

23 May 2014

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Investor Update

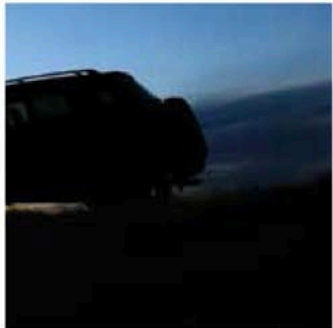
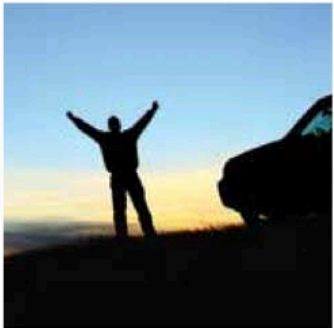
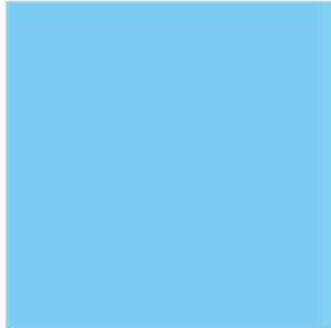
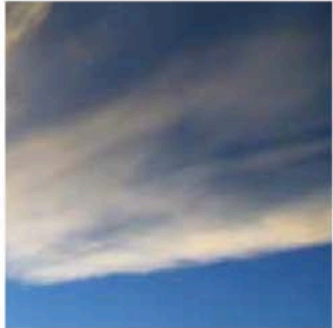
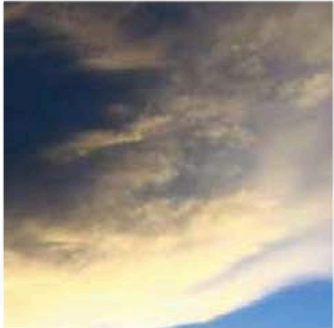
World Reach Limited is pleased to present an investor update on performance in 2013/14 and the future outlook.

This is a more detailed report for investors, following on from the Profit Guidance released yesterday, in which the Company announced that it expects a profit result in excess of budget for the full year to 30 June 2014.

Yours faithfully



Michael Capocchi
Managing Director



World Reach Limited (ASX:WRR)

Investor Update



May 2014

Profit Guidance main points

- Strong sales of existing products to core global distributors have continued into May, exceeding budget expectations.
- Iridium GO!™ is now in production with 5000 units scheduled to be shipped before 30 June, generating \$1.8M sales revenue.
- The company expects a profit for FY14 in excess of budget, in the range of ;
 - EBITDA \$ 1800K - \$ 1900K (equiv to 12.3c – 13.0c per share)
 - EBIT \$ 950K - \$ 1050K (equiv to 6.5c - 7.2c per share)
 - NET PROFIT \$ 350K - \$ 450K (equiv to 2.4c – 3.1c per share)
- Results are subject to USD / AUD fluctuations until 30 June but current bank forecasts indicate very minor change so influence is anticipated to be minor.

Financial Summary

	ACTUAL FY '13	ACTUAL Jul '13 – Dec'13	Estimate Jan '14 – Jun'14	Estimate FY'14
Revenue	14,073,087	5,525,753	7,374,247	12,900,000
EBITDA	872,543	711,379	1,138,621	1,850,000
EBIT	(178,363)	317,948	682,052	1,000,000
Profit/Loss	(600,573)	(6,705)	406,705	400,000

HIGHLIGHTS :

- Full Year Revenues lower but growing
- Full Year **EBITDA up 112% on FY'13**
- Full Year **Profit up 167% on FY'13**
- Maintaining solid margins
- Major turnaround in profitability, even without Iridium GO!™

Financial Outlook - Remainder FY'14

- Higher margin sales expected to be sustainable at strong current levels from global core distributors.
- Iridium GO!™ will provide \$1.8M of the initial \$3M commitment in this financial year FY'14.
- The AUD to USD provides fluctuations on sales revenues and profitability as the majority of sales and manufacturing costs are in USD. Hence a lower AUD benefits profit figures reported in AUD.
- Strategies are being developed to reduce the Company's debt.

Sales Revenue

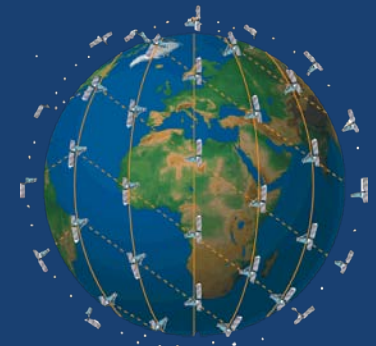
- Overall Sales Revenues continue to be strong with the main contribution being from the Beam satellite business
- Core Global Distributors are providing a solid foundation of continuous sales activity month on month
- Recurring revenues from the Short Burst Data service continue to grow with new subscribers added monthly
- Less reliance on big ticket low margin sales has resulted in improved profitability on a lower sales base, with a focus on higher margin sales to an expanding range of global distributors
- Iridium & Inmarsat sales revenues continue to average a 50% split evenly spreading revenues across the two main carriers
- European Resellers showing good signs of recovery following the previous downturn in the EU
- New revenues from the deliveries of the Iridium GO!™ product are forecast to commence in June at approx. USD1.8M

Profitability

- The company has continued to maintain good margins through the first five months of the second half of FY'14 with higher margin sales to core distributors
- Base operating expenses have been kept under forecast year to date
- The company is progressing with new funding opportunities to consolidate its debt and finance facilities that will reduce the overhead interest expense
- The company has applied for an Australian Government Research & Development Grant for the innovative development of the Iridium GO! product.
- Amortization of the R&D Investment for the development of the Iridium GO!™ terminal will commence in line with deliveries in June 2014
- The AUD/USD fluctuations impact profitability, however the Company has a partial offset with some of its loans and overdraft in USD.

Background to Iridium GO!™ Project

- Beam entered into a development contract with Iridium in 2012 for the development of a Satellite wireless Access point that would enable Voice, SMS< Data, Tracking and Value Added App's to work seamlessly over the Iridium network.
- The contract is for a minimum commitment of 10K units within the first 12 months, with total revenues of USD3M, anticipating 15K – 20K units per annum after first 12 months
- The product, known as Iridium GO!™, designed and manufactured by Beam as the OEM, was launched in February by Iridium during its global partner conference.
- Since the launch of the product there has been a high level of interest from the global markets, from consumer, commercial, government and DoD customers.
- Commercial delivery of the product will commence in June 2014.



- Core business has stabilised and continues to demonstrate consistent performance from global distributors.
- Margins and profitability increasing through higher margin sales to core distributors in place of higher volume very low margin sales.
- With the imminent commencement of commercial deliveries of the Iridium GO!™ product, the current level of channel and customer interest is exceptionally positive and very promising.
- Strategy is being developed to restructure the balance sheet to reduce the reliance on debt.
- Substantial growth in revenues is possible from the Iridium GO!™ launch with the initial 10K unit commitment shipping in 2014 and additional orders expected before the year end and ongoing.
- Strategies underway to penetrate into South America, Russia, Japan through key existing and new distributors.
- New product developments for the Inmarsat IsatPhone II expected to provide incremental docking unit revenues from mid year.
- Introduction of M2M and Prepaid Services to SatPhone Shop also will provide incremental revenues.
- The strategic importance of Iridium GO!™ is achieved from:
 - significant diversification to the Company's source of revenues,
 - being the Original Equipment Manufacturer (OEM) enables higher volume sales to a single customer,
 - skills in developing satellite products integrating WiFi & smart phones provides a solid foundation for further new products,
 - credibility gained as a desirable OEM will lead to other OEM opportunities.

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