

31 January 2014

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 31 December 2013.

There was a net increase in cash for the quarter of \$53k comprising a very substantial inflow of net operating cash of \$775k, offset by expenditure on investment activities of \$472k and repayments of borrowings of \$250k.

The cash position at 31 December 2013 was a net overdrawn balance of \$83k.

Company Update:

- Operations for the Quarter

Sales revenue for December quarter was \$2.8m, similar to the \$2.7m of the previous quarter. Business through core global distributors was strong continuing the recent pattern of lower volume but higher margin sales, reflecting the absence of the larger deals that typically have a lower margin, such as Telstra and MCN. Despite the lower sales volume, net profit moved ahead of budget, improving the operating cash inflow for the quarter.

The lower than usual 'Operating Purchases' cash figure resulted from extended credit provided by two major suppliers who are involved in the Iridium development project, to assist with the funding of that project. Operating costs and overhead expenses were tightly controlled.

Expenditure continued on the Iridium development project with \$472k of R&D in the December quarter. The project is nearing completion with total expenditure to 31 December of \$1.92m.

The six monthly loan repayment to Inmarsat was paid in the quarter amounting to \$250k.

- Outlook

The development project with Iridium is in the final stages, with completion now anticipated in June quarter 2014. An announcement by Iridium to the global market place on the impact of this product is expected shortly and the Company will follow Iridium's announcement with further information on the Company's involvement. It is anticipated that sales revenues of US\$2.25m will be achieved by 30 June

2014, out of the minimum contracted sales revenues 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 that are part financing the project will commence in June quarter.

Indications during January are that strong sales of existing products to core global distributors will continue in the March quarter. The Company forecasts these sales, in addition to sales of the new Iridium product, will contribute to an improved performance in 2013/14.

On 28 January 2014 the Company announced it had reached agreement with a Hong Kong investor to inject \$438,000 into the Company by 28 February to bolster working capital funds.

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 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers (including deposits)	2,946	6,378
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(696)	(1,359)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(114)	(231)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	- Operating Purchases	(1,345)	(3,889)
	- Rent	(42)	(83)
	- GST (Net)	(27)	(102)
	- Other – Export Dev Grant (net)	53	53
Net operating cash flows		775	767

+ 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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	775	767
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.	- (472)	(16) (956)
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		
	(472)	(972)
Net investing cash flows		
1.14 Total operating and investing cash flows	303	(205)
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	(250)	(250)
1.19 Dividends paid		
1.20 Other – convertible notes matured	-	(75)
	(250)	(325)
Net financing cash flows		
Net increase (decrease) in cash held	53	(530)
1.21 Cash at beginning of quarter/year to date	(136)	447
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	(83)	(83)

+ 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	121
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 overdrafts: <i>(The previous bank facility of an A\$1,000,000 overdraft has been renegotiated into 3 separate facilities with the bank, consisting of:- -a USD overdraft facility of US\$320,000, -an AUD overdraft facility of A\$300,000, and -an AUD bank loan facility of A\$300,000).</i>	234
3.2	Credit standby arrangements	NONE

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Reconciliation of cash

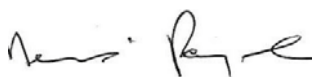
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	451	654
4.2	Deposits at call	-	-
4.3	Bank overdraft	(234)	(790)
4.4	Other (provide details) – bank loan	(300)	-
Total: cash at end of quarter (item 1.23)		(83)	(136)

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 January 2014.

+ 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.