



World Reach Limited  
ABN 39010 568 804

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30 October 2009

The Manager  
Company Announcements Platform  
Australian Securities Exchange Limited

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### **Company Report (Appendix 4C)**

The Company encloses its Quarterly Report (Appendix 4C) for the 3 months to 30 September 2009.

There was a net decrease in cash during the quarter of \$58K. The net cash position at the 30 September 2009 was a net overdrawn balance of \$317K which is well within the Company's banking arrangements which provide overdraft facilities of up to \$1M.

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

Sales for the quarter were \$1.9M which was slightly above budget and an increase of 26% over the previous quarter's sales of \$1.5M. Sales of accessory products for satellite communications handsets and other equipment for the quarter were below budget due to slower than expected handset sales by Iridium during the period. However overall sales levels were maintained by the delivery of major orders for tracking products for Telstra and KDDI Japan which were announced to the market on the 22 September and 30 September.

Gross margins on sales were below budget due to the reduced amounts received from sales denominated in \$US as a consequence of exchange rate movements.

Significant savings in expenses were achieved and the Company recorded an overall break even result for the quarter.

#### **Immediate Outlook**

The levels of orders and customer enquiries for products developed to support Iridium Satellite handsets are gradually recovering as recently released products gain acceptance and the global economy starts to improve. The Company is continuing to seek further opportunities for the development of additional products and new services in the satellite communications sector which will enhance sales growth.

The effect of the fall in the \$US exchange rate on sales denominated in \$US is effecting gross profit margins and significant increases in profitability will be dependent on increases in sales from new products and services.

Yours faithfully

John McCormack  
Director and Company Secretary

# 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 2009**

### 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	1524	1524
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(611)	(611)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(55)	(55)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
- Operating Purchases	(938)	(938)
- Rent	(29)	(29)
- GST (Net)	58	58
- Other (Bad Debt recovery)	-	-
<b>Net operating cash flows</b>	<b>(51)</b>	<b>(51)</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)	(51)	(51)
<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		
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		
	-	-
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	<b>(51)</b>	<b>(51)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. - net of Share Purchase Plan, Share Buyback & Convertible Notes:	(7)	(7)
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other		
	(7)	(7)
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>(58)</b>	<b>(58)</b>
1.21 Cash at beginning of quarter/year to date	(259)	(259)
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>(317)</b>	<b>(317)</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 1.24 includes payment of annual incentives of \$70,000.	

**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	642
3.2	Credit standby arrangements	NONE	NONE

+ See chapter 19 for defined terms.

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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	325	233
4.2 Deposits at call	-	-
4.3 Bank overdraft	(642)	(492)
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>(317)</b>	<b>(259)</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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John McCormack – Company Secretary      30 October 2009.

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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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