

28 October 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 September 2013.

There was a net decrease in cash for the quarter of \$583k comprising substantial expenditure on investment activities of \$500k, net cash repayments of borrowings of \$75k and net operating cash outflow of \$8k.

The cash position at 30 September 2013 was a net overdrawn balance of \$136k.

Company Update:

- Operations for the Quarter

Sales revenue for September quarter was \$2.7m, lower than recent quarters reflecting completion of the 2012/13 Telstra contract and the initial MCN China order. Business with key global distributors continued strongly including the emergence of two new distributors in the European region. Inventories remained steady across the quarter.

Increased finance costs associated with the investment in the Iridium product development project contributed to operating cash flow in September quarter being slightly negative at \$8k. Gross profit margins were in accordance with budget however the lower sales volume restricted overall profit. Operating costs and overhead expenses are below budget and continue to be tightly controlled.

The Company's major development project, a significant new product for Iridium, (announced on 30 November 2012) required a further \$484k in R&D expenditure in September quarter. The strategic project has been running for 12 months with total expenditure to 30 September of \$1.45m.

Three convertible notes matured on 1 July 2013 resulting in repayment of \$75k to the holders.

- Outlook

As mentioned in last quarter's report the Company is in the final stages of a strategic product development project with Iridium, however completion, which was expected in December quarter 2013, has been slightly delayed due to minor development milestones and will now be finalised in January 2014. It is anticipated that sales revenue of US\$1.5m will be achieved in March quarter 2014 from this

new product. The development has minimum contracted sales revenue of US\$3m in the first twelve months. Development expenditure will however continue at a high level through to launch. Repayment of loans and extended credit terms supporting the development will commence in March quarter.

It is anticipated that strong sales of existing core products to global distributors will continue in December quarter.

Sales by SatPhone Shop Pty Ltd are gradually expanding and further growth in the coming year is budgeted. SatPhone Shop is a 100% owned on-line satellite phone shop, licensed as a Telstra mobile satellite dealer and sells a wide range of Iridium based satellite products and services, especially via exposure on the Telstra.com website.

Whilst Telstra will not be making another \$5m commitment for products this year, they will continue to purchase products as they have done in previous years on a stock replenishment basis. New orders have already been received and will ship in this quarter. Negotiations continue with MCN China for the extension of the initial supply contract. The Company had budgeted for some China business starting in September quarter 2013 however the Company has adjusted its forecast and is still anticipating further sales 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 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers (including deposits)	3,432	3,432
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(663)	(663)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(117)	(117)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	- Operating Purchases	(2,544)	(2,544)
	- Rent	(41)	(41)
	- GST (Net)	(75)	(75)
	- Other – Export Dev Grant (net)	-	-
Net operating cash flows		(8)	(8)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
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	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(8)	(8)
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.	(16) (484)	(16) (484)
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		
	(500)	(500)
Net investing cash flows		
1.14 Total operating and investing cash flows	(508)	(508)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. - shares, convertible notes (net)	-	-
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan	-	-
1.19 Dividends paid		
1.20 Other – convertible notes matured	(75)	(75)
	(75)	(75)
Net financing cash flows		
Net increase (decrease) in cash held	(583)	(583)
1.21 Cash at beginning of quarter/year to date	447	447
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	(136)	(136)

+ 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	115
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	790
3.2 Credit standby arrangements	NONE	NONE

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Reconciliation of cash

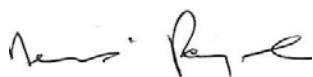
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	654	1,322
4.2	Deposits at call	-	-
4.3	Bank overdraft	(790)	(875)
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		(136)	447

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

28 October 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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