

31 January 2012

The Manager  
Company 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 December 2011.

There was a net decrease in cash for the quarter of \$122K comprising an increase in cash from operations of \$101K offset by a net decrease from investment/financing activities of \$223K.

The cash position at 31 December 2011 was a net overdrawn balance of \$281K which included a term deposit of \$500K held as security for the Company's bank overdraft facilities of \$1m.

#### **Operations for the Quarter**

Sales revenue for December quarter was \$3.5m marginally lower than the buoyant previous quarter. Customer demand for both Inmarsat and Iridium docking units and accessories continued strongly. Significant sales to NEC Australia, a new customer (refer announcement 25 November 2011) boosted the quarter's result and further orders from NEC have been received. Operating cash was positive despite an increase in inventories which will provide the basis for March quarter sales.

Gross margins for standard products in the period exceeded budget and assisted the generation of a profit result for the quarter in line with the Profit Guidance statement issued on 13 July 2011; December quarter thus becoming the fourth quarter in succession of profitable trading. New products released to the market and the outsourcing of a substantial part of the Company's manufacturing to China has countered much of the effect of the high A\$.

The Company continued to invest in new product development, and in order to provide additional funds raised \$366K from a share placement in December.

#### **Outlook**

The Company anticipates the continuation of sales at levels that will result in profits. Some segments of the international market require stimulation however with the implementation of effective promotional programs and the release of a new docking unit for the recently released Iridium 9575 'Extreme' handset in February, coupled with economic Asian manufacture, will support the anticipated result. 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.

Overall sales to date have exceeded budget, and customer interest in Beam's new product range is expected to produce increased sales in the next six months. Sales of Inmarsat based products are in line with expectations and Iridium sales are performing strongly and will benefit from the addition of the 'Extreme' docking unit.

As previously stated, 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 (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 December 2011**

### 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)	4153	7423
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(677)	(1346)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	13
1.5 Interest and other costs of finance paid	(73)	(162)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
- Operating Purchases	(3260)	(5869)
- Rent	(35)	(71)
- GST (Net)	(7)	(66)
- Other	-	-
<b>Net operating cash flows</b>	<b>101</b>	<b>(78)</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date ( 6 months) \$A'000
1.8 Net operating cash flows (carried forward)	101	(78)
<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.	(1)     (283)	(17)     (508)
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		
	(284)	(525)
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	<b>(183)</b>	<b>(603)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. - share placement & share purchase plan	366	710
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings – loan drawdown from .....Inmarsat for product dev./working cap.	-	-
1.18 Repayment of borrowings – Inmarsat loan	(305)	(305)
1.19 Dividends paid		
1.20 Other		
	61	405
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>(122)</b>	<b>(198)</b>
1.21 Cash at beginning of quarter/year to date	(159)	(83)
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>(281)</b>	<b>(281)</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	86
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	850
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	569	723
4.2 Deposits at call	-	-
4.3 Bank overdraft	(850)	(882)
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>(281)</b>	<b>(159)</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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Michael Capocchi – Managing Director 31 January 2012.

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## 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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