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The Manager
Market Announcements Platform
Australian Securities Exchange

World Reach Limited
ABN 39010 568 804

5 / 8 Anzed Court, Mulgrave,
Victoria, Australia 3170

T +61 3 8561 4200
F +61 3 9560 9055
E: info@worldreach.com.au

Profit Guidance

The Company reported a profit of \$217,743 for the six months ended 31 December 2011. On 30 April 2012 the Company in its Appendix 4C for the March quarter ("Company Report (Appendix 4C)") reported a loss for that quarter due mainly to delays in supplies. The Company also reported that it expected to recoup the profit shortfall and that profit for the 6 months to 30 June 2012 would still be in line with forecast.

At the time of that report underlying customer demand appeared to be reasonably strong however the months of April and May have shown that the market, especially in Europe, has retracted unexpectedly most likely due to the increased uncertainty in the region. This has impacted negatively on sales of Inmarsat based products in particular, which has led to an estimated reduction in forecast margin of approximately \$400,000.

In early May Iridium Satellite LLC advised a halt in production and a global recall of their new 'Extreme 9575' handset. The Company's subsidiary Beam Communications Pty Ltd was first to market with docking solutions to support the new handset and these were expected to generate significant additional sales in the June quarter to recoup the March quarter shortfall, via 'bundle' sales to Telstra (ASX announcement 8 May 2012). The Company has been advised today that deliveries of the 'Extreme 9575' handsets are not anticipated until mid to late June and in limited quantities. This has resulted in sales for May and June being severely restricted and gross profit reduced by a further \$200,000

A third factor affecting the Company's profit is the US dollar–AU dollar exchange rate. Although a strong US dollar assists the conversion of the Company's sales and margin results into AU dollars, that effect is outweighed by the 'unrealized' loss on re-stating the US dollar loan from Inmarsat into AU dollars, having a net negative impact on bottom line profit of approximately \$40,000.

Despite an overall increase in sales revenue in excess of 30% over the 2010/11 financial year, the Company now anticipates it will report a loss for the full year to 30 June 2012 in the range of \$150k to \$250k.

As described above the supplies of Iridium products are expected to allow the May-June shortfall in Iridium sales to be recouped in July-August. The Company is taking into consideration the impact of the European economies and is confident that sales activity for the 2012/13 year through other initiatives will result in an overall increase in sales revenues and deliver a modest profit for the 2012/13 year.

Yours faithfully



Michael Capocchi
Managing Director