

30 October 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 September 2014.

There was a net increase in cash for the quarter of \$684k. Operating activities resulted in a net outflow of \$494k and investment expenditure accounted for a further \$147k outflow. Offsetting these was a net inflow from financing activities of \$1325k.

The cash position at 30 September 2014 was a net \$639k in funds held. The Company had undrawn financing facilities of \$472k.

#### **Company Update:**

##### **- Operations and Activities for the Quarter**

Sales revenue for September quarter was \$3.8m, slightly down on the previous quarter, including sales of new products from the recently completed development project following the initial sales in June. A strong level of continuing business in existing products with core global distributors was achieved but total sales of the new products was lower than anticipated due to a delay in production. Trading operations in September quarter were profitable with profit margins at budgeted levels, the net operating outflow resulting from the timing of customer receipts and the repayment of extended credit from suppliers with the rights issue funds.

The Company's product development program continued with \$142k of R&D in September quarter across two new projects.

The major cash impact during September quarter was from the completion on 28 July of a renounceable rights issue which raised \$2.4m. As advised in the rights issue documentation the funds were raised for the repayment of most of the Company's debt, of which \$1075k in loans and convertible notes was repaid during August.

##### **- Outlook**

The shortfall in sales in the September quarter of new products will be caught up in October/November. Additional sales following the second order of the newly developed product are expected by 31 December 2014. There are some signs in the market place of a slowing in demand from European distributors but sales are still anticipated at reasonable levels.

R&D project work continues to be undertaken by the Company in order to refresh existing products and to expand the product range into new areas. Two projects are being developed at present, one of each type. As anticipated in the Company's budget the typical profile applies, with several months of expenditure required before incremental sales might be expected.

The Company is also preparing a major Australian Government Research & Development Grant application in relation to development work in the 2013/14 year.

Following the renounceable rights issue, all the interest bearing debt of the Company was repaid during August. This has provided a significant improvement to the balance sheet and the interest saving, combined with the anticipated continuation of profitable trading, is expected to contribute to positive cash flow for the remainder of the 2014/15 year.

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 2014**

### 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)	4405	4405
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(835)	(835)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	(82)	(82)
1.6 Income taxes paid	(25)	(25)
1.7 Other (provide details if material)		
- Operating Purchases	(3877)	(3877)
- Rent	(44)	(44)
- GST (Net)	(37)	(37)
- Other – Export Dev Grant (net)	-	-
<b>Net operating cash flows</b>	<b>(494)</b>	<b>(494)</b>

+ See chapter 19 for defined terms.

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**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date ( 3 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(494)</b>	<b>(494)</b>
<b>Cash flows related to investing activities</b>		
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.	(5)     (142)	(5)     (142)
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	-	-
	<b>(147)</b>	<b>(147)</b>
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	<b>(641)</b>	<b>(641)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. – rights issue	2400	2400
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan – Other loans	- (575)	- (575)
1.19 Dividends paid		
1.20 Other – convertible notes repaid	(500)	(500)
	<b>1325</b>	<b>1325</b>
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>684</b>	<b>684</b>
1.21 Cash at beginning of quarter/year to date	(45)	(45)
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>639</b>	<b>639</b>

+ 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	166
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:	660	188
3.2	Credit standby arrangements	NONE	NONE

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**Reconciliation of cash**

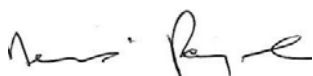
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	827	230
4.2 Deposits at call	-	-
4.3 Bank overdraft	(188)	-
4.4 Other (provide details) – bank loan	-	(275)
<b>Total: cash at end of quarter (item 1.23)</b>	<b>639</b>	<b>(45)</b>

**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      30 October 2014.

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+ 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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