

31 July 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 30 June 2014.

There was a net increase in cash for the quarter of \$10k. Operating activities produced a net inflow of \$154k and borrowings were repaid in the amount of \$215k. Cash flow from investing activities was a net \$71k inflow.

The cash position at 30 June 2014 was negative \$45k. The company has undrawn financing facilities of \$660k.

Company Update:**- Operations for the Quarter**

Sales revenue for June quarter was \$4.2m, a 50% increase on previous quarters with sales of the new products from the latest development project commencing in the month of June. These sales were in addition to a strong level of continuing business in existing products with core global distributors. The June quarter, like previous quarters, was marked by the absence of the high volume/lower margin deals present in past years, however the higher average margin attained generated net profit ahead of budget expectations for the quarter (and full year), which assisted operating cash flow to be significantly positive for the quarter (and the year).

The long running major development project being undertaken by the Company was concluded in June with \$391k of R&D in the June quarter. Total R&D expenditure for the past 12 months was \$1.8m.

Two other major items impacted cash during the quarter:

- An Australian Government Research & Development Grant of \$471k was received in relation to the 2012/13 tax year,
- A 6 monthly loan repayment of a supplier loan was made in April amounting to \$215k (\$465k for the last 12 months).

- Outlook

Strong sales of existing products to core global distributors are expected to continue in September quarter. With the addition of sales of recently developed products, the Company expects a profitable September quarter with favourable impact beyond.

Following completion of development work, the commencement of sales of developed products will allow repayment of loans and extended credit that are part financing the development.

The Company will submit an Australian Government Research & Development Grant application in relation to development work in the 2013/14 year.

A Renounceable Rights Issue was finalized on 28 July 2014 which raised \$2.4m for the repayment of expensive debt which had a maturity date of 1 July 2015. Apart from a major improvement to the balance sheet, the interest saving will contribute to the expected positive cash flow of future periods.

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 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers (including deposits)	3180	12595
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(718)	(2768)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(100)	(437)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
- Operating Purchases	(2156)	(8205)
- Rent	(44)	(172)
- GST (Net)	(37)	(141)
- Other – Export Dev Grant (net)	29	82
Net operating cash flows	154	954

+ 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)	154	954
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.	(9) (391)	(26) (1789)
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 – R&D Grant	471	471
	71	(1344)
Net investing cash flows		
1.14 Total operating and investing cash flows	225	(390)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. – share placement	-	438
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan	(215)	(465)
1.19 Dividends paid		
1.20 Other – convertible notes matured	-	(75)
Net financing cash flows	(215)	(102)
Net increase (decrease) in cash held	10	(492)
1.21 Cash at beginning of quarter/year to date	(55)	447
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	(45)	(45)

+ 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	120
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>	660	-
3.2	Credit standby arrangements	NONE	NONE

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Quarterly report for entities
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Reconciliation of cash

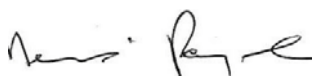
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	230	418
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	(173)
4.4 Other (provide details) – bank loan	(275)	(300)
Total: cash at end of quarter (item 1.23)	(45)	(55)

Acquisitions and disposals of business entities

	Acquisitions (Year to date) <i>(Item 1.9(a))</i>	Disposals (Year to date) <i>(Item 1.10(a))</i>
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 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.