



27 October 2015

The Manager  
Market Announcements Platform  
Australian Securities Exchange Limited

**World Reach Limited**  
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### **Company Report (Appendix 4C)**

Enclosed is the Quarterly Report (Appendix 4C) for the 3 months ended 30 September 2015.

During the quarter, the Company enjoyed a net increase in its cash balance of \$509,000. The Company's cash position at 30 September 2015 was \$3,638,000 in funds held. The Company also retains access to undrawn financing facilities of \$756,000.

Net operating revenues for the period saw a net cash inflow of \$688,000, particularly generated from collections from customers in July following the strong trading performance in June.

Investment activities amounted to an outflow of \$179,000 made up of fixed asset expenditure of \$43,000 and further product development work capitalized of \$136,000.

There was nil expenditure on financing activities. All interest bearing debt was repaid in 2014.

#### **Company Update:**

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

Sales revenue for the September quarter was \$3.4m, less than the previous quarter but still at a level consistent with budget expectations.

Deliveries of the Iridium GO!® product continued against the second major order.

##### Trading

Trading operations in the September quarter continued the unbroken run of 25 individual months of profit, albeit September saw a slight decline in overall sales revenues which was apparent across the industry. As reported in the previous Appendix 4C, the Australian Government Research and Development rebate received in June 2015, for profit purposes is being apportioned over the 12 months of FY2016, matching the remaining amortization of capitalized development costs.

##### R&D

Capitalized investment expenditure of \$136,000 was incurred during the quarter. Expenditure on the new satellite terminal development project announcement on 9 April 2015 was light while preparations are being made to begin full scale development.

## **Outlook**

The Company has fulfilled, by 30 September 2015, 87% of the second order of the Iridium GO!®. It is anticipated that the remainder of the second order will be delivered by 31 December 2015, with a third order anticipated by Q3 FY2016.

October has seen an improvement in trading with revenue closer to budget expectations following the weaker than expected result for September, however this has highlighted some volatility in the current market.

### New Satellite Terminal Contract

The FY2016 product development program includes substantial R&D investment on a new concept satellite terminal. The investment will be serviced from the Company's surplus operational revenues and cash on hand.

Development expenditure on the project is being reviewed for potential qualification for the Australian Government Research & Development Grant but the Company has not budgeted for the receipt of further rebates.

Revenues from the project are expected in FY2017. The minimum contracted revenue will be US\$3m in the first 12 months after deliveries commence.

### Profit Expectations

As reported previously, the Company anticipates the FY2016 profit result will be an improvement over FY2015 based on trading performance plus positive factors such as the bringing to full account the project based R&D grants. An FY2016 profit will enhance the already significantly improved net asset position of the Company from FY2015 and allow the Company to achieve its growth and investment objectives.

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 2015**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date ( 3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers (including deposits)	4921	4921
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(883)	(883)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(10)	(10)
1.6 Income taxes paid	(12)	(12)
1.7 Other (provide details if material)		
- Operating Purchases	(3237)	(3237)
- Rent	(52)	(52)
- GST (Net)	(39)	(39)
- Other – Export Dev Grant (net)	-	-
<b>Net operating cash flows</b>	<b>688</b>	<b>688</b>

+ 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 ( 3 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>688</b>	<b>688</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.	(43)     (136)	(43)     (136)
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>Net investing cash flows</b>	<b>(179)</b>	<b>(179)</b>
1.14 <b>Total operating and investing cash flows</b>	<b>509</b>	<b>509</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. - rights issue	-	-
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan - Other loans	- -	- -
1.19 Dividends paid		
1.20 Other – convertible notes repaid	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>509</b>	<b>509</b>
1.21 Cash at beginning of quarter/year to date	3129	3129
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>3638</b>	<b>3638</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	149
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:	756	NIL
3.2	Credit standby arrangements	NONE	NONE

+ See chapter 19 for defined terms.

**Appendix 4C**  
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**Reconciliation of cash**

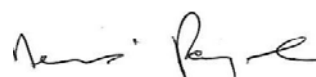
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	3638	3129
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details) – bank loan	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>3638</b>	<b>3129</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.



Dennis Payne - Company Secretary

27 October 2015.

+ 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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