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The Manager
Market Announcements Platform
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Profit Guidance

After reporting a loss of $651,807 for the six months ended 31 December 2012 the Company reported in its 'Appendix 4C – March Quarter 2013' that a "welcome improvement in monthly trading during the March quarter is expected to continue into June quarter providing a substantial offset to the loss result of the first half year to 31 December 2012". It was also reported in the 'Market & Business Update – March 2013' that "the Company remains confident of reporting a net revenue growth in 2013 and the achievement of a close to breakeven result for the current financial year."

The Company is still expecting to report revenue growth of approximately 10% over FY12, however it is now believed that approximately $1m of the projected sales will not be achieved by 30 June. Three budgeted sales items worth $0.7m have been delayed until early in FY14 with the balance of the shortfall of $0.3m coming from 'softer' than expected core distributor orders. In addition the sudden resurgence of the US dollar will have an impact on bottom line profit caused by the requirement to restate the US dollar loan from Inmarsat into AU dollars which outweighs the gain from trading. A rate of 0.96 would have a net negative impact on profit of approximately $70k.

As a consequence the Company now anticipates it will report a positive EBITDA of between $950k to $1050k, and a Loss Before Tax in the range of $450k to $550k for the full year to 30 June 2013.

In the last few weeks the Company has been preparing a detailed Budget for FY14 and is confident of a growth in revenues in excess of 30% over FY13. The expected results are particularly supported by:

- the product development contract secured with Iridium in December 2012 which will provide a new source of product revenue under contract from Iridium, in excess of US$3.3m for FY14,
- the emerging performances of SatPhone Shop and Short Burst Data airtime services sold in Australia,
- continuing business with Telstra and with MCN China at major levels, &
- the launch of Inmarsat products into Japan through NTT DoCoMo and JSat Mobile.

The Company regrets that unforeseen circumstances have affected the profit outlook in the current year but remains confident of its outlook for both FY 14 and FY15.

Yours faithfully

Michael Capocchi
Managing Director