financing cash flows		
Net increase (decrease) in cash held	965	702
1.21 Cash at beginning of quarter/year to date	(518)	(255)
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	447	447

+ 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	133
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	875
3.2 Credit standby arrangements	NONE	NONE

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Appendix 4C
Quarterly report for entities
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Reconciliation of cash

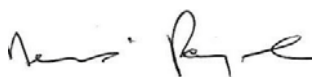
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,322	415
4.2	Deposits at call	-	-
4.3	Bank overdraft	(875)	(933)
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		447	(518)

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

31 July 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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