

30 April 2012

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

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Company Report (Appendix 4C)

Enclosed is the Quarterly Report (Appendix 4C) for the 3 months ended 31 March 2012.

There was a net increase in cash for the quarter of \$349K comprising a decrease in cash from operations of \$34K offset by a net increase from investment/financing activities of \$383K.

The cash position at 31 March 2012 was a net in funds balance of \$68K.

Operations for the Quarter

Sales revenue for March quarter was \$2.8m, lower than the previous two quarters due mainly to delays in supply of accessories and a consequent delay in customer orders. The hold up in sales resulted in increased inventory, which was a significant factor in the reduction of operating cash. Customer demand for both Inmarsat and Iridium docking units and accessories however continued strongly.

Gross margins for standard products and overhead expenses in the period were at budget levels however the impact of lower sales volume resulted in a loss for the quarter; however the Company is expecting to recoup the profit shortfall. The Company reported a profit before tax of \$217,000 for the 6 months ended 31 December 2011 and anticipates that its profit for the 6 months to 30 June 2012 will still be in line with forecast.

In order to provide additional funds to support the growth in sales revenues and the successful expansion of the Beam product offering, the Company secured \$500K in March (and \$125K in April) from a convertible note issue..

Outlook

At this time the Company anticipates the delay in delivery of sales in March quarter will be recovered in the June quarter.. Docking units for the newly released Iridium 9575 'Extreme' handset are anticipated to generate additional sales in the coming months. Manufacturing in Asia is now fully implemented and the efficiencies will assist future performance and payment to Asian suppliers in US\$'s also has the effect of providing a partial offset to the impact on profit of sales in US\$'s.

The Company is continuing negotiations to secure strategic new contracts that will underpin stronger sales and profitability in the coming quarter and the remainder of the 2012 calendar year.

The Company has successfully renegotiated the Inmarsat loan contract that will extend the repayment date of the contract and allow repayments to be more consistent with sales revenue.

Fluctuations in the A\$ to the US\$ directly impact sales revenues and gross margins (a strong A\$ reduces the value of US\$ sales). However the stronger the A\$, the greater the 'unrealized' gain on the US\$ loan from Inmarsat (US\$2.38m).

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 March 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers (including deposits)	2719	10142
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(609)	(1954)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	24
1.5 Interest and other costs of finance paid	(66)	(229)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
- Operating Purchases	(2038)	(7906)
- Rent	(29)	(99)
- GST (Net)	(67)	(133)
- Other – Export Dev Grant	44	44
Net operating cash flows	(34)	(111)

+ 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 (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(34)	(111)
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.	(1) (116)	(19) (624)
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		
Net investing cash flows	(117)	(643)
1.14 Total operating and investing cash flows	(151)	(754)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. - shares, convertible notes	500	1210
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan	-	(305)
1.19 Dividends paid		
1.20 Other		
Net financing cash flows	500	905
Net increase (decrease) in cash held	349	151
1.21 Cash at beginning of quarter/year to date	(281)	(83)
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	68	68

+ 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	101
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	520
3.2	Credit standby arrangements	NONE	NONE

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Appendix 4C
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	452	569
4.2 Deposits at call	-	-
4.3 Bank overdraft	(520)	(850)
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	68	(281)

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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Michael Capocchi – Managing Director 30 April 2012.

+ 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.