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The Manager
Market Announcements Platform
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2017 Outlook – Profit and Revenues

The Company wishes to update the market on its financial outlook for FY2017.

In recent months the Company's revenue achievement has been lower than anticipated. Although such fluctuations are not unusual, the emerging tendency of monthly sales performances to fall below expectations has given rise to a review of likely revenues for the remainder of this financial year and hence our overall FY2017 profit projection.

The review has been conducted by senior management in conjunction with the Board.

While the results of that review did not point to any shift in the market inferred to be permanent, nor were any fundamental changes to the Company's current strategy and distribution model considered to be warranted, it did highlight a series of factors that are potentially impacting the Company's overall sales performance, including:

- Some delays to customer commitments and a preference amongst our trading partners to moderate the size of orders;
- Various demand-impacting and largely uncontrollable global economic conditions which have impacted longer term delivery requests and delayed purchases;
- Volatility in respect to the USD against other base currencies including the AUD; and
- A moderation of the earnings growth experienced in the SatPhoneShop, which has been particularly impacted by higher USD pricing.

We advise that revenues for FY2017 are expected to be less than those enjoyed in FY2016 and it is currently anticipated that the Company's net profit before tax (NPBT) for FY2017 will be in the range of \$100,000 to \$250,000.

The Directors further advise that whilst the reduction in FY2017 revenues naturally impacts cash usage, the Company exercises strong cost control and the cash balance is supplemented by pre-approved and undrawn loan facilities of A\$3,400,000.

While the Company's short-term trading outlook will always be a key consideration of the Board and senior management, the Company is well placed and well-funded to navigate a period of volatility.

The Directors are confident that, despite the revised FY2017 guidance and the trading patterns that have necessitated this update, the Company's revenues in FY2018 will benefit significantly from the release to market of our newly developed products.

These projects are proceeding in accordance within the Company's expected timeframe and budgetary allowances and the Board remains determined to continue investments in innovative and advanced technologies over the medium and long terms.

We look forward to updating the market further regarding the progress of our product developments as we approach the global launch of these sophisticated satellite communication devices, designed and engineered by our local team.

Yours faithfully

Michael Capocchi
Managing Director