

30 April 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 31 March 2014.

There was a net increase in cash for the quarter of \$28k. Cash inflow was underpinned by a share placement which raised \$438,000. Operating activities produced a net inflow of \$33k and \$443k was expended on continued investment into Research and Development.

The cash position at 31 March 2014 was negative \$55k. The company has undrawn financing facilities of \$487k.

Company Update:

- Operations for the Quarter

Sales revenue for March quarter was \$2.8m, similar to the previous two quarters. As reported in the previous quarter the revenue comprised a strong level of continuing business with core global distributors. Although sales volume was less than budget (due to the absence of the high volume/lower margin deals present in past years) net profit was ahead of budget expectations for the quarter and year to date.

Despite an increase in inventory the improved margin assisted operating cash flow to be positive for the quarter.

The Iridium development project is reaching its final stages with \$442k of R&D in the March quarter. Total project expenditure to 31 March was \$2.36m.

A capital injection of \$438,000 via a share placement was received by the Company in February 2014. The investor is a Hong Kong based private investment fund. The Company expects to receive long term support from the investor in strategic growth and market development.

- Outlook

Completion of the Iridium project is anticipated in June quarter 2014. Both Iridium and the Company have released market announcements about the expected positive impact of this product on the

satellite market space. It is currently anticipated that sales revenues of up to US\$2.25m could be achieved by 30 June 2014, out of the minimum contracted sales revenues of US\$3m in the first twelve months. The company will make an announcement when the timing of these anticipated sales are confirmed.

Development expenditure will continue throughout June quarter. Once sales begin repayment of loans and extended credit that are part financing the project will commence.

The Company has submitted an Australian Government Research & Development Grant application in relation to the Iridium project.

Strong sales of existing products to core global distributors are expected to continue in June quarter. With the addition of sales of the new Iridium product, the Company expects to report a profitable performance in 2013/14.

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 2014

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)	3037	9415
1.2	Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(691)	(2050)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(106)	(337)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	- Operating Purchases	(2160)	(6049)
	- Rent	(44)	(128)
	- GST (Net)	(3)	(104)
	- Other – Export Dev Grant (net)	-	53
Net operating cash flows		33	800

+ 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)	33	800
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) (442)	(17) (1398)
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		
	(443)	(1415)
Net investing cash flows		
1.14 Total operating and investing cash flows	(410)	(615)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. - share placement	438	438
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings – Inmarsat loan	-	(250)
1.19 Dividends paid		
1.20 Other – convertible notes matured	-	(75)
	438	113
Net financing cash flows		
Net increase (decrease) in cash held	28	(502)
1.21 Cash at beginning of quarter/year to date	(83)	447
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	(55)	(55)

+ 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	123
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	173
3.2	Credit standby arrangements	NONE	NONE

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Reconciliation of cash

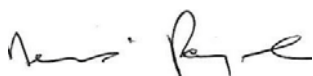
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	418	451
4.2	Deposits at call	-	-
4.3	Bank overdraft	(173)	(234)
4.4	Other (provide details) – bank loan	(300)	(300)
Total: cash at end of quarter (item 1.23)		(55)	(83)

Acquisitions and disposals of business entities

	Acquisitions (Year to date) (Item 1.9(a))	Disposals (Year to date) (Item 1.10(a))
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 April 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.

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