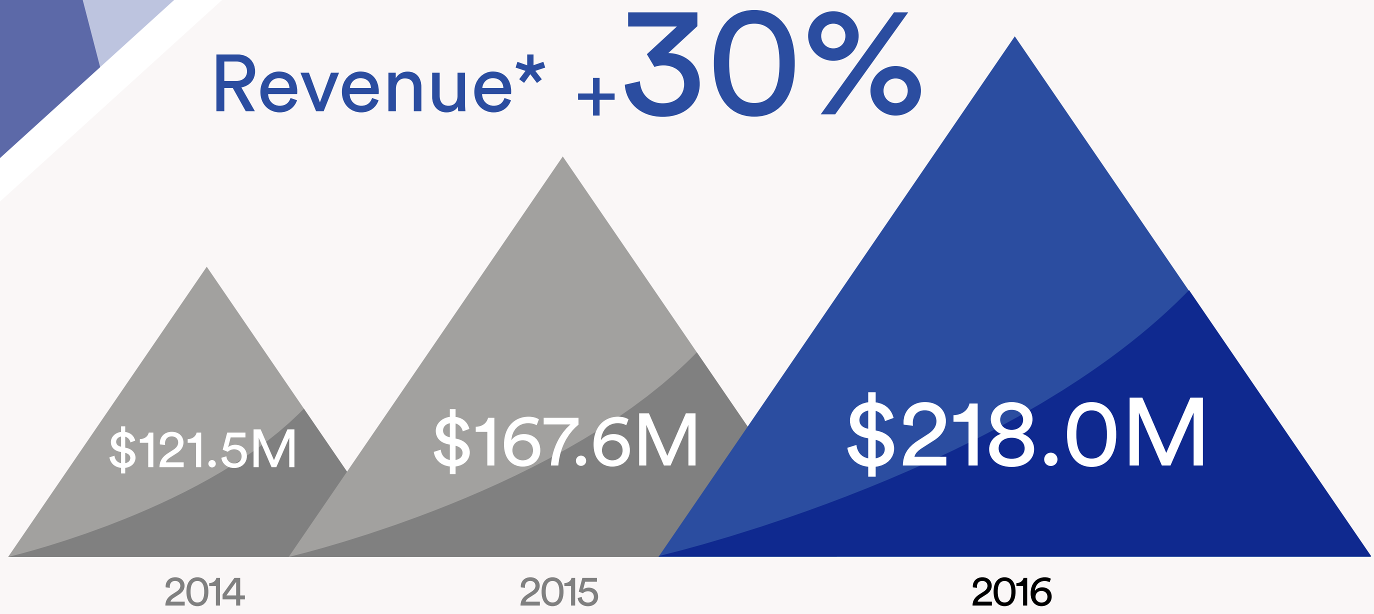
SpeedCast
International Limited

2016
Annual Report

speedcast

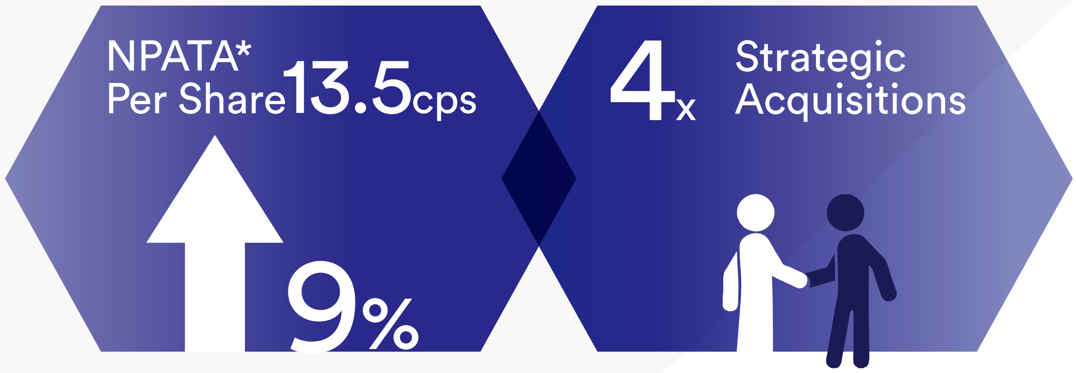
2016 Full Year Financial Highlights

speedcast



+34% service revenue[1] growth year over year in core markets	+42% EBITDA* increase on prior year	+30% NPATA* increase on prior year

+



* Underlying financial results are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.

1 Excluding Afghanistan service revenue.

SpeedCast International Limited
ACN 600 699 241

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016


SCAPE ROUTE
Miller

CHAIRMAN'S LETTER

John Mackay, AM

This is the third year for me to present the SpeedCast International Limited ('SpeedCast') annual report as Company Chairman. I am glad to be able to report on another year of good company performance.

2016 was a challenging year in terms of the overall business environment, consequently achieving organic growth proved more difficult than expected and SpeedCast grew revenue primarily as a result of four acquisitions:

NewCom International, now SpeedCast Americas (completed on 31 March 2016), offers a Miami-based teleport and office that provides SpeedCast a local presence in the global hub for the cruise industry, as well as a strong customer base and presence in Latin America: we are now truly global!

ST Teleport Pte Ltd, now SpeedCast Singapore (completed on 4 July 2016) adds a world-class infrastructure and presence in Singapore, a major hub for Maritime and Energy customers.

Completed on 31 August 2016, the acquisition of WINS Limited gives SpeedCast a foothold in Germany, a key hub for merchant shipping in Europe and a market primed for accelerated VSAT adoption, as well as a position in the fast growing cruise market in Europe.

With the closure of the Harris CapRock acquisition ("HCC"), SpeedCast is now positioned as the global leader in the satellite services industry. The combined product portfolio and scale enables us to deliver innovative new solutions and world-class support to our customers in over 100 countries globally. This expanded footprint and infrastructure, serviced by over 240 field engineers around the world, is unique and will enable SpeedCast to provide best-in-class services and support to our customers.

SpeedCast achieved double-digit growth across all P&L metrics, with especially good performance from the Maritime sector. Maritime contributed 35% of the Group's core service revenues, while delivering 57% service revenue growth driven by continuous penetration of Broadband VSAT systems and the contribution from acquisitions.

Post HCC acquisition, the Energy division is expected to represent approximately 45% of the Group's core service revenues and we believe SpeedCast is well positioned to benefit from the expected future recovery of the sector. SpeedCast is poised for future growth with a strong presence across a diversified set of industries and geographies. Our unwavering commitment to customers will continue to be at the heart of our future success.

I would like to acknowledge the hard work and dedication of our Directors, staff and management team led by our CEO, Mr. Pierre-Jean Beylier. SpeedCast's performance in such a difficult environment is surely a result of their commitment, good execution and strong customer focus. As we head into 2017, we will continue to rely on input from customers and employees to shape our future and look to maintain the trust of our investors.

John Mackay
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

PJ Beylier

Dear Shareholders,

2016 was a transformational year for SpeedCast as the company assumed the position of industry leader. Despite headwinds in key industries that SpeedCast serves, we continued to deliver sustained growth and create value for our shareholders. The diversity of our business, our growing scale and strong customer focus have allowed us to differentiate and grow during difficult market conditions. 2017 promises to be an exciting year as we complete the integration of Harris CapRock and generate operational efficiencies. The combination of SpeedCast and Harris CapRock expertise will position us well to capture future growth opportunities.

Our results show that SpeedCast is moving in the right direction, winning market share. Our strong foundation and business strategies allowed our three key business units to expand, while reacting and adapting to fast changing market situations with agility and flexibility.

SpeedCast achieved double-digit year-on-year growth again across key financial metrics. Our underlying revenue and underlying EBITDA increased by 30% and 42% respectively to USD218.0 million and USD41.5 million year-on-year. EBITDA margins also increased from 17.5% to 19%, despite the dilution impact from the acquisitions realised during the year. The increasing profitability of our business demonstrates the impact of our sales strategies and the delivery of post-acquisition synergies. Underlying NPATA reached USD19.2 million, an increase of 30% from 2015.

Our strong performance has enabled us to bring value to our shareholders. We paid a fully franked dividend of AUD3.20 cents per share for the first six months of 2016. We also declared a fully franked dividend of AUD2.40 cents per share for the second half of 2016, corresponding to approximately 40% of our NPATA per share for the second half of 2016.

Business Unit Overview

Major business wins and achievements by business units

SpeedCast successfully achieved organic growth with major business wins despite difficult market conditions. Our Maritime business delivered 57% service revenue growth versus 2015, including both organic and acquisitive growth, while the EEM business contributed half of the group's core service revenues, driven by its diversified industry base. Our Energy business achieved a 22% increase in service revenue year-on-year despite a declining market and challenging macroeconomic conditions. Significant contracts and achievements across all three business units during 2016 are listed as follows:

Thriving Maritime business

- Ericsson selected SpeedCast as its satellite connectivity solution partner to provide seamless communication globally between ship and shore, supporting end-to-end solutions for the maritime sector.
- Inmarsat and SpeedCast signed a multi-year partnership agreement under which SpeedCast will roll out Inmarsat's Fleet Xpress service to approximately 2,000 vessels. In 2016 SpeedCast installed Fleet Xpress on vessels from three large customers with incremental roll outs coming in 2017.
- KTsat, the largest satellite service provider in Korea, and SpeedCast partnered to provide global Ku-band maritime communications services to up to 150 vessels. As part of this partnership SpeedCast Global VSAT services were installed on 47 vessels in 2016.
- MMA Offshore, one of the largest marine service providers in the Asia Pacific region, awarded a multi-year service agreement to SpeedCast to provide high throughput connectivity across MMA's expansive global offshore fleet.
- Axxess Marine and SpeedCast collaborated to provide a revolutionary, flexible solution which enables super yacht customers to independently manage their data usage.
- e3 Systems, an independent communications integrator and pioneer in the maritime communications field, teamed up with SpeedCast to provide e3's super yacht customers with high speed, always-on connectivity solutions.
- For the 2016 Vendée Globe round-the-world race SpeedCast provided its two-way secured satellite communication and broadcast services to 27 of the 29 competitors in this years' Vendée Globe Race, making SpeedCast the number one provider of satellite services for this huge sporting event.

CHIEF EXECUTIVE OFFICER'S REPORT

EEM continues to diversify

- Airbus Defence and Space appointed SpeedCast to offer military-grade satellite communication services to the Australia and New Zealand governments.
- SpeedCast was awarded a six-year service agreement with Airbus Defence and Space to build, and subsequently manage a new ground anchor station facility based at SpeedCast's existing teleport in Adelaide, Australia for the Skynet 5A military satellite.
- The Australian Border Force awarded SpeedCast a tender for delivery of Wideband Management Systems for military and commercial satellite networks to deliver satellite communications to their Cape Class Patrol Boats.
- SpeedCast worked with bmobile-vodafone to upgrade its cellular backhaul network to support 3G data services for the three main urban areas of the Western Province on the Solomon Islands. This new network will double the current capacity to support 2G and 3G voice and data services for local industries and villagers.
- O3b Networks and SpeedCast signed an agreement to provide connectivity over the O3b satellite network to consumers, businesses and government customers of Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL).
- Roshan, Afghanistan's leading telecommunications provider with more than 6.5 million active subscribers across 287 districts and cities in all 34 provinces of Afghanistan, awarded SpeedCast a multi-year service agreement to upgrade its cellular backhaul network to support 3G services over satellite in the Zabul province of southwestern Afghanistan.
- NEDA Telecommunications, the first licensed Internet Service Provider in Afghanistan, appointed SpeedCast to build a satellite connected secure private network for the Government of Afghanistan.
- Multinet, a terrestrial connectivity service provider in Pakistan, signed a multi-million dollar agreement with SpeedCast to help add satellite communications solutions in order to expand its service coverage to the most remote areas of Pakistan via Satellite.

Establishing a firm foothold in the Energy sector globally

- INEOS, one of the world's largest manufacturers of chemicals and oil products, signed a three-year contract with SpeedCast to provide a fully managed VSAT network service for INEOS platforms in the Clipper South and Breagh gas fields in the North Sea, United Kingdom, providing both voice services and internet access.
- A leading global energy service company signed a multi-year service agreement with SpeedCast for fully managed VSAT network services to 18 wellsite locations throughout China. This was SpeedCast's first service implementation for an Energy customer in China.
- A multi-year service agreement to provide managed satellite communications services for offshore sites in Malaysia was awarded to SpeedCast by a leading global energy company engaged in the exploration and production of crude oil and natural gas.
- Multiple contracts were awarded to SpeedCast by one of the world's largest oil field services companies to provide fully managed VSAT to a total of twenty sites in the UAE.
- A leading global energy services company selected SpeedCast to provide field engineering and support services to areas across Europe, Africa, and Asia.
- SpeedCast finalized a joint venture in Ghana, strengthening the company's commitment to provide high quality coverage in the Pan African region including Algeria, Libya, Nigeria, Kenya and Angola

CHIEF EXECUTIVE OFFICER'S REPORT

Key Operational Achievements

Significant acquisitive growth

SpeedCast is leading the consolidation of what has historically been a highly fragmented market and has become the leader in key market segments through strategic acquisitions. Four acquisitions were completed or initiated in 2016:

ST Teleport: ST Teleport was a leading satellite communications provider based in Singapore. The acquisition of ST Teleport gives SpeedCast access to world-class teleport facilities and data centre infrastructure in Singapore, and is strategically beneficial to SpeedCast's Maritime and Energy business in Asia Pacific.

NewCom International: NewCom International was a leading satellite communications service provider specializing in South and Central America. The acquisition opens a new growth frontier for SpeedCast in a region where the Group did not have a direct presence previously.

WINS Limited: WINS Limited was a leading provider of innovative broadband satellite communications and IT solutions for the Maritime sector in Europe. The acquisition of WINS provides a stronger presence for SpeedCast in the passenger-carrying vessel market, and a local presence in Germany.

Harris CapRock: The acquisition of Harris CapRock was announced in November 2016 and completed on January 1st, 2017. Harris CapRock is a leading communications provider specializing in services to remote and harsh locations. The acquisition makes SpeedCast the global market leader in remote communications for the Energy sector and the bandwidth-hungry Cruise market. Expanded R&D capabilities from the acquisition will enable SpeedCast to deliver innovative new solutions and world-class support to customers around the world. The acquisition also gives SpeedCast added global presence in key markets such as the United States, Mexico, Brazil, Norway, and Indonesia.

Innovations

- **SIGMA Net:** SpeedCast launched the 2nd generation of the SIGMA family of products called SIGMA Net. SIGMA Net is a robust and secure cloud-based management platform for VSAT and MSS network management designed for ships and remote sites.
- **SpeedMail+:** SpeedCast introduced a new email communication solution called SpeedMail+, based on GTMaritime's flagship maritime email platform. SpeedMail+ combines SpeedCast's unrivalled global VSAT and L-Band network with the full suite of GTMaritime's services, including email, file transfer and anti-virus applications, developed for ships and remote sites.
- **Roaming WiFi:** Roaming WiFi is a new product SpeedCast that provides Wi-Fi hotspot service to remote and rural locations.

CHIEF EXECUTIVE OFFICER'S REPORT

CAST Values

Despite a difficult operating environment, SpeedCast managed to grow organically and acquisitively through commercial acumen, with a talented team and a focused business strategy. The CAST values program kicked off in 2015 has been a key element of enabling this growth and we will execute the next stage of the program in 2017.

- Customer Focused
- Agile & Responsive
- Success through People & Safety
- Team Spirit

Business Prospects

With significant strategic acquisitions in 2016 building upon market share gains and expansion into new segments and geographies, SpeedCast enters 2017 as the market leader in critical remote communications. Despite negative macro-economic conditions in some key markets in 2017 SpeedCast is focused on continued organic growth, efficient integration, operational excellence, and on driving value creation through integration and growth. We will deliver strong growth in 2017, driven by organic growth and the impact of acquisitions. We expect to see some key industry sectors recovering in 2018.

In Summary

2016 was a transformational year for SpeedCast during which we established the company as the industry leader. We continued to deliver sustained revenue, profit, and EPS growth and create value for our shareholders in difficult market conditions. I would like to thank the Board for their guidance and the managers and employees across SpeedCast for fostering a culture of excellence and customer focus. I also want to acknowledge the significant teamwork put into the acquisition of Harris CapRock and I am convinced that it was a defining moment in our history. We look forward to 2017, as we remain focused on providing world class communications solutions to our customers, long term value creation for our shareholders, and an exciting and rewarding work environment for our employees.

Pierre-Jean Beylier
Chief Executive Officer,
Executive Director

DIRECTORS' REPORT

DIRECTORS' REPORT

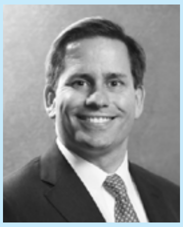
Information on Directors

Director	Experience
 **John Mackay AM** Independent Non-executive Director / Chairman	• John was appointed to the SpeedCast Board in 2013 as an Independent Non-executive Director and appointed as Chairman in 2014. • John has over 15 years of experience as a Chairman and Director of major companies across the communications, utilities, health, construction and education sectors. • John is currently a Director of ASX-listed property developer CIC Australia and Chairman of the audit and remuneration committees and a Director of data centre manufacturer Datapod. • Previously, John held the role of Chairman of TransACT Communications, a regional integrated telecommunications and subscription TV operator. John was the Chairman and CEO of ACTEW Corporation and CEO, Chairman and founder of its joint venture with AGL. Earlier in his career, John held a number of senior roles in the Australian federal public service. • John has been a Chairman or Director of several charitable, arts and sporting boards. He was Chancellor of the University of Canberra and Chairman of the Strategic Advisory Board of the National Arboretum Canberra. • John was appointed a Member of the Order of Australia in 2004, and was named as Canberra Citizen of the Year in 2008. John holds Bachelors of Arts (Administration) and Economics and an Honorary Doctorate from the University of Canberra.
 **Pierre-Jean ('PJ') Beylier** Chief Executive Officer, Executive Director	• PJ joined SpeedCast in 2000 as Head of Sales and Marketing. He was appointed Chief Executive Officer of SpeedCast in 2004. PJ has been instrumental to the success of SpeedCast, having managed the transition to its current technology platform and guided the development of SpeedCast's strategic focus. • PJ has over 20 years of experience in international sales and marketing across Black and Decker in France, and at Rhodia, a French manufacturer of specialised industrial chemicals where he held a number of roles including export sales manager for one of the divisions, responsible for Southern and Eastern Europe, Middle East and Africa, and then managed key e-business projects in the Group. • PJ graduated from Lyon School of Management and received a MBA from the University of Southern California.
 **Michael Berk** Non-executive Director	• Michael Berk is a Managing Director of TA Associates, and has been a Director of SpeedCast since its acquisition by the TA Associates Funds in 2012. • On behalf of TA Associates, Michael currently serves as a Director of Truck Hero Inc. ('THI'), the Professional Warranty Service Corporation and Towne Park. • Previously, Michael was a Director of Microban International and Triumph HealthCare. • Michael holds a JD (cum laude) from Harvard Law School, an MBA from Harvard Business School and a Bachelor of Arts (magna cum laude) from Harvard University.

DIRECTORS' REPORT

Director	Experience
 **Grant Ferguson** Independent Non-executive Director	• Grant was appointed as an Independent Non-executive Director of SpeedCast in 2013. Grant is also Chairman of the Audit, Business Risk and Compliance Committee. • Grant has over 15 years of experience in the telecommunications industry. Previously, Grant was the CEO of Astro Overseas Ltd, where he was responsible for the development and management of the Astro Group's international business. • While CEO of Astro Overseas, Grant was concurrently the CFO of Astro All Asia Network Plc, one of Asia's leading integrated multimedia groups. • Prior to that role, Grant was a Managing Director at sovereign wealth fund Temasek Holdings, where he was responsible for overseeing the development of the fund's telecommunications and media investments. • Grant has also held the roles of CFO of Total Access Communications in Thailand and Treasurer for the First Pacific Group in Hong Kong • In 2014, Grant was appointed to the board of Italian Football Club Inter Milan. • Grant currently serves as an advisor to and Non-Executive Director of a number of businesses across Asia covering a variety of industry sectors. • Grant commenced his career with PricewaterhouseCoopers in the United Kingdom, United States and Hong Kong where he held a series of senior management positions. • Grant is a member of the Institute of Chartered Accountants in Scotland and the Hong Kong Institute of Certified Public Accountants.
 **Peter Jackson** Independent Non-executive Director	• Peter was appointed as an Independent Non-executive Director of SpeedCast in 2012 and is also currently the Chair of the Nomination and Remuneration Committee. • Peter has over 40 years of experience in the satellite and telecommunications sectors. He is currently a Non-Executive Director of AsiaSat, where until 2012 he was Executive Chairman, having joined as CEO where he led the company through its 1997 listing on the Hong Kong Stock Exchange. Peter is also a former Director of the Cable & Satellite Broadcasting Association of Asia. • Prior to joining AsiaSat, Peter spent 20 years with Cable and Wireless. • Peter is currently a member of the Advisory Board of Thuraya Telecommunications, a mobile satellite operator in Dubai, a consultant to CITIC and a member of the investment committee of a private equity firm. • Peter has previously held the role as Director and Chairman at Daum, a public company that is a large internet provider in South Korea.
 **Michael Malone** Independent Non-executive Director	• Michael Malone was appointed as an Independent Non-executive Director of SpeedCast in May 2014. • Michael is the founder and former CEO of ASX-listed internet provider iiNet, a position he held from 1999 to 2013. • Michael served as the President of the Western Australian Internet Association from 1996 to 2002. • Michael is also the former Deputy Chairman of Autism West. • Michael was a winner of the Western Australian Information Technology and Telecommunications awards lifetime achievement award in 2005, and in 2006 was awarded the Business News Award for the most outstanding business leader in Western Australia under 40 and the Young Leader of the Year award for the JML Australia Human Capital Leadership Awards. • Michael holds a Bachelor of Science and a Diploma of Education from the University of Western Australia.

DIRECTORS' REPORT

Director	Experience
 **Edward Sippel** Non-executive Director	• Edward is a Managing Director of TA Associates and Co-Head of TA Associates in Asia. Edward focuses on investments in companies in the Asia Pacific Region. • Edward has been a Director of SpeedCast since its acquisition by the TA Associates Funds in 2012. On behalf of TA Associates, he also serves on the board of Nintex in Australia, Yeepay in China and was formerly a Director of Forgame in China. • Prior to joining TA Associates, Edward was a partner at two private equity funds, Quadrangle Capital Partners and TVG Capital. In this capacity Edward served on the Board of Directors of many public and private companies globally, including several in Australia such as Request Broadband and Power Tel, an ASX-listed entity which was later acquired by Telecom New Zealand/AAPT. • Edward holds a BA from Georgetown University.
 **Andrew Metcalfe** Company Secretary	• Andrew is a qualified chartered secretary and experienced governance adviser. • He is a CPA, Fellow of the Governance Institute of Australia and Member of the Australian Institute of Directors. • Andrew has acted as Company Secretary for a range of ASX-listed companies across a broad range of industries. • Andrew is based in Melbourne and advises SpeedCast on company secretarial practice and procedures and governance matters.

DIRECTORS' REPORT

Principal Activities

SpeedCast's core business vision is to be a leader in the provision of remote communications and IT services worldwide by focusing on creating value for customers through delivering high quality, innovative and tailored solutions with exceptional customer service. Key to the strategy is the ability to retain flexibility to react to changes in customer needs and industry trends.

SpeedCast provides products and services in the following categories:

Network Service: Design, deployment, operation and maintenance of networks, including installation and equipment configuration. Key determinants of the network service are the availability of satellite capacity, the proximity of core infrastructure required to deliver the service, and the skilled personnel to complete the network design, system integration, and follow-up maintenance and support during the lifetime of the service.

Value Added Services: SpeedCast offers its customers a range of value-added services, such as user applications (cyber security, email, voice, video conferencing, video surveillance), network optimisation (firewalls, filtering, data compression) and network monitoring and management (including reporting tools and remote access for IT technicians). Product innovation is the key to success, delivered by the ability to rapidly prototype, test, and productise new products for the SpeedCast portfolio.

Equipment Sales: SpeedCast sells equipment directly to customers including the very small aperture terminal (VSAT) terminals that send and receive transmitted data, modems, routers and other types of equipment related to the provisioning of value-added services. The ability to certify new and existing equipment on SpeedCast's network is critical, which requires skilled personnel, testing facilities and the ability to anticipate future market demand.

Wholesale VOIP: SpeedCast sells wholesale VoIP to telecom customers via the sale of voice minutes on a wholesale basis, which are then re-sold to the end user. VoIP services require a highly redundant carrier-class network backed with skilled personnel to manage, maintain and operate.

Professional Services: Professional Service is the provision of technical manpower and expertise to SpeedCast's customers. This includes the provision of manpower direct to client sites and installations supporting client owned IT and telecom equipment or as locally based technical support to a customer with sites in a remote or difficult region supporting customer owned/SpeedCast provided hardware and services.

System Integration: SpeedCast has three decades of experience in designing and integrating multiple complex telecommunication systems. We provide project management and systems integration services to public safety, utility, oil and gas, and maritime clients with operations around the world. The Company also offers turnkey systems integration of communication, security and crew morale solutions developed with robust engineering, analysis, design and project management processes and tools.

Review of Operations

The SpeedCast Board of Directors is pleased to report the Group's performance for the year ended 31 December 2016. Statutory Revenue, net profit and operating cash flow metrics have all seen strong positive growth year-on-year growth despite the difficult market situation. Statutory revenue increased by 30% to USD 218.0 million from USD 167.6 million in 2015, Net Profit after Tax was up 37% to USD 5.9 million from last year's USD 4.3 million and net cash flows from operating activities increased by 51% to USD 27.0 million from USD 17.9 million in the prior year.

The underlying[1] operational results for 2016 continue to reflect the fundamental financial strength of our business and the acquisitions completed in the current year. Total underlying revenue amounted to USD 218.0 million, up 30% from 2015; underlying EBITDA[2] totalled USD 41.5 million, up 42% from 2015; and our underlying NPATA[3] was USD 19.2 million, an increase of 30% on prior year.

Refer to the Operating and Financial Review on page 18 for further information.

1. Underlying financial results are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs. This reconciliation is shown on page 24.
2. EBITDA is defined as earnings before interest, tax, depreciation and amortisation and is used to measure the underlying performance of the Group, excluding non-cash items such as depreciation and amortisation.
3. NPATA is defined as net profit after tax but prior to the amortization of acquisition related intangibles, net of tax effect.

DIRECTORS' REPORT

Key Developments

Fiscal year 2016 has been challenging, yet transformative for SpeedCast. Significant changes in state of affairs include:

- **Global Presence –** SpeedCast is now the world's leading provider of fully managed remote communication network and IT services with an extensive global footprint of local support, infrastructure and coverage coupled with world-class technology and a pervasive safety culture. SpeedCast has been added by the Standard & Poor's Dow Jones Indices to the S&P/ASX 300, effective after the close of market on March 18, 2016.
- **Financial Performance –** Group revenue continued to achieve double-digit growth year-on-year. The Group's core service revenues grew at a faster pace and were 34% above that of 2015.
- **Major Acquisitions –** In 2016 SpeedCast announced or completed four major acquisitions including Harris CapRock, NewCom International Inc., ST Teleport Pte. Ltd. and WINS Limited.
- **Expansion of Maritime Business –** Revenue expanded in the Maritime division through strategic acquisitions to build a leadership position in the fast-growing cruise sector.
- **Steady Energy Business –** The Energy sector experienced an extremely difficult year but SpeedCast managed to win market share and is strongly positioned for the upturn.
- **Strong Performance of EEM Business –** The Enterprise and Emerging Markets sector experienced solid growth and represents approximately half of the Group's core service revenues pre-Harris CapRock acquisition with cellular backhaul, government, enterprise and NGOs being the main revenue drivers.
- **New Products and Services –** A number of innovative products and services were successfully launched including a 2nd generation of SIGMA Net and Speedmail+, an email service designed for maritime vessels and remote sites.

DIRECTORS' REPORT

Dividends

	2016 US$'000	2015 US$'000
Interim dividend paid for the year ended 2016: AUD3.2 cents (fully franked), 2015: AUD3.0 cents (fully franked)	3,351	2,630
Final dividend paid for the year ended 2015: AUD3.65 cents (fully franked), 2014: AUD3.36 cents (fully franked)	3,292	3,127

In addition to the above, on 27 February 2017, the Directors approved the payment of a final dividend of AUD 2.4 cents per share for the year ended 31 December 2016 which will be fully franked.

Events after the Reporting Date

On 1 November 2016, the Group announced it had entered into a definitive agreement to acquire 100% of Harris CapRock for total upfront consideration of USD 425 million. Harris CapRock is a leading provider of communications networks for remote and harsh environments, primarily in the Maritime and Energy markets.

The initial close was completed on 1 January 2017. The acquisition was funded via a fully-underwritten AUD295 million Accelerated Renounceable Entitlement Offer, with the balance funded by a fully-underwritten syndicated debt facility. The syndicated debt facility was drawn down prior to balance date as described in Note 22.

The financial effects of this transaction have not been recognised at 31 December 2016. The operating results and assets and liabilities of Harris CapRock will be consolidated from 1 January 2017.

The fair values of the assets and liabilities of Harris CapRock as at the date of acquisition are currently being determined by the Group's valuer and have not yet been finalised.

USD 5.1 million of acquisition related costs have been recognised in relation to this transaction in the current financial year. We expect USD 7.8 million of acquisition-related costs will be included in profit or loss in the reporting period ending 31 December 2017.

Other than the above, there have been no other material post balance sheet events since 31 December 2016.

Future Developments and Results

Likely developments in the operations of the Group have been included in the Operating and Financial Review. The Group is presently focused on consolidating its operations to ensure an effective operating model, and the results for 2017 are expected to achieve a reasonable increase over 2016.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulations in any of the operating countries.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

DIRECTORS' REPORT

Meeting of Directors

During the financial year, 15 Director Meetings, 4 Audit Committees and 1 Remuneration Committee were held. Attendances by each Director and sub-committee member during the year were as follows:

2016 Directors	Director Meeting	Audit Committee	Remuneration Committee
John Mackay	15	4	
PJ Beylier	15		
Grant Ferguson	14	4	1
Peter Jackson	13		1
Ed Sippel	15	4	1
Michael Malone	13		1
Michael Berk	6		
HELD	15	4	1

Indemnification and Insurance of Officers

During the financial year, SpeedCast International Limited, paid a premium applicable to the period from 1 January to 31 December 2016 of USD 49,405 (2015: USD 43,000) to insure the Directors and Officers of the Company and its worldwide controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving willful breach of duty by the officers or the improper use by the officers of their position or of information to gain an advantage for themselves or someone else or to cause detriment to the Group.

It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

DIRECTORS' REPORT

Remuneration of Directors and Key Management Personnel

The Remuneration Report is set out on pages 26 to 35 which forms part of this Directors' Report.

Options

At the date of this report, the unissued ordinary shares of SpeedCast International Limited under options are as follows:

Scheme	Grant dates	Vesting dates	Number of unissued ordinary shares under option
RMR[1]	14 August 2014	14 August 2018	465,276
LTIP[2]	12 August 2014	31 December 2017	278,130
LTIP[2]	9 September 2015	31 December 2018	592,741
			1,336,147

[1] Restricted Management Rights
[2] Long Term Incentive

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any entity. For details of options issued to Directors and other key management personnel as remuneration, refer to the Remuneration Report.

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standard Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the years ended 31 December 2016 and 2015:

	2016 US$'000	2015 US$'000
Other assurance services	-	16
Taxation services	20	40
Transaction related services	2,057	383
	2,077	439

DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 37.

Rounding of Amounts

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off in accordance with that class order to the nearest thousand dollars.

This Directors' Report and the Remuneration Report are signed in accordance with a resolution of the Board of Directors.

Pierre-Jean Beylier
Chief Executive Officer, Executive Director

17 March 2017

OPERATING AND FINANCIAL REVIEW

OPERATING AND FINANCIAL REVIEW

Overview

Highlights of the Group's operating and financial performance during 2016 and up to the date of this report are:

- SpeedCast achieved strong double-digit year-on-year growth across all P&L metrics. Group revenue grew 30% to USD 218.0 million period on period.
- EBITDA[1] margin continued to improve through the effective delivery of cost and operating synergies.
- 2016 was an exceptional year in terms of M&A activity with the signing of four acquisitions funded by a combination of debt and equity and all accretive immediately. Each acquisition has added important capabilities, infrastructure, customers and reputation that will contribute to a stronger competitive position and sustainable future revenue growth.
- The Maritime business delivered 57% service revenue growth year-on-year, driven by continuous penetration in VSAT enabled vessels and the impact of strategic acquisitions.
- The Enterprise & Emerging Markets business grew 26% year over year, and provided a solid foundation for service revenue growth in 2017 and beyond.
- The acquisition of Harris CapRock transforms the Group into the global leader in the Energy sector in 2017, significantly enhancing its capabilities at an attractive stage in the industry business cycle, thus preparing the Group to take full advantage as the sector recovers. Energy service revenue grew 22% year-on-year.
- During the year, the Group continued to focus on integration and achieved significant cost synergies due to economies of scale.
- An interim fully franked dividend of AU3.20 cents per ordinary share was paid on 6 October 2016 for the six months ended 30 June 2016 and a fully franked dividend of AU2.40 cents per ordinary share was declared for the six months ended 31 December 2016, which equates to approximately 40% of underlying NPATA[2] per share.

2017 Outlook

The Group expects to grow organically both revenue and EBITDA in 2017 driven by continued growth trends in Maritime, diversification in EEM, and stabilisation in the Energy sector. Key growth drivers include:

- A number of delayed contract wins and activations brought forward from 2016 in the EEM division.
- Newly acquired global capabilities opening opportunities in the growing cruise market for the Maritime division. SpeedCast now has additional customers, presence and opportunities through the acquisitions of both Harris CapRock and WINS Limited in 2016.
- Continued focus on operational efficiencies and organic growth to deliver continuous improvement in profitability,

In addition to continued organic growth, the opportunity for further strategic M&A opportunities will be explored amidst the growing importance of scale and the consolidation trend in the industry.

In the medium and longer term, SpeedCast will continue to have access to multiple growth engines and to create new ones, thanks to the diversity of its business. This is expected to sustain double-digit EBITDA growth, underpinned by revenue synergies and continued operational leverage.

1. EBITDA: Earnings before interest, tax, depreciation and amortisation
2. NPATA: Net profit after tax and amortisation

OPERATING AND FINANCIAL REVIEW

Business Strategy and Prospects

SpeedCast's long-term goal is to consolidate its position as the leader in remote communications services globally with strong market share in energy and maritime. SpeedCast's growth strategy is underpinned by five pillars:

- Underlying market growth;
- Market share growth;
- Expansion opportunities into adjacent geographic and customer markets;
- Continued product innovation and value-added services growth; and
- Strategic acquisitions.

Maritime Industry

Despite the Energy market downturn affecting the offshore service vessel ('OSV') segment in 2016, the Group achieved notable service revenue growth year on year for its Maritime business, driven by continuous adoption of Broadband VSAT systems and the expansion into the passenger-carrying vessels market.

In 2016, Maritime achieved significant service revenue growth of 57% against FY2015. The number of active VSAT vessels increased to almost 1,000 by the end of the year, despite increased levels of churn and service suspensions observed in the OSV sector. Including L-band and MSS services, in total, SpeedCast's Maritime business is now serving more than 10,000 vessels across its network portfolios.

SpeedCast has also invested heavily into research and development activities to provide best of breed value-added services to customers. In 2016, the Group successfully launched the 2nd generation of SIGMA Net and Speedmail+. These R&D capabilities allow the Group to tailor services to the needs of specific market sectors, and expand the service portfolio to better serve Maritime customers. The Group also further expanded its global Ku-band network, by adding new High Throughput Satellite (HTS) beams to provide additional capacity to the most trafficked yachting areas in the Caribbean via 3-beam technology.

Business growth

We continuously strive to expand our subscriber base. Our success in 2016 is due to the expertise of our global team. The team consists predominately of long-standing industry professionals with years of experience, granting them a deep understanding of customers' operations that enables them to tailor solutions to specific requirements.

We secured a number of significant maritime contracts in the period of FY2016, and a number of these have been publicly announced such as those awarded by KTsat, MMA Offshore and Ericsson.

KTsat - continued its partnership with SpeedCast to provide global Ku-band maritime communications services to up to 150 vessels, which will be installed over the next 18 months. KTsat is the largest satellite service provider in Korea and has been leading the nation's satellite communication and broadcasting industry through 6 satellite launches and service operations.

MMA Offshore - one of the largest marine service providers in the Asia Pacific region, awarded a multi-year service agreement to SpeedCast to provide high throughput connectivity across MMA's expansive global offshore fleet. MMA will be using SpeedCast's Ku-band and C-band global maritime network and value added maritime communication services with SpeedCast acting as a complete solutions provider for MMA communication services at sea.

Ericsson – Ericsson selected SpeedCast as its satellite connectivity solution partner to provide seamless communication globally between ship and shore, sector. The strategic agreement which leverages both organizations' global capabilities creates a strong partnership in the global Maritime sector, enabling both companies to expand their solution portfolios.

In 2016 SpeedCast inked strategic partnership agreements with **Axxess Marine** and **e3 Systems** to further expand our footprint in the growing yachting sector.

The acquisition of WINS Limited is expected to fuel further growth in the Maritime business by providing an entry point into the passenger-carrying vessels market and creating a strong local presence in Germany, a key European shipping hub. The acquisition of Harris CapRock transforms the Group into the leading Maritime VSAT provider, led by a strong position in the fast growing cruise segment.

These acquisitions further enhance SpeedCast's R&D capabilities and significantly increase the breadth and depth of our products and services portfolio, allowing us to continue to meet and exceed customers' expectations and requirements.

OPERATING AND FINANCIAL REVIEW

Business challenges

As with all commercial operations, SpeedCast operates in a dynamic and competitive landscape. The Maritime business is well positioned both operationally and commercially to evolve in line with changing market conditions and expectations with the objective to ensure that SpeedCast remains cost competitive, while maintaining our product and solutions' commercial edge and high quality.

Dropping oil price and a reduction in global trade were the major headwinds that affected the Maritime business in 2016. Additionally, the industry was impacted by decreased spend on ships, a high number of scrapped or laid-up vessels – more than 1,500 globally – and the restructuring of global workforces. Despite these factors, SpeedCast continued to regularly add vessels to its network throughout the year.

Our Maritime services are constantly expanding to keep up with our customers' demands – from simple mobile connectivity to the most sophisticated tailored solution. A diversified portfolio of available solutions and a team of experts working in the background supporting our clients provide a high degree of technical flexibility that allows us to adapt to any unforeseen situations we may encounter.

Outlook

The fast growing cruise market will be a major growth driver for the Maritime vertical, proving to be one of the more direct and early benefits from the Harris CapRock acquisition. In addition, the impact of Fleet Xpress upon managed VSAT services is expected to show in 2017 while GSM services pricing models will be revisited to drive volume growth. The Energy market downturn will continue to provide headwinds into 2017 but is expected eventually to give way to increased projects and expenditures by our customers as the sector improves.

Moving into 2017, we expect to continue adding new subscribers organically as well as improving the diversity of our customer base. We have also identified several target areas in the industry where we see greater opportunity to leverage our expertise and meet customer needs.

We will also invest in new technologies to refine our offerings and value-added services as well as into human resources where required. Lastly, we will capitalise on the expected increase in VSAT penetration by migrating accounts from L-band to VSAT, while also servicing their ongoing L-Band and other MSS needs.

Energy Industry

The Energy sector is impacted by oil price fluctuations, environmental concerns and regional political stability. The Energy business experienced a difficult and challenging year due to the macroeconomic conditions but, despite this, managed to achieve market share growth amid a declining market. The acquisition of Harris CapRock, made at an attractive time in the market cycle, results in SpeedCast becoming the global market leader in the sector with complementary geographical presence. Post Harris CapRock acquisition, the Energy division is expected to represent approximately 45% of the Group's core service revenues.

Business growth

The Energy division, prior to the Harris CapRock acquisition, was the smallest division in the Group contributing 16% of SpeedCast's service revenues in 2016. Revenue churn was high in the first half of the year reflecting the challenging market conditions but came back down to historical levels in the second half of 2016. Despite this, service revenues for Energy in 2016 still grew 22% on the corresponding prior period.

Some of the more notable wins for the Energy division in 2016 were:

- A new sizeable multi-year service agreement was awarded to SpeedCast by a leading global energy service company for fully managed VSAT network services to 18 wellsite locations throughout China. This is SpeedCast's first service implementation for an energy customer in China.
- A multi-year service agreement was awarded to SpeedCast by a leading global energy company engaged in the exploration and production of crude oil and natural gas for managed satellite communications services for the Customer's offshore sites in Malaysia.

OPERATING AND FINANCIAL REVIEW

- Award of multiple contracts by one of the world's largest oil field services companies to expand its VSAT services in UAE, for a total of 20 sites.
- INEOS, one of the world's largest manufacturers of chemicals and oil products, signed a three-year contract with SpeedCast for fully managed VSAT network services for its platforms in the Clipper South and Breagh gas fields in the North Sea, United Kingdom, providing both voice services and internet access.
- A leading global energy service company appointed SpeedCast to provide field engineering services to support and maintain remote communications services over fibre, wireless and satellite networks, as well as IT and related technical services to ensure continuity in the company's remote operations. SpeedCast leveraged its existing global Field Engineering Team throughout these regions to provide technical support expertise and agile field services wherever they were required, enabling the customer to focus on mission critical operations and driving profitability.

Business challenges

The dropping oil price and macroeconomic environment adversely impacted our Energy business in 2016 which resulted in limited growth for the year. SpeedCast reacted to this market situation by providing tailored service plans, world-class field services, and additional flexibility to customers who were cold stacking rigs. The strong foundation built in previous years has provided the necessary stability to absorb the market downturn and position the business well as the sector improves.

Outlook

Although the Energy sector stabilised during the second half of 2016, it has yet to show any significant signs of recovery. We believe that SpeedCast is well positioned to benefit from the anticipated upturn of the sector. With the successful integration of Harris CapRock, the combined services and technologies will create new opportunities to both SpeedCast and legacy Harris CapRock customers.

Enterprise & Emerging Markets ('EEM') Industry

The EEM business serves highly diversified markets including telecom, government, NGO and media services. During 2016, EEM contributed approximately half of the Group's core service revenues growing at a rate of 26% year on year.

Business growth

Several important acquisitions brought new capabilities and market opportunities to the Group:

- NewCom International Inc. added new growth opportunities in South and Central America as well as strengthening the Group's presence in North America with a major office and teleport in Miami, a key hub for the yachting, cruise and government markets.
- ST Teleport Pte. Ltd. has a large base of EEM revenue with their notable track record in broadcast media delivery and represents an area for potential growth for SpeedCast.

Business challenges

The markets that make up the EEM business unit are often affected by regional factors. Many regional markets were subdued in 2016, with revenues holding steady compared to the previous year. An over-supply of bandwidth applied price pressure in some markets including the Pacific region. SpeedCast will react to different market situations accordingly, by adjusting price or service offerings. Political instability worldwide also poses a further challenge for SpeedCast due to the changing and varied service requirements for different governments.

Outlook

There is an increasing demand for bandwidth and improved connectivity across the markets we serve and SpeedCast is well positioned to accommodate those needs, especially in some of the newer regional markets identified for 2017.

Cellular backhaul is expected to experience strong growth while new opportunities are appearing in the government services business. The integration of Harris CapRock and WINS businesses will bring EEM access to new business opportunities in new territories.

OPERATING AND FINANCIAL REVIEW

Business Risks

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that business risks are identified quickly and that appropriate risk mitigation steps are taken in a proactive and timely manner. The Board assesses the risks with the Group's overall strategic objectives and activities in mind. Current key risks identified for the Group are:

SpeedCast financial targets are compromised by ongoing global reduction in bandwidth costs

Global bandwidth costs continue to decline. This is caused by bandwidth oversupply, technological innovation, and increased competition from new entrants. These reductions may impact SpeedCast's future financial performance.

Consolidation of the satellite service industry could change the competitive landscape

The satellite service industry is undergoing a period of consolidation and vertical integration. Some of SpeedCast's distributors have been acquired by competitors and SpeedCast anticipates that other distributors of its services may be acquired by competitors in the future.

Satellite service providers face competition from a range of communications services and new technologies

Satellite communication competes with a number of different methods of transmission, including fibre-optic, Wi-Fi and WiMax. As competing networks expand, satellite communication's competitive advantage in providing connectivity to users outside established networks is reduced.

Geo-political risks

As a consequence of the geographic areas that SpeedCast operates in, the Group is exposed to geopolitical and strategic risks. These risks have increased as the Group has grown larger and moved into new markets. The risks include disruption as a result of war, civil unrest, security issues and government intervention. These risks exist predominantly in the Middle East, Russia and certain parts of Latin America and Asia.

Loss of, or inability to attract, key personnel

SpeedCast's success depends to a significant extent on its key personnel. There is significant competition for strong candidates with experience in the satellite service industry, and this competition is expected to increase. The loss of key personnel, the inability to recruit or retain personnel, may adversely affect SpeedCast's future financial performance.

Risks relating to acquisitions

SpeedCast has historically experienced rapid growth through acquisitions. This growth has placed, and may continue to place, significant demands on management, information reporting resources, and financial and internal controls and systems. In addition, SpeedCast's ongoing performance depends on the effective and timely integration of acquisitions, including Harris CapRock during 2017 and beyond. SpeedCast also expects to make future strategic acquisitions in circumstances where the Directors believe that those acquisitions support SpeedCast's growth strategy and will create value for the Group's shareholders.

Foreign exchange rates

SpeedCast's financial reports are presented in United States dollars. However, a substantial proportion of SpeedCast's sales revenue, expenditures and cash flows is generated in various other currencies, including Australian dollars and Euros. Further, as SpeedCast expands its operations it is expected that it will be exposed to additional currencies. Any adverse exchange rate fluctuations or volatility in the currencies in which SpeedCast generates its revenues and cash flows, and incurs its costs, would have an adverse effect on SpeedCast's future financial performance and position.

Management Review of the Group's Performance

Statutory reconciliation

The underlying financial results have been presented to provide a better understanding of SpeedCast financial performance and are intended to exclude items which are non-recurring in nature, such as acquisition-related transaction costs, integration costs and restructuring costs.

Statutory to underlying:	2016 US$m	2015 US$m
Statutory revenue	**218.0**	**167.6**
Statutory net profit after tax	**5.9**	**4.3**
IPO and acquisition related costs	7.0	3.8
Integration costs	1.0	0.3
Re-measurement loss (equity) deferred consideration	0.6	0.4
ST Teleport consideration – finance costs	0.3	-
Accelerated amortisation of loan establishment costs	1.2	-
Non-recurring foreign exchange gain	(6.0)	-
Tax effect of underlying	1.4	(0.1)
Underlying / NPAT	**11.4**	**8.7**
Add back: Amortisation (net of tax)	7.8	6.0
Underlying NPATA	**19.2**	**14.8**

There was no difference between underlying and statutory revenue.

Non-IFRS measures such as EBITDA and NPATA have also been presented to provide a better understanding of the SpeedCast financial performance.

OPERATING AND FINANCIAL REVIEW

Financial results

US$ million	Underlying 2016	Underlying 2015	% change
Total Revenue	**218.0**	**167.6**	**+30%**
EBITDA	**41.5**	**29.3**	**+42%**
Depreciation	(11.6)	(7.4)	+57%
Amortisation	(10.0)	(7.7)	+30%
EBIT	**19.9**	**14.2**	**+40%**
Finance, costs	(5.7)	(3.2)	+78%
Share of profit from interest in joint ventures	-	0.1	-100%
Income tax expense	(2.8)	(2.4)	+17%
NPAT	**11.4**	**8.7**	**+31%**
Add back: Amortisation (net of tax)	7.8	6.0	+30%
NPATA	**19.2**	**14.8**	**+30%**

- Underlying revenue increased by 30% to $218.0 million (2015: $167.6 million). The revenue in 2016 includes the contributions from the four strategic acquisitions completed in 2016 as well as the full year impact of acquisitions completed in 2015.
- Underlying EBITDA of $41.5 million was up 42% on prior year (2015: $29.3 million). EBITDA margins continue to improve from 17.5% to 19.0% as integration synergies from acquisitions during both 2015 and 2016 are realised.
- Underlying NPATA increased to $19.2 million compared to $14.8 million in financial year 2015, an increase of 30% year on year.
- Underlying depreciation and amortisation was higher than the comparative period due to the inclusion of a full year for the 2015 acquisitions and the inclusion of USAT, ST Teleport, NewCom and the WINS group in 2016 from their acquisition dates.
- The increase in the underlying net finance costs is reflective of the increase in the average debt levels in 2016 as a consequence of the additional debt drawn down to fund the 2016 acquisitions.
- Statutory net cash flows from operating activities, including payments for financing costs and any applicable taxes, increased 51% to USD 27.0 million (2015: USD 17.9 million).

REMUNERATION REPORT

REMUNERATION REPORT

This Remuneration Report details remuneration information as it applies to SpeedCast Group Key Management Personnel ("KMP") for the year ended 31 December 2016 in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations.

This information has been audited as required by section 208(3C) of the Act. Our remuneration disclosures aim to maintain a high standard of clarity and transparency in communications with all stakeholders. The KMP referenced throughout this report are listed below.

Non-executive Directors

John Angus Mackay
Michael Stuart Berk
Grant Scott Ferguson
Peter Edward Jackson
Michael Malone
Edward Francis Sippel

Executive Directors

Pierre-Jean Joseph Andre Beylier, Chief Executive Officer

Other KMP

Richard Frank Carden, Senior Vice President, Integration

Piers Cunningham, Vice President, Maritime Service

Chung Wai Kit, Senior Vice President, Operations and Engineering

Keith Johnson, Senior Vice President, Energy

Ian Baldwin, Chief Financial Officer

Andrew Burdall*, Senior Vice President, Enterprise & Emerging Markets

* Andrew Burdall promoted to Senior Vice President, Enterprise & Emerging Markets on 1 October 2016

Remuneration Policy

The Board's objective is to ensure that SpeedCast Group's remuneration supports achievement of the Company's strategy, and drives performance and behaviour which are in the Company's best interests. Remuneration matters are handled by the Nomination and Remuneration Committee, which is a sub-committee of the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee recommends to the Board the remuneration packages for the KMP on annual basis. In carrying out its duties, the Nomination & Remuneration Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis, by reference to relevant local employment market conditions. The overall objective is to ensure maximum stakeholder benefits from the attraction and retention of a high quality executive team. The Nomination and Remuneration Committee forms its own independent decisions on KMP remuneration.

The key principles which govern the Company's remuneration framework are to:

- Link executive rewards to the creation of shareholder value;
- Provide market-competitive remuneration package, with appropriate balance of fixed and variable remuneration;
- Ensure variable portion of executive remuneration is dependent upon meeting pre-determined performance objectives;
- Allowance for Board discretion to be applied, in order to ensure that remuneration outcomes are appropriate for the Company's circumstances; and
- Ensure that performance objectives for variable remuneration are aligned to the drivers of the Company's success and the achievement of overall company business objectives.

KMP incentive arrangement

SpeedCast has established a number of incentive arrangements to enable attraction, motivation and retention of KMP of SpeedCast.

The remuneration awarded for 2016 contains the following elements:

- Fixed remuneration;
- Variable remuneration;
  - Short-term incentive 'STI' (Cash Bonus); and
  - Long -term incentive 'LTI'.

The target allocation of KMP remuneration between base salary and variable remuneration (excluding allowances and non-monetary benefits) for 2016 was as follows.

	Base Salary	STI	LTI
PJ Beylier	45%	23%	32%
I Baldwin	56%	22%	22%
K Johnson	53%	21%	26%
R Carden	62%	25%	13%
T Chung	59%	24%	17%
P Cunningham	62%	19%	19%
A Burdall	53%	21%	26%

REMUNERATION REPORT

Fixed remuneration (base salary and fixed allowance) is reviewed on an annual basis taking into consideration the individual performance, competency levels, the consolidated entity's performance and market conditions relevant to the role and location.

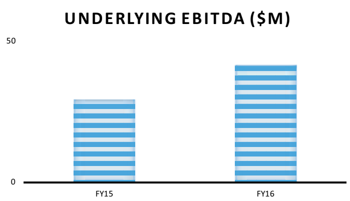
Both the cash-based short-term incentive and the equity-based incentive are subject to achievement of key performance indicators "KPI" or hurdles set and assessed by the Board.

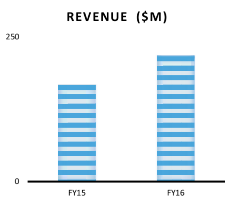
For the CEO, the target STI bonus is 50% of base salary, and for other KMP it ranges between 30% and 40% of base salary. Both Financial and non-Financial Key performance indicators "KPI" are set each year and measured at the end of each year.

The 2016 STI performance measures for the CEO were as follows:

- 50% - Group Revenue
- 50% - Group EBITDA

The 2016 STI performance measures for the Other KMP were as follows:





- 25% - Group Revenue
- 25% - Group EBITDA
- 50% - Role specific quantitative measures, including divisional revenue, profit and capacity utilisation targets, among other measures

The above measures were chosen as they represent the key milestones on the path to delivering the Group's strategy.

The Board retains discretion to increase or decrease incentive payments to take account of significant events and/or other factors that were not anticipated when the targets were established.

To the extent that an individual outperforms the rigorous targets set, it is possible for payout to be received that is in excess of 100% of their STI target.

Portion of target STI paid to CEO: 35%

Portion of target STI paid to other KMP: 6%

The Group has very high expectations of Management and sets rigorous targets in each of the above areas, as it seeks to continue to drive maximum performance.

In addition to setting KPIs at a stretch level, the Group also requires the below conditions to be met in order for an individual to become entitled to receive payments under the STI:

- KMP still employed when bonus is paid;
- Group meeting all bank covenants (this operates to ensure that in the pursuit of challenging revenue targets, the executive team is also required to maintain suitable financial discipline in order to receive any bonus).

The STI is not the exclusive method of providing incentive remuneration for employees of SpeedCast Group and the Board has discretion to provide other forms of incentive remuneration in appropriate circumstances.

REMUNERATION REPORT

Long-term Incentive Plan (LTIP)

LTIP has been established in order to:

- align the interests of SpeedCast's executives with those of shareholders;
- encourage outperformance against the market; and
- encourage the retention of key executives.

Participation in the plan, which is approved by the Board, is based on sustained individual performance and value to the Company.

There were no LTIP awards in 2016. For 2014 and 2015, LTIP awards have been in the form of performance rights, which on vesting entitle the executive to receive a fully-paid ordinary share in SpeedCast, for no consideration. The Board considers that this method of delivering the LTIP allows for the best alignment between the interests of executives and shareholders, as the value of the LTIP will change in tune with the Company's share price.

Features of the Plan are set out below:

Eligibility	Offers may be made at the Board's discretion to employees of SpeedCast or any other person that the Board determines to be eligible to receive a grant under the plan.
Types of securities	The Plan Rules provide flexibility for SpeedCast to grant one or more of the following securities as incentives, subject to the terms of individual offers: • Performance rights • Options; and • Restricted shares. Options are an entitlement to receive a share upon payment of an applicable exercise price. Performance rights and restricted shares are an entitlement to receive a share for no consideration.
Offers under the Plan	Offers are made at the Board's discretion. The Board can set the terms and conditions on which it will offer performance rights, options and restricted shares in individual offer documents. The offer document must contain the information required by the Plan Rules. Offers must be accepted by the employee and can be made on an opt-in or opt-out basis.
Issue Price	Unless the Board determines otherwise, no payment is required for a grant of a performance right, option or restricted share under the Plan.
Vesting	Vesting of performance rights, options and restricted shares under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Options must be exercised by the employee and the employee is required to pay the exercise price before share are allocated. Subject to the Plan Rules and the terms of the specific offer document, any performance rights, options or restricted shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad "clawback" powers if, amongst other things: The participant has acted fraudulently or dishonestly, has willfully breached their duties, or the Company is required or entitled under law or company policy to reclaim remuneration from the participants; or The participant's entitlements vest as a result of a fraud, dishonesty or willful breach of duty of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
Change of control	The Board may determine that all or a specified number of a participant's performance rights, options or restricted shares will vest or cease to be subject to restrictions in a change of control event in accordance with the Plan Rules.
Other terms	The Plan contains customary and usual terms for dealing with administration, variation, suspension and termination of the Plan. The terms of the Plan may be varied in cases where domestic legislation requires.

REMUNERATION REPORT

2015 LTIP Offer

The key terms of the 2015 LTIP arrangement are summarised in the table below:

Participants and value of grant	The Board intends for all executive members of KMP to participate in the 2015 LTIP. The participation of the Chief Executive Officer required approval by shareholders at the annual general meeting. The Board obtained approval to grant 197,148 performance rights to Mr Beylier, with a face value of USD 532,300, using the VWAP for the 10-day period following announcement of the Group's half-year financial results. Participation of other KMP who are not directors of the Company was as follows, based on face value of the performance rights using the VWAP for the 10-day period following announcement of the Group's half-year financial results: • Chief Financial Officer – 65% of base salary; • Senior Vice President, Energy - 55% of base salary; • Other KMP – 30% of base salary. For 2016 and future periods, the target LTIP awards for the CFO and Senior VP, Energy are expected to be 50% and 40% of base salary respectively.
Grant of performance rights	The 2015 LTIP offer comprised of performance rights. A performance right entitles the holder to acquire a share for nil consideration at the end of the performance period, subject to meeting specific performance conditions. The number of performance rights granted will be based on a fixed percentage of the relevant participant's annual fixed remuneration and will be issued to the participant at no cost. No exercise price is payable in respect of the performance rights.
Performance conditions, performance period and vesting	Performance rights granted as part of the 2015 LTIP offer will vest subject to the satisfaction of the following performance conditions: • 50% will vest subject to the achievement of the Total Shareholder Return (TSR) performance target for the Company relative the performance of the S&P/ASX Small Ordinaries Index (AUD) (Index) over a performance period commencing on 8 September 2015 and ending on 31 December 2018 (TSR component); and • 50% will vest subject to the participant remaining an employee of the Group until 31 December 2018 (service component). Performance against the above conditions will be assessed by the Board as soon as practicable following the completion of the performance period (31 December 2018). Any performance rights that remain unvested following this assessment will lapse immediately.
Vesting conditions – TSR component	Full vesting of the TSR component can only occur when the TSR performance of the Company is at least equal to the performance of the Index over the performance period. Where the Company's TSR performance does not meet this threshold, there is no vesting unless the Board exercises its discretion to allow partial vesting of up to 50%.
Rights associated with performance rights	The performance rights do not attract dividends, voting rights or any capital distributions.
Restrictions on dealing	Participants must not sell, transfer, encumber, hedge or otherwise deal with performance rights.
Cessation of employment	If the participant ceases employment for death, permanent disability or is otherwise determined to be a 'good leaver' by the Board, unvested performance rights will vest in full, unless otherwise determined by the Board. If the participant ceases employment in any other circumstances, all unvested performance rights will lapse, unless otherwise determined by the Board.
Change of control	In a situation where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the performance rights. Where only some of the performance rights are vested on a change of control, the remainder of the performance rights will immediately lapse.

The Board believes that the relative TSR measure against a comparator group comprising the ASX/S&P Small Cap index is appropriate for measuring the long-term performance of the executive team. SpeedCast competes for investment with the other companies in this index. The index also includes many companies which are seeking to grow rapidly to achieve competitive advantage in their industry, a stage in their development which is similar to SpeedCast.

The Board has determined that linking the remainder of the LTI performance rights to continued service with SpeedCast is in the best interests of retaining the talented executives who are necessary to the achievement of the Company's strategy.

SpeedCast operates in a highly specialised field, and many of its senior executives are based in markets (such as Hong Kong, Singapore and certain other key markets) where longer-term incentives are typically linked solely to continued service.

REMUNERATION REPORT

Legacy LTI - Restricted Management Rights

Restricted Management Rights ('RMR') were issued by the Company under the equity incentive plan in previous financial years. The RMR effectively replace certain rights to shares of SpeedCast Acquisitions Limited which were issued by SpeedCast Acquisitions Limited to certain employees of SpeedCast prior to the Prospectus Date. The issue of RMR in substitution for existing rights held by management comprises an additional component of the corporate restructure undertaken during the year.

The Company made an offer of rights to acquire shares in the Company to the affected members of senior management. The offer of RMR is made on the terms set out below and pursuant to the Plan Rules.

Further details of the offer are set out below:

Participants	The RMR was granted to certain members of the senior management that the Board determines to be eligible to receive a right.
Grant Date, grant conditions and timing of future offers	The RMR was granted in October 2013, February 2014 and June 2014. There will be no future grants of RMR.
Grants of RMR	Each RMR will entitle the holder acquire a share for nil consideration at the end of the relevant vesting period, subject to meeting the vesting condition. The number of RMR granted is 1,120,674 and RMR is issued to the participants at no cost. No exercise price is payable in respect of the RMR.
Vesting condition and vesting periods	The offer is divided into tranches of RMR with different vesting periods. Each tranche of RMR will vest subject to the satisfaction of the vesting condition over the vesting period relevant to that tranche. The vesting condition is continued employment with SpeedCast. Vesting will occur over a total period of four years from grant date. • For each tranche, the vesting condition must be satisfied at the end of the relevant vesting period for that tranche in order for the RMR to vest. The tranches and vesting period is as follows: • 25% of the RMR will vest 12 months after grant date if the participant remains in employment with SpeedCast (first tranche); and • Following vesting of the first tranche, at the end of each three month period another 6.25% of the RMR will vest of the participant remains in the employment with SpeedCast. The RMR in each tranche will lapse immediately if the vesting condition for that tranche is not satisfied at the end of the relevant vesting period.
Entitlements associated with RMR	The RMR do not attract dividends, voting rights or any capital distributions.
Restrictions on dealing	Participants must not sell, transfer, encumber, hedge or otherwise deal with RMR. Shares acquired by participants on vesting of their RMR will be subject to the Company's Securities Dealing Policy.
Cessation of employment	If the participant resigns or the Company terminates the participant's employment in accordance with their employment contract, all unvested RMR will lapse, unless otherwise determined by the Board.
Change of Control	In a situation where there is likely to be on a change of control, the Board has the discretion to accelerate vesting of some or all of the RMR. Where only some of the RMR are vested on a change of control, the remainder of the RMR will immediately lapse.

REMUNERATION REPORT

Executive Service Agreements

Remuneration and other employment terms for the CEO and other key management personnel are formalised in a contract of employment. The main terms and conditions of the contracts are set out below.

	Position	Term	Employment Location	Notice Period	Termination Period**
Pierre-Jean Beylier	Chief Executive Officer	Open Ended	Hong Kong	3 months	3 months
Richard Frank Carden	Senior Vice President, Integration	Open Ended	Singapore	2 months	2 months
Piers Cunnigham	Vice President, Maritime	Open Ended	Australia	3 months	3 months
Chung Wai Kit	Senior Vice President, Operations & Engineering	Open Ended	Hong Kong	3 months	3 months
Keith Johnson	Senior Vice President, Energy	Open Ended	U.S.A.	3 months	3 months***
Ian Baldwin	Chief Financial Officer	Open Ended	Australia	3 months	3 months
Andrew Burdall*	Senior Vice President, Enterprise & Emerging Markets	Open Ended	Australia	3 months	3 months

* Andrew Burdall promoted to Senior Vice President, Enterprise & Emerging Markets on 1 October 2016.
**Termination with notice and without cause.
***30 days' notice if with good reason

Loans to KMP

Details of loans made to KMP of SpeedCast are set out as below:

US$'000	Balance at the beginning of the year	Addition during the year	Interest charged during the year	Repaid during the year	Amount written off	Balance at the end of the year
2015 Keith Johnson	27	-	-	(27)	-	-

There are no outstanding loans to KMP as at 31 December 2016 (2015: nil).

Non-Executive Directors

The Board decides the remuneration from the Company to which each non-executive Director is entitled for his or her services as a Director. However, the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. This amount has been fixed at USD 500,000.

For 2016, the annual base non-executive Director fee to be paid by the Company are USD 65,000 to the Chairman, USD 50,000 to each other non-executive Director and an additional USD 10,000 to the chair of Audit, Business Risk and Compliance Committee and an additional USD 5,000 to the chair of the Nomination and Remuneration Committee.

Michael Berk and Edward Sippel do not receive fees for acting as Directors of SpeedCast.

Remuneration of Key Management Personnel

Name	Position		Short term benefits				Post employment	Long term benefits		
			Cash Salary and Fees	Fixed Allowance	Short Term Incentive (Cash Bonus)	Non-monetary benefits	Super-annuation or equivalent	Long Service Leave	Share-based payments	Total Remuneration
			US$	US$	US$	US$	US$	US$	US$	US$
Non Executive Directors										
John Angus Mackay	Independent Non-executive	2016	65,000	-	-	-	-	-	-	65,000
		2015	65,766	-	-	-	-	-	-	65,766
Michael Stuart Berk	Non-executive Director	2016	-	-	-	-	-	-	-	-
		2015	-	-	-	-	-	-	-	-
Grant Scott Ferguson	Independent Non-executive Director	2016	60,000	-	-	-	-	-	-	60,000
		2015	60,591	-	-	-	-	-	-	60,591
Peter Edward Jackson	Independent Non-executive Director	2016	55,000	-	-	-	-	-	-	55,000
		2015	41,830	-	-	-	-	-	-	41,830
Michael Malone	Independent Non-executive Director	2016	50,000	-	-	-	-	-	-	50,000
		2015	37,741	-	-	-	-	-	-	37,741
Edward Francis Sippel	Non-executive Director	2016	-	-	-	-	-	-	-	-
		2015	-	-	-	-	-	-	-	-
Sub-total non-executive Directors		2016	230,000	-	-	-	-	-	-	230,000
		2015	205,928	-	-	-	-	-	-	205,928
Executive Directors										
Pierre-Jean Joseph Andre Beylier	Chief Executive Officer	2016	457,957	41,781	76,000	12,395	68,693	-	80,208	737,034
		2015	416,050	32,423	173,354	13,574	62,408	-	5,461	703,270
Other KMP										
Ian Baldwin	Chief Financial Officer	2016	266,445	-	30,000	-	26,262	-	24,536	347,243
		2015	268,209	-	77,196	-	15,369	-	8,368	369,142
Richard Frank Carden	Senior Vice President, Integration	2016	208,301	-	-	3,639	35,411	-	64,922	312,273
		2015	261,842	-	16,365	4,500	8,039	-	90,616	381,362
Keith Jimmie Johnson	Senior Vice President, Energy	2016	295,000	13,740	-	30,569	14,750	-	24,785	378,844
		2015	295,000	13,740	24,583	26,535	11,786	-	8,453	380,097
Chung Wai Kit	Senior Vice President, Operations & Engineering	2016	187,937	615	-	4,241	28,191	-	11,774	232,758
		2015	164,530	615	27,422	4,729	24,680	-	3,474	225,450
Piers Cunningham[1]	Vice President, Maritime	2016	122,416	11,087	-	-	11,630	-	22,766	167,899
		2015	57,986	5,672	18,613	-	5,509	-	14,580	102,360
Andre Willem Eerland[2]	Vice President, Maritime	2016	-	-	-	-	-	-	-	-
		2015	70,871	632	-	5,005	5,979	-	-	82,487
Andrew Burdall[3]	Senior Vice President, Enterprise & Emerging Markets	2016	41,358	2,772	-	-	3,929	-	8,959	57,018
		2015	-	-	-	-	-	-	-	-
Total KMP remuneration		2016	1,809,414	69,995	106,000	50,844	188,866	-	237,950	2,463,069
		2015	1,740,416	53,082	337,533	54,343	133,770	-	130,952	2,450,096

1 Piers Cunningham promoted to Vice President, Maritime Service on 1 July 2015
2 Andre Willem Eerland resigned as Vice President, Maritime on 31 May 2015
3 Andrew Burdall promoted to Senior Vice President, Enterprise & Emerging Markets on 1 October 2016

Cash salary and Fees			
Fixed Allowance	Education and company car allowance to PJ Beylier Transportation allowance to Chung Wai Kit Car allowance to Keith Johnson, Piers Cunningham and Andrew Burdall	Superannuation or equivalent	MPF plus voluntary contribution in Hong Kong CPF in Singapore Pension Plan in the Netherlands Superannuation in Australia
Short Term Incentive	Cash based bonus	Non-monetary benefits	Medical and life insurance to PJ Beylier, Richard Carden and Chung Wai Kit Business travel, Group Health, Dental and Disability insurance to Keith Johnson Golf course initiation and monthly membership fees to Keith Johnson

REMUNERATION REPORT

Movement in Performance Rights for the year ended 31 December 2016

	PERFORMANCE RIGHTS (number)							
	Held at 1 January 2016	Granted as compensation	Exercised	Lapsed	Forfeited	Held at 31 December 2016	Vested during the year	Vested and exercisable at 31 December 2016
Executive Directors								
Pierre-Jean Joseph Andre Beylier	117,030	197,148	-	-	-	314,178	-	-
Other KMP								
Richard Frank Carden	73,921	-	-	-	-	73,921	-	-
Piers Cunningham	26,759	-	-	-	-	26,759	-	-
Chung Wai Kit	36,321	-	-	-	-	36,321	-	-
Keith Johnson	61,284	-	-	-	-	61,284	-	-
Ian Baldwin	60,667	-	-	-	-	60,667	-	-
Andrew Burdall[1]	-	-	-	-	-	40,104	-	-

1 Andrew Burdall promoted to Senior Vice President, Enterprise & Emerging Markets on 1 October 2016

Movement in Restricted Management Rights for the year ended 31 December 2016

	RESTRICTED MANAGEMENT RIGHTS (number)							
	Held at 1 January 2016	Granted as compensation	Exercised	Lapsed	Forfeited	Held at 31 December 2016	Vested during the year	Vested and exercisable at 31 December 2016
Richard Frank Carden	366,885	-	-	-	-	233,472	(133,413)	-
Piers Cunningham	52,413	-	-	-	-	33,354	(19,059)	-
Andrew Burdall[1]	-	-	-	-	-	33,354	(19,059)	-

1 Andrew Burdall promoted to Senior Vice President, Enterprise & Emerging Markets on 1 October 2016

Key Management Personnel Shareholdings

Name	Position	Total shares held as at 31 December 2015	Movements during the year	Total shares held as at 31 December 2016	% of shareholding
Non-Executive Directors					
John Mackay	Independent Non-Executive Director	259,210	30,000	289,210	0.12%
Michael Berk*	Non-Executive Director	-	-	-	-
Grant Ferguson	Independent Non-Executive Director	259,210	172,806	432,016	0.18%
Peter Jackson	Independent Non-executive Director	259,210	20,000	279,210	0.12%
Michael Malone	Independent Non-Executive Director	267,110	-	267,110	0.11%
Edward Sippel**	Non-Executive Director	-	-	-	-
Sub-total Non-Executive Directors		1,044,740	222,806	1,267,546	
Executive Directors					
Pierre-Jean Beylier[1]	Chief Executive Officer	7,100,034	1,187,869	8,287,903	3.49%
Other KMP					
Ian Baldwin	Chief Financial Officer	-	-	-	-
Richard Frank Carden	Senior Vice President, Integration	453,843	8,412	462,255	0.19%
Keith Johnson	Senior Vice President, Energy	-	-	-	-
Chung Wai Kit	Senior Vice President, Operations & Engineering	459,968	-	459,968	0.19%
Piers Cunningham***	Vice President, Maritime	116,071	(8,360)	107,711	0.05%
Andrew Burdall *****	Senior Vice President, Enterprise & Emerging Markets	-	102,611	102,611	0.04%
Sub-total Other KMP		1,029,882	102,663	1,132,545	
Total KMP		9,174,656	1,513,338	10,687,994	

* Michael Berk has an indirect interest in shares held by TA Investors IV, L.P
** Edward Sippel has an indirect interest in shares held by TA Investors IV, L.P
*** Piers Cunningham promoted to as Vice President, Maritime on 31 May 2015
**** Andrew Burdall promoted to Senior Vice President, Enterprise & Emerging Markets on 1 October 2016

[1] Total shares held as at 31 December 2016 for Mr Beylier includes 480,225 shares issued from his participation in an equity placement announced by the Company on August 2016. Shareholder approval for Mr Beylier's participation was received at a general meeting of shareholders on 16 September 2016.

CORPORATE GOVERNANCE REPORT

The Corporate Governance section of the Company's website is a convenient way for shareholders to access information about governance practices of SpeedCast International Limited.

Please visit http://www.SpeedCast.com/investor/corporate-governance/

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration

As lead auditor for the audit of SpeedCast International Limited for the year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SpeedCast International Limited and the entities it controlled during the period.

Andrew Forman
Partner
PricewaterhouseCoopers

Adelaide
17 March 2017

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FINANCIAL REPORT

FINANCIAL REPORT

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Revenue from continuing operations	6	217,991	167,591
Cost of equipment and bandwidth services		(134,630)	(103,754)
Other gains	7	9,243	208
Staff costs	8	(31,072)	(23,524)
Depreciation of property, plant and equipment	17	(11,596)	(7,417)
Amortisation of intangible assets	18	(9,969)	(7,694)
Transaction related costs		(7,001)	(3,844)
Integration costs		(961)	(296)
Other expenses	9	(14,012)	(11,254)
Finance costs, net	10	(7,784)	(3,563)
Share of profit from interest in joint ventures		-	145
Profit before income tax		10,209	6,598
Income tax expense	11	(4,312)	(2,279)
Profit for the year attributable to owners of the Company		5,897	4,319
Other comprehensive income			
Item that may be reclassified to profit and loss			
- Currency translation difference		(13,052)	(743)
Total comprehensive profit/(loss) for the year attributable to members of the entity		(7,155)	3,576

Earnings per share

	Note	2016	2015
• Basic profit per share (cents)	28	4.16	3.59
• Diluted profit per share (cents)	28	4.12	3.54

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

FINANCIAL REPORT

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	2016 US$'000	2015 US$'000
ASSETS			
Current assets			
Cash and cash equivalents	14	25,341	15,114
Trade and other receivables	15	63,520	43,288
Inventories	16	5,807	5,171
Other financial assets – funds held in escrow		422,380	-
Total current assets		517,048	63,573
Non-current assets			
Interests in joint ventures		190	190
Property, plant and equipment	17	44,789	26,238
Goodwill and intangible assets	18	171,401	96,723
Deferred tax assets	19	2,808	3,088
Other receivables	15	813	-
Total non-current assets		220,001	126,239
Total assets		737,049	189,812
LIABILITIES			
Current liabilities			
Trade and other payables	20	64,372	50,692
Obligations under finance leases	21	3,057	46
Derivative financial instruments	23	-	6
Income tax payable		4,710	2,691
Total current liabilities		72,139	53,435
Non-current liabilities			
Borrowings	22	368,310	99,354
Deferred tax liabilities	19	6,295	6,164
Obligations under finance leases	21	34	21
Other payables	20	18	3,595
Total non-current liabilities		374,657	109,134
Total liabilities		446,796	162,569
Net assets		290,253	27,243
EQUITY			
Equity attributable to owners of the Company			
Contributed equity	24(a)	361,392	84,892
Other reserves	24(b)	(13,915)	(1,171)
Accumulated losses	24(c)	(57,224)	(56,478)
Total equity		290,253	27,243

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	Attributable to owners of SpeedCast International Limited			
	Contributed Equity US$'000	Accumulated Losses US$'000	Other Reserves (Note 24(b)) US$'000	Total US$'000
Balance at 1 January 2015	84,126	(55,040)	(487)	28,599
Profit for the year	-	4,319	-	4,319
Other comprehensive income	-	-	(743)	(743)
Total comprehensive profit for the year	-	4,319	(743)	3,576
Dividend (Note 27)	-	(5,757)	-	(5,757)
Issue of ordinary shares (Note 24(a))	602	-	-	602
Capital raising costs, net of tax (Note 24(a))	(43)	-	-	(43)
Transfer from share-based payment reserve for vested performance shares (Note 24(a))	207	-	(207)	-
Employee share scheme – value of employee services (Note 24(b))	-	-	266	266
	766	(5,757)	59	(4,932)
Balance at 31 December 2015	84,892	(56,478)	(1,171)	27,243
Profit for the year	-	5,897	-	5,897
Other comprehensive income	-	-	(13,052)	(13,052)
Total comprehensive profit/(loss) for the year	-	5,897	(13,052)	(7,155)
Dividend (Note 27)	-	(6,643)	-	(6,643)
Issue of ordinary shares (Note 24(a))	280,228	-	-	280,228
Capital raising costs, net of tax (Note 24(a))	(3,876)	-	-	(3,876)
Transfer from share-based payment reserve for vested performance rights (Note 24(b))	148	-	(148)	-
Employee share scheme – value of employee services (Note 24(b))	-	-	456	456
	276,500	(6,643)	308	270,165
Balance at 31 December 2016	361,392	(57,224)	(13,915)	290,253

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

FINANCIAL REPORT

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from operating activities			
Cash receipts from customers		212,531	153,529
Cash paid to suppliers		(174,633)	(129,952)
Interest paid		(5,986)	(3,193)
Taxes paid		(4,865)	(2,461)
Net cash inflows from operating activities	25	27,047	17,923
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	26(f)	(84,697)	(57,510)
Business acquisition transaction costs		(7,439)	(4,178)
Payments for property, plant and equipment		(12,960)	(7,318)
Payments for intangible assets		(2,594)	(629)
Proceeds from disposal of property, plant and equipment	25	551	426
Interest received		255	32
Escrow payment for acquisition not yet complete		(422,380)	-
Net cash (outflows) from investing activities		(529,264)	(69,177)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		274,649	-
Transaction costs of issuance of ordinary shares		-	-
Proceeds from borrowings, net of transaction costs		419,447	61,611
Repayment of borrowings		(158,117)	-
Dividend paid	27	(6,643)	(5,757)
Repayments of obligations under finance leases		(5,114)	(42)
Net cash inflows from financing activities		524,222	55,812
Net increase/(decrease) in cash and cash equivalents		22,005	4,558
Cash and cash equivalents at beginning of the year		15,114	10,079
Effects of exchange rate changes on cash and cash equivalents		(11,778)	477
Cash and cash equivalents at the end of the year	14	25,341	15,114

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

FINANCIAL REPORT

Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Background and summary of significant changes

This financial report covers the consolidated financial statements and notes of SpeedCast International Limited (henceforth "SIL", "SpeedCast" or "the Company"), its controlled entities and jointly controlled entities (the "Group").

During the year, the financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period.

The Company completed four strategic acquisitions in 2016 which were funded by a combination of debt and equity. The Company acquired 100% of the issued share capital of NewCom International Inc., SAIT Communications Limited and ST Teleport Pte Ltd as well as acquired the business assets of United Satellite Pty Ltd, all of which have been accounted for under AASB 3 *Business Combinations*.

The Company also entered into a definitive agreement to acquire 100% of Harris CapRock, an acquisition that was completed post year-end (refer to Note 37). The acquisition funds were placed in escrow prior to balance date, partially funded by a drawdown of the new syndicated debt facility.

2 Summary of significant accounting policies

SpeedCast is a company limited by shares, incorporated and domiciled in Australia which shares are publicly traded on the Australian Securities Exchange ("ASX").

The financial report was authorised for issue by the Board of Directors on 17 March 2017. The Directors have the power to amend and reissue the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The financial statements are for the consolidated entity consisting of SpeedCast and its subsidiaries.

Where appropriate, comparative information has been amended to be consistent with current year disclosures.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the circumstances when fair value method has been applied as detailed in the accounting policies below.

New and amended standards adopted by the Group

The Group adopted the following new or revised accounting standards which became effective for the reporting period commencing on 1 January 2016:

- AASB 2014-3: Accounting for Acquisitions of Interests in Joint Operations
- AASB 2015-1: Annual improvements 2012-14
- AASB 2015-2: Disclosure Initiative: Amendments to AASB 101
- AASB 2015-9: Application of Australian Accounting Standards

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118, which covers contracts for goods and services, and AASB 111, which covers construction contracts. The standard is effective from reporting periods commencing from 1 January 2018.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Following the Harris CapRock acquisition post balance date, the Company is reviewing the key revenue streams of the combined Group. The impact of AASB 15 is still being assessed.

AASB 16 Leases

AASB 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The standard is effective from reporting periods commencing from 1 January 2019. The Company has not assessed the impact at this time.

AASB 9 Financial instruments

AASB 9 replaces the multiple classification and measurement models in AASB 139 *Financial Instruments – Recognition and Measurement*. The standard is effective from reporting periods commencing from 1 January 2018. The Group is currently assessing the impact of early adopting AASB 9 as it is required to enter into interest rate swaps under its new syndicated debt facility.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of adopting the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

Rounding of amounts

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off in accordance with that class order to the nearest thousand dollars.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 34.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 31 December 2016 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the ‘consolidated entity’.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on that control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

(c) Foreign currency translation

(i) Functional currency

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates. For many entities, this is the currency of the country in which they are located.

(ii) Transactions and balances

Transactions denominated in other currencies are converted to the functional currency at the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within ‘Other gains’. All other foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within ‘Other gains’.

(iii) Presentation currency

The Group’s financial statements are presented in United States dollars, (“USD”), as that presentation currency most reliably reflects the global business performance of the Group as a whole. On consolidation, income statement items for each entity are translated from the functional currency into US dollars at average rates of exchange where the average is a reasonable approximation of rates prevailing on the transaction date. The Consolidated Statement of Financial Position items are translated into US dollars at period end exchange rates.

Exchange differences arising from the translation of the net assets of entities with functional currencies other than US dollars are recognised directly in the foreign currency translation reserve. These translation differences are shown as other comprehensive income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

(d) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value as at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a financial liability are recognised in profit and loss in accordance with AASB 139 *Financial Instruments – Recognition and Measurement*. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Where the Group has not finalised the fair value assessment and verifications of individual assets or liabilities of acquired businesses are in progress as at the reporting date, the fair value of individual assets or liabilities acquired during the current financial year and the amounts of goodwill to be recorded are based on the Director's best estimation. Any adjustments will be recorded upon finalisation of the purchase price allocation, which must occur within twelve months of acquisition date.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, and represents amounts receivable for goods supplied, net of discounts returns and value added taxes.

The Group recognises revenue when the amount of revenue and costs can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below:

(i) Broadband access revenue

Broadband access revenue includes network services and related value-add activities. Revenue is recognised when the services are rendered.

(ii) Sale of broadband services equipment

Sale of broadband services equipment is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and title is passed.

(iii) Interest income

Interest income is recognised using the effective interest method.

2 Summary of significant accounting policies (continued)

(f) Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business is allocated to each of the individual entities, or groups of entities, that is expected to benefit from the synergies of the combination. Each entity or group of entities to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Within the Group, goodwill is monitored at the operating segment level, which is considered to represent the lowest level that there are separately identifiable cash flows.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(g) Intangible assets

Intangibles have been identified by the Group in the form of customer relationship, supplier contracts, trademark brand name and software.

The acquired customer relationship and trademark in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the assets, as follows:

Customer relationship	4 to 12 years
Supplier contracts	5 years
Trademark	4 to 20 years
Brand name	5 years
Software	1 to 7 years

(h) Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with financial institutions, other short term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Summary of significant accounting policies (continued)

(j) Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(k) Financial assets

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(ii) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2 Summary of significant accounting policies (continued)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, at the following rates per annum:

Office equipment	15% - 20%
Transponder	1-2 years representing the shorter of the useful life of the asset and the lease term
2-way equipment	20% - 50%
Teleport equipment	20%
Computer equipment	25% - 50%
Leasehold improvements	2-10 years representing the shorter of the useful life of the asset and the lease term
Network operations center ("NOC") equipment	6% - 20%
Remote content servers ("RCS") equipment	50%
Motor vehicles	20% - 33%

Assets held under finance lease are depreciated over the shorter of their expected useful lives or the term of the lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised within "Other gains" or "Other expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

(n) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of reversal of the temporary difference is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and service providers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting is insignificant and in which case they are stated at historical cost.

2 Summary of significant accounting policies (continued)

(p) Provisions

Provisions for asset retirement obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in a provision due to passage of time is recognised as interest expense.

(q) Employee benefits

(i) Pension obligations

The Group participates in defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Performance-based bonus

The expected costs of performance-based bonuses are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for performance-based bonuses are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted: (i) including any market performance conditions; (ii) excluding the impact of any service and nonmarket performance vesting conditions (for example, profitability and sales growth targets); and (iii) including the impact of any non-vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, with a corresponding adjustment to equity.

2 Summary of significant accounting policies (continued)

(q) Employee benefits (continued)

(iv) Leave provisions

The liability for accruing annual leave and long service leave is recognised in 'Accrued charges and other creditors' and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Leases

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

(ii) Finance leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised is the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

(t) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised immediately within 'Other gain' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as deduction from equity, net of any tax effects.

(v) Dividends

Provision is made for the amount of any dividend declared, being approximately authorised and no longer at the discretion of the entity, on or before the end of the reporting period, but not distributed at the end of the reporting period.

(w) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO).

(y) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the relevant tax authority.

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the relevant tax authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows in the Consolidated Statement of Cash Flows are included on a gross basis amount and the GST component of cash flow arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2 Summary of significant accounting policies (continued)

(z) Parent entity financial information

The financial information for the parent entity, SIL, disclosed in Note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below

(i) Investments in subsidiaries, associates and joint venture entities:

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in financial statements of SIL. Dividends received from subsidiaries and associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

SIL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, SIL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, SIL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate SIL for any current tax payable assumed and are compensated by SIL for any current tax receivables and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to SIL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable (or payable) under the tax funding agreement are due on receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amount receivable from or payable to other entities in the Group.

Any differences between the amounts assumed and amounts receivable or payable under tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iv) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution to that subsidiary. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, with a corresponding credit to equity.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group does not have formal risk management policies or guidelines. However, the Board of Directors generally adopts conservative strategies which focus on the unpredictability of financial markets and seeks

(a) Market Risk

(i) Foreign exchange risk

The Group trades with international customers and suppliers and may potentially be exposed to foreign exchange risk arising from various currency exposures. The Group operates in an industry for which commercial transactions are primarily denominated in US dollar. A large proportion of the Group's revenues and costs are denominated in US dollar. Foreign exchange risk arises from those revenues denominated in a currency other than US dollar to the extent these are not offset by costs in the same currency. Foreign currency risk also arises from assets and liabilities denominated in currencies other than the functional currency of the Group's entities to which they relate.

The Group's most significant foreign currency exposure is in relation to Australian dollar and EUR. As at 31 December 2016, if the US dollar had strengthened (or weakened) by 10% against the Australian dollar and Euro with all other variables held constant, the profit before tax would have increased (or decreased) by approximately USD 158,000 (2015: USD 543,000) as a result of the translation of cash, trade and other receivables (or payables) denominated in Australian dollar and Euro.

Hedge of net investment in foreign entity

During the period, the parent entity of the Group held bank loans denominated in US dollar and EUR which were designated as a hedge of a net investment in a foreign entity. The foreign exchange gain on these loans in 2016 of USD 2,088,000 (2015: USD 1,100,000 loss) on translating the borrowings to Australian dollar (the functional currency of the parent entity) has been recognised in other comprehensive income within the foreign currency translation reserve. As at 31 December, these loans have been repaid. There was no ineffectiveness recorded from net investment in foreign entity hedges during the period.

(ii) Cash flow interest rate risk

The Group is exposed to interest rate risk.

The derivative instruments acquired by the Group are designed to manage a proportion of those risks, albeit the Group has not engaged in hedge accounting as defined by AASB 139 *Financial Instruments - Recognition and Measurement*.

The Group's interest rate risk arises principally from long-term borrowings. Interest payables on the new debt facility are subject to a floating margin component. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. To hedge this risk, and as a requirement of the agreement, the Group intends to enter into interest rate swaps post balance date.

In 2015, the Group held interest rate caps and collars for the previous borrowing arrangement which fixed the interest rate and ranged from 2.08% to 3.15% for USD 24 million which represented 24% of the principal amount. These interest rate caps and collars expired in 2016. The mark-to-market valuation of these interest rate swaps and options was negative at 31 December 2015 and amounted to USD 6,000. A gain of USD 6,000 was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2016 (2015: gain of USD 4,000).

As at 31 December 2016, an increase in interest rate of 100 basis points, would result in a decrease of profit before tax amounting to approximately USD 1,089,000 (2015: USD 926,000).

3 Financial risk management (continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. Credit risk of the Group arises from credit exposures to its customers and cash and cash equivalents. The Group only places cash and deposits with reputable banks and financial institutions.

For credit exposure to customers, the Group trades only with recognised, creditworthy third parties. The Group's policy is to carry out credit verification procedures on new customers before grant of credit terms. In addition, the Group may request customers to make deposits and advance payments before delivery of services or goods. Further disclosure of credit risk of customers is set out in Note 15.

Four customers accounted for approximately 17% and 17% of the Group's trade receivables as at 31 December 2016 and 2015 respectively. These customers have long term business relationships with the Group and there is no history of default.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet its liquidity requirements in the short and longer term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund its operations.

The Directors of the Company have reviewed the Group's profit and cash flow projections prepared by Management. The projections make key assumptions with regard to the anticipated sales, profit margins and cash flows from the Group's operations. These assumptions include an assessment of the impact of the uncertainties surrounding the industry but do not include the potential impact of any significant worsening of the various conditions that the Group is operating in and around the globe. The Directors, after making due enquiries, believe that there will be sufficient financial resources available to the Group at least in the coming twelve months to meet its financial obligations as and when they fall due. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The table below analyses the Group's non-derivative financial liabilities as at the end of each year into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

	Within 1 year US$'000	2 to 5 years US$'000	Total contractual cash flows US$'000	Carrying amount of liabilities US$'000
At 31 December 2016				
Trade and other payables	64,372	18	64,390	64,390
Obligations under finance leases and interest	3,057	34	3,091	3,091
Borrowings and interest	-	381,173	381,173	368,310
	67,429	381,225	448,654	435,791
At 31 December 2015				
Trade and other payables	40,745	3,595	44,340	44,340
Obligations under finance leases and interest	52	22	74	74
Borrowings and interest	3,481	106,092	109,573	109,753
	44,278	109,709	153,987	153,987

The table below analyses the Group's derivative financial instruments that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. As at 31 December 2016, the Group no longer held derivative financial instruments. For details, please refer to Note 23.

	Within 1 year US$'000	2 to 5 years US$'000	Total US$'000
At 31 December 2016			
Outflow in US dollars	-	-	-
Inflow in US dollars	-	-	-
At 31 December 2015			
Outflow in US dollars	19	-	19
Inflow in US dollars	4	-	4

As at 31 December 2016, the Group had access to the following undrawn borrowing facilities:

	Total US$'000
Syndicated facility	
- Expiring within one year	-
- Expiring beyond one year	3,827

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in either Australian or US dollar and have maturity of 3 years (2015: 1.9 to 3.6 years). The undrawn banking facilities are subject to annual review.

Notes to the Consolidated Financial Statements

4 Capital management

(a) Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debt facilities or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following leverage ratio:

Leverage ratio = Net debt / Pro forma EBITDA

The Group entered into a new syndicated debt facility in December 2016 to fund the acquisition of Harris CapRock in early 2017. Under the new debt facility, the capital management ratios will be assessed at the first measurement date post-closing of the Harris CapRock acquisition which will be 30 June 2017.

(i) Loan covenants

Under the terms of the borrowing facility, the Group is required to comply with financial covenants in relation to:

(a) The ratio of pro forma EBITDA* to net interest expenses; and
(b) The ratio of net debt to pro forma EBITDA.

The Group has complied with these covenants from initial drawdown to 31 December 2016.

* Pro forma EBITDA is based on the previous 12 months as if all Group members as at 31 December 2016 were Group members for the whole of that 12-month period.

(ii) Dividends

Relevant information on dividends paid during the year, and disclosed since the end of the year, has been included in Note 27. The Group aims to pay a total dividend during the year of 40-60% of underlying NPATA. NPATA is defined as Net Profit After Tax but prior to the Amortisation of acquisition related intangibles, net of tax effect. This reconciliation of NPATA is on page 24.

4 Capital management (continued)

(a) Risk management (continued)

(iii) Fair values

As of 31 December 2016, the carrying values of the Group's financial assets and financial liabilities are a reasonable approximation of their fair values due to their relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at each year end.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
At 31 December 2016				
Liabilities				
Derivative financial instruments				
- Interest rate swap contracts	-	-	-	-
- Interest rate cap/floor/collar contracts	-	-	-	-

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
At 31 December 2015				
Liabilities				
Derivative financial instruments				
- Interest rate swap contracts	-	3	-	3
- Interest rate cap/floor/collar contracts	-	3	-	3

Notes to the Consolidated Financial Statements

4 Capital management (continued)

(a) Risk management (continued)

(iii) Fair values (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of the Group's financial assets, including trade and other receivables, and cash and cash equivalents, and the Group's other financial liabilities, including trade and other payables, obligations under finance leases and borrowings, approximate their fair values due to their short maturities. The carrying amounts of the Group's non-current liabilities, including obligations under finance leases and borrowings, approximate to their fair value as their interest rates approximate to market interest rates. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5 Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes assumptions concerning the future and the resulting accounting estimates may, by definition, differ from the related actual results. The accounting estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Recognition and measurement of identifiable assets acquired and liabilities assumed in acquisition of a business and subsidiaries

The Group applies the acquisition method of accounting to account for acquisition of businesses. The determination, and allocation, of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable Management judgment.

The most significant variables in these valuations are discount rates, terminal values, the number of years on which the cash flow projections are based, as well as the judgements and estimates used to determine the cash inflows and outflows. Management determines discount rates to be used based on the risk inherent in the acquirees current business model and industry comparisons. Terminal values are based on the expected life of products and forecasted life cycle and forecasted cash flows over that period.

Although the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts.

(b) Impairment assessment of goodwill and other intangible assets

An impairment charge is required for both goodwill and other intangible assets when the carrying amount exceeds the recoverable amount, defined as the higher of fair value less costs to sell and value in use. The Group's approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and judgements regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements.

Although the assumptions applied in the determination are reasonable based on information available, actual results may differ from the forecasted amounts.

(c) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes, including the recognition of deferred tax assets to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for anticipated tax audit issues, if any, based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Consolidated Financial Statements

5 Critical accounting estimates and judgments (continued)

(d) Useful lives of acquired customer relationships

Customer relationship intangible assets are recorded in relation to business acquisitions undertaken by the Group.

The Group estimates the period over which the customer relationship is expected to provide benefit which then becomes the useful life over which the customer relationship is then amortised. The assessment of useful lives at acquisition date, and subsequently, to assess whether the remaining useful life remains appropriate, involves significant judgment and requires Management to estimate the time period customers will continue to be SpeedCast customers.

Although the assumptions used in determining the useful life are reasonable, the actual useful lives may vary from those estimated and used in amortisation calculations.

6 Revenue from continuing operations

	2016 US$'000	2015 US$'000
Broadband access revenue	205,717	158,228
Sale of broadband services equipment	12,274	9,363
	217,991	167,591

7 Other gains

	2016 US$'000	2015 US$'000
Foreign exchange gain on forwards contracts	5,986	-
Foreign exchange gain	2,604	204
Gain on disposal of property, plant and equipment	288	1

8 Staff costs

	2016 US$'000	2015 US$'000
Salaries and allowances	29,356	22,893
Contributions to defined contribution plans	1,260	365
Share-based payment expense (Note 12)	456	266
	31,072	23,524

Notes to the Consolidated Financial Statements

9 Other expenses

Other expenses are analysed as follows:

	2016 US$'000	2015 US$'000
Operating lease payments in respect of office premises, property, plant and equipment	2,854	1,959
Provision for impairment of trade receivables (Note 15)	833	645

10 Finance costs, net

	2016 US$'000	2015 US$'000
Finance income:		
- Interest income from bank deposits	255	32
	255	32
Finance charges on:		
- Obligations under finance leases	(7)	(3)
- Accelerated amortisation of loan establishment costs	(1,161)	-
- Interest on deferred consideration	(275)	-
- Re-measurement loss on deferred consideration (Note 35)	(610)	(409)
Interest expenses on:		
- borrowings	(4,610)	(2,543)
- fees on undrawn facility	(255)	(133)
- other bank charges	(1,121)	(507)
Finance costs	(8,039)	(3,595)
Finance costs, net	(7,784)	(3,563)

Notes to the Consolidated Financial Statements

11 Income tax expense

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2016 US$'000	2015 US$'000
Current tax	6,671	4,499
(Over)/under provision for prior years	(490)	(124)
Deferred income tax (Note 19)	(1,869)	(2,096)
Total income tax expense	4,312	2,279

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the applicable tax rate prevailing in the countries in which the Group operates as follows:

	2016 US$'000	2015 US$'000
Profit before income tax	10,209	6,598
Tax calculated at domestic tax rates applicable to profits/losses in the respective countries	2,702	1,155
Tax effects of:		
Expenses not deductible for tax purposes	1,271	1,358
Income not subject to tax	-	(6)
Other assessable income	835	146
Over provision for prior years	(490)	(124)
Recognition of previously unrecognised temporary difference	(6)	(250)
Income tax expense	4,312	2,279

The aggregate current and deferred tax arising in the reporting period which is not recognised in net profit or loss or other comprehensive income, is as follows:

	2016 US$'000	2015 US$'000
Deferred tax asset – credited directly to equity	53	-

Unused Tax losses

	2016 US$'000	2015 US$'000
Unused tax losses for which no deferred tax asset has been recognised	3,438	1,128
Potential tax benefit at domestic rates applicable to profits/losses in respective countries	900	282

The unused tax losses were incurred by overseas subsidiaries that are likely to generate taxable income in the foreseeable future.

12 Share-based payment

(a) Restricted Management Rights

Restricted Management Rights ("RMR") were issued by the Company under the equity incentive plan on 12 August 2014, the IPO date. The Restricted Management Rights effectively replaced certain rights to shares of SpeedCast Acquisitions Limited which were issued by SpeedCast Acquisitions Limited to certain employees prior to the IPO.

Each RMR entitles the holder to acquire a share for nil consideration at the end of the relevant vesting period, subject to meeting vesting condition. A total of 1.1 million RMR, representing approximately 0.9% of the issued share capital of the Company, were issued on 12 August 2014 to the participants at no cost. No exercise price is payable in respect of the RMR.

The offer was divided into tranches of RMR with differing vesting periods. Each tranche of RMR will vest subject to the satisfaction of the vesting condition over the vesting period relevant to that tranche. The vesting condition is continued employment with the Group. Vesting will occur over a total period of approximately 4 years from grant date.

For each tranche, the vesting condition must be satisfied at the end of the relevant vesting period for that tranche in order for RMR to vest. The tranches and vesting periods are as follows:

(i) 25% of the RMR will vest 12 months after grant date; and
(ii) Following vesting of first tranche, at the end of each 3-month period another 6.25% of the RMR will vest if the participate remains in employment with the Company.

The RMR in each tranche will lapse immediately if the vesting condition for that tranche is not satisfied at the end of relevant vesting period.

The RMR do not attract dividends, voting rights or any capital distributions.

Participants must not sell, transfer, encumber, hedge or otherwise deal with RMR. If the participant resigns, or the Company terminates the participants' employment in accordance with their employment contract, all unvested RMR will lapse, unless otherwise determined by the Board. In a situation where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the RMR. Where only some of the RMR are vested on a change of control, the remainder of the RMR will immediately lapse.

The movement in the number of RMR's are as follow:

	Number of RMR's 2016	2015
At 1 January	731,152	1,120,674
Shares issued on vesting	(265,876)	(350,212)
Lapsed / forfeited	-	(39,310)
At 31 December	465,276	731,152

The weighted average remaining contractual life of RMR outstanding as at 31 December 2016 was 1.7 years (2015: 2.6 years).

Notes to the Consolidated Financial Statements

12 Share-based payment (continued)

a) Restricted Management Rights (continued)

The fair value of the RMR granted to employees is deemed to represent the value of employee service received over the vesting period. Fair value is determined using the Monte Carlo simulation method. The factors considered in the valuation included the terms and structure of the share schemes, price and volatility of companies in similar industries and any other relevant information in relation to the shares such as dividend policy and expected exercise pattern of the shares.

(b) Long term incentive plan

In 2014, SpeedCast established a long term incentive plan ("LTIP") in order to facilitate remuneration for the Group's Senior Management and enhance the alignment of their interests with those of shareholders.

Offers may be made at the Board's discretion to employees of the Group or any other person that the Board determines to be eligible to receive a grant under the Plan.

The Plan Rules provide flexibility for the Company to grant one or more of the following securities as incentives, subject to the terms of individual offers:

(i) Performance rights;
(ii) Options; and
(iii) Restricted shares.

Options are entitlement to receive a share on payment of any applicable exercise price. Performance rights and restricted shares are an entitlement to receive shares for no consideration.

The Board may make offers at its discretion and any offer document must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer performance rights, options and restricted shares in individual offer documents. Offers must be accepted by the employee and can be made on an opt-in or opt out basis. Unless the Board determines otherwise, no payment is required for a grant of a performance right, option or restricted share under the plan.

There were no LTIP offers in 2016.

In 2015, the Board made offers to the CEO, CFO and other members of Senior Management to receive a grant of the LTIP ("the 2015 LTIP"). The 2015 LTIP award was made on 9 September 2015, and comprised performance rights.

In 2014, the Board made offers to the CEO, CFO and other members of Senior Management to receive a grant of the LTIP ("the 2014 LTIP"). The 2014 LTIP award was made on 12 August 2014, the IPO date and comprised performance rights.

A performance right entitles the holder to acquire a share for nil consideration at the end of the performance period, subject to meeting specific performance conditions. The number of performance rights granted will be based on a fixed percentage of relevant participant's annual fixed remunerations and will be issued to the participant at no cost. No exercise price is payable in respect of the performance rights.

Performance rights granted as part of all LTIP offers will vest subject to the satisfaction of performance conditions. The performance condition will be vested over a performance period of at least 3 years. The 2015 LTIP performance period commenced on 9 September 2015 and ends on 31 December 2018. The 2014 LTIP performance period commenced on 12 August 2014 and ends on 31 December 2017.

Notes to the Consolidated Financial Statements

12 Share-based payment (continued)

(b) Long term incentive plan (continued)

The performance condition must be satisfied in order for the performance right to vest. For both the 2015 LTIP and 2014 LTIP offers, the performance conditions are as follows:

(i) 50% of the performance will vest subject to the achievement of a Total Shareholder Return (TSR) performance target for the Company relative to the S&P/ASX Small Ordinaries Index (AUD) (Index) over the performance period ("TSR component"); and

(ii) 50% of the performance right will vest subject to the participant being an employee at the end of the performance period ("service component").

In relation to the TSR component, the percentage of performance right that vest, if any, will be determined by reference to the performance target for the Company as above. Any performance right that remain unvested at the end of the performance period will lapse immediately.

The performance rights do not attract dividends, voting right or any capital distributions.

Participants must not sell, transfer, encumber, hedge or otherwise deal with performance rights.

If the participant ceases employment for death, permanent disability or is otherwise determined to be a 'good leaver' by the Board, unvested performance rights will vest in full, unless otherwise determined by the Board. If the participant ceases employment in any other circumstances, all unvested performance rights will lapse, unless otherwise determined by the Board. In a situation where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the performance rights. Where only some of the performance rights are vested on a change of control, the remainder of the performance rights will immediately lapse.

The movements in the number of performance rights are as follows:

	Number of rights	
	2016	2015
At 1 January	673,723	367,621
LTIP 2014 – Lapsed / forfeited	-	(89,491)
LTIP 2015 – Granted on 9 September 2015	197,148[1]	395,593
At 31 December	870,871	673,723

1 The issue of LTIP 2015 incentives to the CEO were subject to receiving Shareholder approval at the Company's Annual General Meeting in 2016.

The weighted average remaining contractual life of the LTIP outstanding as at 31 December 2016 was 1.7 years (2015: 2.6 years).

The fair value of the LTIP granted to employees is deemed to represent the value of employee service received over the vesting period. The fair value is determined using the Monte Carlo simulation method. The factors considered in the valuation included the terms and structure of the share schemes, price and volatility of companies in similar industries and any other relevant information in relation to the shares such as dividend policy and expected exercise pattern of the shares.

12 Share-based payment (continued)

(b) Long term incentive plan (continued)

A summary of the Company's shared based compensation schemes is as follows:

Grant date	Scheme	Expiry date	Start of the year	Granted/ (forfeited) during the year	Vested during the year	Balance at the end of the year	Vested and exercisable at the end of the year
			Number	Number	Number	Number	Number
2016	RMR	July 2018	731,152	-	(265,876)	465,276	-
	LTIP – 2014	December 2017	278,130	-	-	278,130	-
	LTIP – 2015	December 2018	395,593	197,148	-	592,741	-
			1,404,875	197,148	(265,876)	1,336,147	-
2015	RMR	July 2018	1,120,674	(39,310)	(350,212)	731,152	-
	LTIP – 2014	December 2017	367,621	(89,491)	-	278,130	
	LTIP – 2015	December 2018	-	395,593	-	395,593	-
			1,488,295	266,792	(350,212)	1,404,875	-

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movement.

The share price as at 31 December 2016 was AUD 3.50 (2014: AUD 4.15).

The life of the option is based on the historical exercise patterns, which may not eventuate in the future.

An option will vest and become exercisable to the extent that the relevant performance conditions specified at the time of grant are satisfied. The Board has discretion in relation to those performance conditions.

Total expenses arising from share-based payment transactions recognised during the year in relation to shares issued under the RMR and LTIP were USD 456,000 (2015 : USD 266,000).

Notes to the Consolidated Financial Statements

13 Operating Segments

Identification of reportable segments

The Group has identified its operating segment based on the reports reviewed by the Chief Executive Officer ('CEO') that are used to make strategic decisions. The Group consists of one operating segment being the sale of broadband access services in various geographic markets.

a) Segment performance

	Satellite network services	
	2016	2015
	US$'000	US$'000
Revenue		
Revenue from external customers	217,991	167,591
Underlying EBITDA	41,534	29,267
Transaction related costs	(7,001)	(3,844)
Integration costs	(961)	(296)
Depreciation of property, plant and equipment	(11,596)	(7,417)
Amortisation of intangible assets	(9,969)	(7,694)
Finance costs, net	(7,784)	(3,563)
Foreign exchange gains on forward contract	5,986	-
Share of profits from interests in joint venture	-	145
Income tax expense	(4,312)	(2,279)
Total net profit/(loss) after tax	5,897	4,319

b) Segment assets

	2016	2015
	US$'000	US$'000
Segment assets – total assets other than deferred tax assets	734,241	186,724
Segment liabilities – total liabilities other than financial liabilities and deferred tax liabilities	441,101	156,399

c) Geographical information

Under one operating segment, the table below presents geographical information of total revenue based on customers' geography and, where that relates to a vessel, is included in the Maritime category.

	Maritime	Australia	Pacific Islands	EMEA and other (ex-Afghanistan)	Asia	Afghanistan	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Year ended 31 December 2016	73,122	37,309	37,561	41,059	25,772	3,168	217,991
Year ended 31 December 2015	45,238	40,648	32,506	26,847	18,293	4,059	167,591

Notes to the Consolidated Financial Statements

13 Operating Segments (continued)

(c) Geographical information (continued)

The table below presents geographical information of the Group's non-current assets.

Year ended 31 December 2016	Maritime US$'000	Australia US$'000	Pacific Islands US$'000	EMEA and other (ex-Afghanistan) US$'000	Asia US$'000	Afghanistan US$'000	Total US$'000
Property, plant and equipment	3,232	8,823	1,044	5,904	25,786	-	44,789
Goodwill and intangible assets	79,148	14,314	17,288	43,151	17,500	-	171,401
Interest in joint ventures	-	-	-	-	190	-	190
	82,380	23,137	18,332	49,055	43,476	-	216,380

Year ended 31 December 2015	Maritime US$'000	Australia US$'000	Pacific Islands US$'000	EMEA and other (ex-Afghanistan) US$'000	Asia US$'000	Afghanistan US$'000	Total US$'000
Property, plant and equipment	901	8,935	2,303	4,839	9,260	-	26,238
Goodwill and intangible assets	20,648	13,855	18,701	31,469	12,050	-	96,723
Interest in joint ventures	-	-	-	-	190	-	190
	21,549	22,790	21,004	36,308	21,500	-	123,151

d) Major customers

There are no individual customers who contributed more than 10% of the total revenue in 2016 or 2015.

14 Cash and cash equivalents

	2016 US$'000	2015 US$'000
Cash at banks and in hand	25,341	15,114

Cash and cash equivalents includes USD 1,394,667 (2015: USD 304,000) which is restricted by legal or contractual arrangements.

Notes to the Consolidated Financial Statements

15 Trade and other receivables

	2016 US$'000	2015 US$'000
Trade receivables	54,576	38,784
Less: Provision for impairment of trade receivables	(4,187)	(3,389)
Trade receivables, net	50,389	35,395
Deposits and prepayments	9,490	4,145
Other receivables	4,454	3,748
	64,333	43,288
Less: non-current portion		
Other receivables	(813)	-
Current portion	63,520	43,288

The carrying values of the trade and other receivables approximate their fair values.

The majority of the Group's sales are with credit terms of 30 to 60 days. As at 31 December 2016, trade receivables of USD 21,827,000 were past due (2015: USD 20,345,000) and USD 4,187,000 (2015: USD 3,389,000) were impaired and fully provided for. The impaired receivables mainly relate to customers' failure to make payment for more than six months from invoice date. The remaining asset after the provision relating to these receivables represents Management's best estimate of the recoverable amount.

Movements on the provision for impairment of trade receivables are as follows:

	2016 US$'000	2015 US$'000
At beginning of year	3,389	1,621
Acquisitions	608	1,346
Provision for impairment of trade receivables (Note 9)	833	645
Amounts written off	(556)	(179)
Exchange differences	(87)	(44)
At 31 December	4,187	3,389

The creation and release of provision for impaired receivables have been included in 'Other expenses' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Amounts charged to the allowance accounts are generally written off when there is no expectation of recovery of additional cash.

At 31 December 2016, the other classes within 'Trade and other receivables' did not contain impaired assets (2015: nil).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

16 Inventories

	2016 US$'000	2015 US$'000
Equipment and spares	5,725	5,051
Work in progress	111	120
Less: Provision for Impairment	(29)	-
	5,807	5,171

The cost of inventories recognised as expense and included in cost of equipment amounted to USD 7,125,000 (2015: USD 6,217,000).

Notes to the Consolidated Financial Statements

17 Property, plant and equipment

	Office Equipment US$'000	2-way Equipment US$'000	Transponder Equipment US$'000	Teleport Equipment US$'000	Computer Equipment US$'000	Leasehold Improvements US$'000	NOC Equipment US$'000	RCS Equipment US$'000	Motor Vehicles US$'000	Land and Buildings US$'000	Total Amount US$'000
Year ended 31 December 2015											
Opening net book amount	278	8,650	-	153	357	545	4,425	22	97	-	14,527
Acquisition of Hermes	62	3,579	-	450	126	42	25	1,660	12	93	6,049
Acquisition of Geolink	20	-	-	372	-	3	-	-	-	-	395
Acquisition of NewSat	8	-	-	1,009	39	-	2,119	-	33	3,982	7,190
Acquisition of SAIT	-	-	-	-	24	-	-	-	-	-	24
Additions	274	2,619	-	316	301	330	2,424	1,452	38	-	7,754
Disposals	(2)	(119)	-	-	(6)	-	(47)	-	(8)	(243)	(425)
Depreciation	(198)	(2,856)	-	(525)	(260)	(210)	(1,701)	(1,619)	(48)	-	(7,417)
Exchange differences	(18)	-	-	(22)	(58)	(41)	(478)	(1,229)	(13)	-	(1,859)
Closing net book amount	424	11,873	-	1,753	523	669	6,767	286	111	3,832	26,238
At 31 December 2015											
Cost	902	24,624	-	3,157	2,840	1,244	15,664	469	257	3,832	52,989
Accumulated depreciation	(478)	(12,751)	-	(1,404)	(2,317)	(575)	(8,897)	(183)	(146)	-	(26,751)
Net book amount	424	11,873	-	1,753	523	669	6,767	286	111	3,832	26,238

Notes to the Consolidated Financial Statements

17 Property, plant and equipment (continued)

	Office Equipment US$'000	2-way Equipment US$'000	Transponder Equipment US$'000	Teleport Equipment US$'000	Computer Equipment US$'000	Leasehold Improvements US$'000	NOC Equipment US$'000	RCS Equipment US$'000	Motor Vehicles US$'000	Land and Buildings US$'000	Total Amount US$'000
Year ended 31 December 2016											
Opening net book amount	424	11,873	-	1,753	523	669	6,767	286	111	3,832	26,238
Acquisition of United Satellite Group Pty Ltd (Note 26(a))	-	-	-	-	-	-	227	-	34	-	261
Acquisition of NewCom International Inc. (Note 26(b))	181	-	-	148	593	23	66	-	73	13	1,097
Acquisition of ST Teleport Pte Ltd (Note 26(c))	17	636	-	6,483	14	649	-	-	-	-	7,799
Acquisition of WINS Limited (Note 26(d))	193	1,080	-	1,681	48	3	-	-	73	-	3,078
Additions	61	7,079	8,019	3,206	580	138	1,544	345	33	-	21,005
Disposals	(5)	(400)	-	(44)	-	(3)	(14)	(1)	(20)	(1,965)	(2,452)
Depreciation	(141)	(4,518)	(1,604)	(1,620)	(377)	(322)	(2,506)	(453)	(55)	-	(11,596)
Exchange differences	(39)	56		(550)	25	(61)	(85)	4	(2)	11	(641)
Closing net book amount	691	15,806	6,415	11,057	1,406	1,096	5,999	181	247	1,891	44,789
At 31 December 2016											
Cost	1,617	37,952	8,019	32,335	8,572	2,265	15,366	824	517	1,891	109,358
Accumulated depreciation	(926)	(22,146)	(1,604)	(21,278)	(7,166)	(1,169)	(9,367)	(643)	(270)	-	(64,569)
Net book amount	691	15,806	6,415	11,057	1,406	1,096	5,999	181	247	1,891	44,789

At 31 December 2016, the Group had USD 8,098,000 (2015: USD 79,000) equipment held under finance leases.

Notes to the Consolidated Financial Statements

18 Goodwill and intangible assets

	Goodwill US$'000	Customer Relationship US$'000	Supplier Contracts US$'000	Trademark US$'000	Other[1] US$'000	Total US$'000
Year ended 31 December 2015						
Opening net book amount	24,021	12,860	10,750	5,000	112	52,743
Acquisition	39,185	12,264	-	1,915	2,172	55,536
Amortisation charge	-	(2,927)	(3,810)	(592)	(365)	(7,694)
Exchange differences	(2,542)	(1,288)	-	(21)	(11)	(3,862)
Closing net book amount	60,664	20,909	6,940	6,302	1,908	96,723
As at 31 December 2015						
Cost	60,664	25,928	19,051	14,536	2,639	122,818
Accumulated amortisation	-	(5,019)	(12,111)	(8,234)	(731)	(26,095)
Net book amount	60,664	20,909	6,940	6,302	1,908	96,723
Year ended 31 December 2016						
Opening net book amount	60,664	20,909	6,940	6,302	1,908	96,723
Acquisition	78,788	8,218	-	127	2,586	89,719
Amortisation charge	-	(4,819)	(3,810)	(860)	(480)	(9,969)
Exchange differences	(4,595)	(465)	-	(8)	(4)	(5,072)
Closing net book amount	134,857	23,843	3,130	5,561	4,010	171,401
As at 31 December 2016						
Cost	134,857	33,520	19,051	14,554	5,206	207,188
Accumulated amortisation	-	(9,677)	(15,921)	(8,993)	(1,196)	(35,787)
Net book amount	134,857	23,843	3,130	5,561	4,010	171,401

1 Other includes brand names, capitalised development costs and other intangibles.

As at 31 December 2016, the recoverable amount of the Cash Generating Unit (CGU) was determined based on value-in-use calculations. These calculations used cash flow projections based on financial budgets approved by Management covering a 5-year period. The pre-tax discount rate and the estimated weighted average annual sales growth rate after the 5-year budgeted period applied to the cash flow projections was approximately 9.8% and 3.0% respectively. The budgeted gross profit margin and net profit margin were determined by Management for the CGU based on past performance and its expectations for market development.

Discount rates reflect the Group's estimate of the time value of money and risks specific to each CGU that are not already reflected in the cash flows. In determining appropriate discount rates regard has been given to the weighted cost of capital of the Group and business risks.

Management assessment of reasonably possible changes in the key assumptions has not identified any reasonably possible changes that would cause the carrying amount of the CGU, including goodwill, to be higher than the recoverable amount of the CGU.

Notes to the Consolidated Financial Statements

19 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2016 US$'000	2015 US$'000
Deferred tax assets	2,808	3,088
Deferred tax liabilities	(6,295)	(6,164)
Net deferred tax liabilities	(3,487)	(3,076)

The balance comprises of temporary difference attributable to:

	Deferred tax assets		Deferred tax liabilities	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Intangible assets	1,091	-	(7,796)	(8,334)
IPO Costs	-	-	674	1,676
Accruals and provisions	36	680	573	(215)
Tax losses	710	1,060	-	-
Other	971	1,348	254	709
Deferred tax assets/(liabilities)	2,808	3,088	(6,295)	(6,164)

The following outlines the expected settlement deferred tax amounts:

	2016 US$'000	2015 US$'000
Settled within 12 months	1,843	246
Settled after more than 12 months	(5,330)	(3,322)
Net deferred tax liabilities	(3,487)	(3,076)

The movement on the net deferred tax amounts is as follows:

	2016 US$'000	2015 US$'000
Net deferred tax liabilities at beginning of year	(3,076)	(2,289)
Acquisitions – net deferred tax liabilities	(2,071)	(3,741)
Adjustment to equity	(53)	-
Credited to tax expense	1,869	2,096
Exchange differences	(156)	858
Net deferred tax liabilities at 31 December	(3,487)	(3,076)

The deferred tax balance includes an amount of USD 710,000 (2015: USD 1,060,000) which relates to carried forward tax losses of subsidiaries in the Group. For each subsidiary where the losses have been carried forward, Management estimates that future taxable income will be available to recover the net deferred tax asset in each of these subsidiaries based on the business plans and budgets.

Notes to the Consolidated Financial Statements

20 Trade and other payables

	2016 US$'000	2015 US$'000
Trade payables due to third parties	31,768	25,563
Other payables		
Accrued charges and other creditors	17,604	15,182
Advance receipts	3,279	3,024
Deferred revenue	7,619	6,994
Deferred consideration	4,120	3,524
	32,622	28,724
Total trade and other payables	64,390	54,287
Less: non-current portion		
Asset retirement obligation	(18)	(71)
Deferred contingent consideration	-	(3,524)
	(18)	(3,595)
Current portion	64,372	50,692

Trade payables are unsecured and usually paid 30–90 days from recognition.

Additional potential consideration comprising an earn-out of up to USD 7.5 million is payable in relation to the acquisition of SAIT Communications Limited if certain revenue targets are reached in 2016. For details, please refer to Note 35.

At 31 December 2015, the Group provided USD 3.5 million additional consideration for this acquisition. During the year, the fair value of the potential consideration has increased to USD 4.1 million. The movement has been charged to the income statement in accordance with Accounting Standards. For details, please refer to Note 10.

If the actual additional consideration varies from this amount the difference will be included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in accordance with Accounting Standards.

21 Obligations under finance leases

At 31 December 2016, the Group had obligations under finance leases repayable as follows:

	As at 31 December 2016		As at 31 December 2015	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	US$'000	US$'000	US$'000	US$'000
Within 1 year	3,057	3,057	52	46
Later than 1 year but not later than 5 years	35	34	22	21
Less: Future finance charges	(1)	-	(7)	-
Present value of lease obligations	3,091	3,091	67	67

Obligations under finance leases repayable as at 31 December 2016 include a transponder lease valued at USD 8 million entered into in the current year.

22 Borrowings

On 27 December 2016, the Group entered into a new syndicated facility of USD 385 million with Credit Suisse AG and ING Bank. As at 31 December 2016, USD 381.2 million was drawn in USD. The balance of the bank loan was held in escrow as at balance date, along with additional cash raised to fund the acquisition of Harris CapRock, which was settled in 2017. Refer to Note 15 for further details regarding this acquisition.

Significant terms and conditions

The credit lines are subject to the completion of affirmative and negative covenants, including the commitment not to exceed certain financial ratios semi-annually, commencing from 30 June 2017. The covenants include the following ratios, which are contractually defined in the agreement: Interest Cover Ratio (underlying EBITDA / underlying net interest expenses) and Net Leverage Ratio (net debt/underlying EBITDA).

Interest payable on the new facility is subject to a floating margin component. This exposes the Group to interest rate risk. To hedge this risk, and as a requirement of the agreement, the Group is planning to enter into interest rate swaps post balance date.

Notes to the Consolidated Financial Statements

22 Borrowings (continued)

Assets pledged as security

Under the new syndicated facility of USD 385 million, the Group has pledged a significant portion of its assets as security. The carrying amounts of assets pledged for borrowings as at 31 December are:

	2016 US$'000	2015 US$'000
Current – floating charge		
Cash and cash equivalents	19,911	12,690
Trade and other receivables	60,951	43,680
Inventories	4,176	4,477
Other financial assets – funds held in escrow	422,380	-
Non-current – floating charge		
Property, plant and equipment	40,444	24,251
Goodwill and intangible assets	17,609	73,676
Deferred tax assets	13,241	2,339
Other	813	11,194
Total Group assets pledged as security	579,525	172,308
Group assets not pledged as security	157,524	17,504
Total Group assets	737,049	189,812

Subsequent to the end of year, additional entities were pledged as security under the above mentioned agreement, including certain entities acquired through Harris CapRock consolidation.

At 31 December 2016, interest-bearing bank loans and overdrafts were due for payment as follows:

	2016 US$'000	2015 US$'000
Portion of bank loans due for repayment within one year	-	-
After 1 year but within 2 years	-	33,450
After 2 years but within 5 years	381,173	65,904
Less: Prepaid facility fees	(12,863)	-
Total Group assets	368,310	99,354

Notes to the Consolidated Financial Statements

23 Derivative financial instruments

	2016 US$'000	2015 US$'000
Carried at fair value		
- Interest rate swap contracts	-	3
- Interest rate cap/floor/collar contracts	-	3
	-	6

All derivative financial instruments terminated during the current financial year. As at 31 December 2016, the Group did not hold derivative financial instruments.

24 Equity

a) Contributed equity

	2016 No. of Shares	2016 US$'000	2015 No. of Shares	2015 US$'000
Contributed equity				
Share capital as at 1 January	120,819,213	84,892	120,168,355	84,126
Conversion of Restricted Management Rights to ordinary shares	265,876	148	350,212	207
Issue of ordinary Shares	115,764,549	278,147	-	-
Issue of ordinary shares – acquisitions	618,844	2,081	300,646	602
Capital raising costs	-	(3,876)	-	(43)
	237,468,482	361,392	120,819,213	84,892

The Group does not have a limited amount of authorised capital or par value in respect of its shares.

Options

For information relating to share options including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end. For details, please refer to the Directors' Report and Note 12.

Notes to the Consolidated Financial Statements

24 Equity (continued)

b) Other reserves

	Share-based payments US$'000	Foreign currency translation US$'000	Total other reserves US$'000
As at 1 January 2015	232	(719)	(487)
Currency translation differences	-	(743)	(743)
	232	(1,462)	(1,230)
Share-based payment expenses	266	-	266
Transfer from share-based payment reserve for vested performance shares	(207)	-	(207)
As at 31 December 2015	291	(1,462)	(1,171)
As at 1 January 2016	291	(1,462)	(1,171)
Currency translation differences	-	(13,052)	(13,052)
	291	(14,514)	(14,223)
Transactions with owners in their capacity as owners			
Share-based payment expenses	456	-	456
Transfer from share-based payment reserve for vested performance rights	(148)	-	(148)
As at 31 December 2016	599	(14,514)	(13,915)

Share-based payment reserve

The share-based payments reserve is used to recognise the fair value of options at grant date issued to employees and Directors. When shares are issued, the amount recognised in this reserve is transferred to equity.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

The decrease in the foreign currency reserve translation reserve is primarily due to effect of the appreciation of the US dollar against the Australian dollar, Euro and Great British Pound during the year.

c) Accumulated losses

	2016 US$'000	2015 US$'000
Balance as at 1 January	56,478	55,040
Net (profit)/loss for the year	(5,897)	(4,319)
Dividend declared and paid	6,643	5,757
Balance as at 31 December	57,224	56,478

The Final dividend for the year ended 31 December 2015 was paid in April 2016 and an Interim dividend for the year ended 31 December 2016 was paid in October 2016. For details, please refer to Note 27.

Notes to the Consolidated Financial Statements

25 Reconciliation of profit/(loss) before income tax to net cash inflows from operating activities

	2016 US$'000	2015 US$'000
Profit before income tax	10,209	6,598
Adjustments for:		
Depreciation of property, plant and equipment	11,596	7,417
Amortisation of intangible assets	9,969	7,694
(Gain)/loss on disposal of property, plant and equipment	(288)	(1)
Share-based payment expense	456	266
Fair value (gain) on derivative financial instruments	(6)	(4)
Provision for impairment of trade receivables	833	645
Provision for impairment of inventory	29	197
Share of profits from interest in joint ventures	-	(145)
Finance costs	1,771	409
Foreign exchange (gain)/losses	(1,592)	659
Transaction and integration costs	7,961	4,141
Changes in working capital:		
(Increase)/decrease in inventories	515	(1,103)
(Increase) in trade and other receivables	(6,197)	(14,707)
(Decrease)/increase in trade and other payables	(3,372)	9,473
Other	28	(416)
Capitalised labour costs	-	(739)
Tax paid	(4,865)	(2,461)
Cash generated from operating activities	27,047	17,923

In the Consolidated Statement of Cash Flows, proceeds from sale of property, plant and equipment comprise:

	2016 US$'000	2015 US$'000
Net book amount	263	425
Gain on disposal of property, plant and equipment	288	1
Proceeds from disposal of property, plant and equipment	551	426

Notes to the Consolidated Financial Statements

26 Business combinations

The fair value of the acquired identifiable intangible assets was determined using income based approach based on the valuations performed by Roma Appraisals Limited, an independent professional valuer.

a) United Satellite Group Pty Ltd

On 15 January 2016, SpeedCast International Limited, via its 100% owned subsidiary SpeedCast Australia Pty Ltd, purchased 100% of the "Business Assets" of United Satellite Group Pty Ltd ("USAT'). The "Business Assets" were defined in the Sale & Purchase Agreement ("SPA") as selected contracts, intellectual property rights, and equipment at remote sites. The acquisition has been assessed to be a business combination for accounting purposes.

The following table summarises the consideration paid, the estimated fair value of assets and liabilities acquired at the acquisition date

	US$'000
Consideration:	
Cash	1,080
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment (Note 17)	261
Intangible assets	176
Deferred tax liabilities	(53)
Total identified net assets	384
Goodwill	696

b) NewCom International Inc.

On 31 March 2016, the Group completed the acquisition of NewCom International Inc. ("NewCom"), a leading satellite communications service provider specialising in the South and Central American regions, in accordance with the agreed terms of the SPA signed on 29 December 2015. NewCom was acquired for consideration of USD 11.3 million in cash and USD 2.1 million in new SpeedCast shares. The Group gained control with effect from 31 March 2016.

Goodwill of USD 12.2 million arises principally from the new growth frontier in the South and Central American regions, where satellite is widely used and SpeedCast does not have a direct presence.

The following table summarises the consideration paid, the estimated fair value of assets and liabilities acquired at the acquisition date.

	US$'000
Consideration:	
Cash	11,313
Shares	2,081
Total Purchase Consideration	13,394
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	398
Trade and other receivables	1,133
Inventory	387
Property, plant and equipment (Note 17)	1,097
Intangible assets	1,209
Trade and other payables	(3,078)
Total identified net assets	1,146
Goodwill	12,248

Notes to the Consolidated Financial Statements

26 Business combinations (continued)

c) ST Teleport Pte Ltd

On 4 July 2016, the Group completed the acquisition of ST Teleport Pte Ltd ("STT"), a leading satellite communications provider based in Singapore, for SGD 18.5 million in cash following the definitive agreement announced on 13 November 2015. The acquisition includes ST Teleport's world class teleport facilities and data centre infrastructure in Singapore, a major hub in Asia for global maritime and oil & gas customers.

Goodwill of USD 8.5 million arises principally from the strengthening of the Group's position in the Asia-Pacific region and in both the Maritime and Energy sectors.

The following table summarises the consideration paid, the estimated fair value of assets and liabilities acquired at the acquisition date.

	US$'000
Consideration:	
Cash	14,016
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	329
Trade and other receivables	3,899
Inventory	84
Property, plant and equipment (Note 17)	7,799
Intangible assets	328
Trade and other payables	(4,338)
Obligations under finance lease	(111)
Borrowings	(1,611)
Deferred tax liabilities	(924)
Total identified net assets	5,455
Goodwill	8,561

Notes to the Consolidated Financial Statements

26 Business combinations (continued)

d) WINS Limited

On 8 August 2016, the Group announced the acquisition of WINS Limited ("WINS"), a leading Europe-based provider of innovative maritime broadband satellite communications and IT solutions, from Eutelsat Communications and Maltasat.

Goodwill of USD 57.3 million arises principally from the strengthening of the Group's position in Germany within the important growth engine of the Maritime sector, which SpeedCast expects to underpin long-term organic growth.

The following table summarises the consideration paid, the estimated fair value of assets and liabilities acquired at the acquisition date.

	US$'000
Consideration:	
Cash	59,433
Cash Payable	1,140
Total Purchase Consideration	60,573
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	418
Trade and other receivables	9,315
Inventory	710
Property, plant and equipment (Note 17)	3,078
Intangible assets	6,715
Deferred tax assets	1,200
Trade and other payables	(8,895)
Tax payable	(1,013)
Borrowings	(5,945)
Deferred tax liabilities	(2,294)
Total identified net assets	3,289
Goodwill	57,284

e) Harris CapRock

On 1 November 2016, the Group entered into a definitive agreement to acquire 100% of Harris CapRock. Refer to Note 37 for further details regarding this acquisition.

Notes to the Consolidated Financial Statements

26 Business combinations (continued)

f) Additional information

Acquisition related costs of USD 7.0 million (2015: USD 3.8 million) have been charged to transactions related costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016.

In the Consolidated Statement of Cash Flows, payment for acquisition of these businesses comprises:

	USAT US$'000 (Note 26(a))	NewCom US$'000 (Note 26(b))	ST Teleport US$'000 (Note 26(c))	WINS US$'000 (Note 26(d))	Total US$'000
Outflow of cash to acquire subsidiaries					
Cash consideration paid	1,080	11,313	14,016	59,433	85,842
Cash and cash equivalents of subsidiaries acquired	-	(398)	(329)	(418)	(1,145)
Cash outflow on acquisition of subsidiaries, net of cash acquired					84,697

The total revenue included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income since the dates of the above acquisitions contributed USD 24.7 million and a total profit of USD 642,000 for the year ended 31 December 2016.

Due to financial, legal and operational integration activities completed since the acquisition date, it is impracticable to disclose either the profit or loss of the combined entities as though the acquisitions dates had been 1 January 2016, or the amount of the acquired entities' profit or loss since the acquisition included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2016.

27 Dividends

	2016 US$'000	2015 US$'000
Dividends declared during the year		
Interim dividend paid for the year ended (2016: AUD3.20 cents, 2015: AUD3.00 cents)	3,351	2,630
Final dividend paid for the year ended (2015: AUD3.65 cents 2014: AUD3.36 cents)	3,292	3,127
	6,643	5,757

On 27 February 2017, the Directors approved the payment of a dividend of AUD 2.4 cents per share which will be fully franked.

	2016 US$'000	2015 US$'000
Franking credit balance		
Franking credit available for future financial years (tax paid basis, 30% tax rate)	2,982	3,244

The above amount represents the balance of the franking accounts as at the end of the period, adjusted for:

(i) Franking credits that will arise from the payment of income tax payable at the end of the period; and

(ii) Franking debits that will arise from the payment of dividends provided at the end of the period.

Notes to the Consolidated Financial Statements

28 Earnings per share

		2016 Cents	2015 Cents
a	Basic profit per share attributable to ordinary equity holder of the Group	4.16	3.59
b	Diluted profit per share attributable to ordinary equity holder of the Group	4.12	3.54

		2016 US$'000	2015 US$'000
c	Earnings used in calculating earnings per share		
	Basic profit per share	5,897	4,319
	Diluted profit per share	5,897	4,319

		2016 Number	2015 Number
d	Weighted average number of shares used as denominator		
	Number of ordinary shares used as the denominator in calculating basic earnings per share	141,629,709	120,428,974
	Adjustments for calculation of diluted earnings per share:		
	Weighted average of Restricted Management Rights and long term incentives	1,348,193	1,460,172
	Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	142,977,902	121,889,146

29 Commitments

a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet purchased is as follows:

	2016 US$'000	2015 US$'000
Purchase of property, plant and equipment	1,449	1,305

b) Operating lease commitments

The Group leases certain of its office premises under non-cancellable operating leases. Leases are negotiated for an average term of 1 to 5 years. The lease expenditure charged in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the year is disclosed in Note 9.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 US$'000	2019 US$'000
No later than 1 year	2,491	1,159
Later than 1 year and no later than 5 years	4,706	2,351
Later than 5 years	1,941	293
	9,138	3,803

Notes to the Consolidated Financial Statements

30 Related party transactions

The following transactions were carried out with related parties:

a) **Key management personnel compensation**

Key management personnel includes Chief Executive Officer, Chief Financial Officer, Head of Operations, Business Unit Heads and the Board of Directors. Their remuneration included within employee expenses for the year is shown below:

	2016 US$'000	2015 US$'000
Short-term employee benefit	2,036	2,182
Post-employment benefits	189	137
Share-based payments	238	131
	2,463	2,450

The Remuneration Report presented at the beginning of the Annual Report contains details of the remunerations paid or payable to each member of the Group's key management personnel for the year ended 31 December 2016.

No termination payments were made in 2016 or 2015.

FINANCIAL REPORT

Notes to the Consolidated Financial Statements

31 Investments in subsidiaries

The following is the list of the principal subsidiaries at 31 December 2016:

Name	Place of incorporation and kind of legal entity	Principal activities and place of Operation	Particulars of issued share capital and debt securities	2016 Interest Held	2015 Interest Held
Directly held:					
SpeedCast Group Holdings Pty Ltd	Australia, limited liability company	Investment holding company	1 ordinary share of A$1 each	100%	100%
SpeedCast Limited	Hong Kong, limited liability company	Provision of satellite communication service and network solution in Asia-Pacific	10,000,000 ordinary shares of HK$0.01 each (2015: HK$100,000)	100%	100%
SpeedCast Malaysia Sdn. Bhd.	Malaysia, limited liability company	Provision of satellite communication service in Malaysia.	500,000 ordinary shares of MYR 1.00 each (2015: MYR 500,000)	100%	100%
SpeedCast UK Holdings Limited	United Kingdom, limited liability company	Investment holding company	100 ordinary shares of £1 each (2015: £100)	100%	100%
SAIT Communications Limited	Cyprus, limited liability company	Provision of maritime and offshore satellite communication services	1,000 ordinary share of EUR1 each (2015:EUR 1,000)	100%	100%
SpeedCast Singapore Pte Ltd (Formerly known as ST Teleport Pte Ltd)[1]	Singapore, limited liability company	Provision of satellite communication service and network solution in Asia-Pacific	20,403,000 ordinary shares and 8,513,000 redeemable preference shares of SGD1 each (2015: N/A)	100%	-
WINS Limited[2]	Malta, limited liability company	Provision of maritime satellite communication services	522,772 ordinary shares of EUR2.33 each (2015: N/A)	100%	-
WINS Holdings Ltd[3]	Malta, limited liability company	Investment holding company	1,200 ordinary shares of EUR1 each (2015: N/A)	100%	-
Indirectly held:					
SpeedCast Germany GmbH[4]	Germany	Holding Company	25,000 ordinary shares of EUR1 each (2015: N/A)	100%	-
SpeedCast Singapore Pte. Ltd	Singapore, limited liability company	Provision of maritime and offshore satellite communication services in Singapore	1 ordinary share of SG$1 each (2015: 1 ordinary share of SG$1)	100%	100%
SpeedCast (Beijing) Communication Technology Company Limited	The People's Republic of China (the "PRC"), limited liability company	Provision of satellite communication network solutions and technical consultancy services in the PRC	Registered capital of USD 340,000 (2015: USD 340,000)	100%	100%
SpeedCast Australia Pty. Ltd (Formerly known as Australian Satellite Communications Pty. Ltd. ("ASC"))	Australia, limited liability company	Provision of satellite communication network solutions and technical consultancy services in Asia Pacific	1 ordinary share of A$1 each (2015: A$1)	100%	100%
SpeedCast Pacific Pty. Ltd. (Formerly known as Pactel International Pty Limited)	Australia, limited liability company	Provision of satellite communications service in Asia Pacific	1,600 ordinary shares of A$0.625 each (2015: 1,600 ordinary shares of A$ 0.625 each)	100%	100%
Pactel PNG Limited	Papua New Guinea, limited liability company	Provision of satellite communications service provider in Papua New Guinea	100 ordinary shares of PNG Kina $1 each (2015: 100 ordinary shares of PNG Kina $1 each)	100%	100%

1 SpeedCast Singapore Pte Ltd, formerly known and ST Teleport Pte Ltd, became a wholly owned subsidiary of SpeedCast International Limited on 1 July 2016.
2 WINS Limited became a wholly owned subsidiary of SpeedCast International Limited on 31 August 2016.
3 WINS Holdings Ltd became a wholly owned subsidiary of SpeedCast International Limited on 31 August 2016.
4 SpeedCast Germany GmbH was first incorporated on 6 December 2016 as a wholly owned subsidiary of SpeedCast International Limited.

Notes to the Consolidated Financial Statements

31 Investments in subsidiaries (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of Operation	Particulars of issued share capital and debt securities	2016 Interest Held	2015 Interest Held
Indirectly held (Continued)					
SpeedCast Europe B.V.	Netherlands, limited liability company	Provision of maritime and offshore satellite communication services	180 ordinary shares of EUR 100 each (2015: 180 ordinary shares of EUR 100 each)	100%	100%
SpeedCast Netherlands B.V.	Netherlands, limited liability company	Investment holding company	1 ordinary share of EUR 1 each (2015: 1 ordinary share of EUR 1 each)	100%	100%
Satellite Communications Australia Pty Limited	Australia, limited liability company	Provision of satellite communications service in Asia Pacific	1,000 ordinary share of A$0.1 each (2015: 1,000 ordinary share of A$0.1 each)	100%	100%
Oceanic Broadband Solutions Pty Ltd	Australia, limited liability company	Provision of satellite communications service based in Queensland	100 ordinary shares of A$1 each (2015: 100 ordinary shares of A$1 each)	100%	100%
SpeedCast Americas, Inc.	State of Delaware United States of America, limited liability company	Provision of satellite communications service based in Houston.	10,000 common stock of USD 0.01 each (2015: 10,000 common stock of USD 0.01 each)	100%	100%
Hermes Datacommunications International Limited	United Kingdom, limited liability company	Provision of satellite communications service based in UK.	950,000 ordinary shares of £0.01 each (2015: £9,500)	100%	100%
LLC Connect VSAT (Formerly known as SARL Connect VSAT)	Algeria, limited liability company	Provision of satellite communications service based in Algeria.	DZD 1,000,000 (2015: DZD 1,000,000)	100%	100%
Connect VSAT Angola, LDA	Angola, limited liability company	Provision of satellite communications service based in Angola.	100,000 Angolan Kwanzas (2015: 100,000 AOA)	100%	100%
Euphrates Crescent General Trading Private Limited Liability Company	Iraq, limited liability company	Provision of satellite communications service based in Iraq.	IQD 1,000,000 (2015: IQD 1,000,000)	100%	100%
Hermes Datacomms LLP	Kazakhstan, limited liability company	Provision of satellite communications service based in Kazakhstan.	KZT 107,899 (2015: KZT 107,899)	100%	100%
Hermes Datacommunications Kenya Limited	Kenya, limited liability company	Dormant	KES 100,000 (2015: KES 100,000)	100%	100%
Hermes Datacommunications International Limited	Kurdistan, limited liability company	Dormant	1,000,000 Iraqi Dinars (2015: 1,000,000 Iraqi Dinars)	100%	100%
Hermes Communications Libya	Libya, limited liability company	Provision of satellite communications service based in Libya.	IQD 1,000,000 (2015: IQD 1,000,000)	100%	100%
SpeedCast Energy SDN. BHD (Formerly known as Hermes Datacommunications (M) SDN. BHD)	Malaysia, limited liability company	Provision of satellite communications service based in Malaysia.	MYR 350,000 (2015: MYR 350,000)	100%	100%
Hermes Datacomms Myanmar Co. Limited	Myanmar, limited liability company	Dormant	USD 50,000 (2015: USD 50,000)	100%	100%
OOO Hermsat	Russia, limited liability company	Provision of satellite communications service based in Russia.	RUB 10,000 (2015: RUB 10,000)	100%	100%

Notes to the Consolidated Financial Statements

31 Investments in subsidiaries (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of Operation	Particulars of issued share capital and debt securities	2015 Interest Held	2014 Interest Held
Indirectly held (Continued)					
Hermes Datacomms Singapore Pte Limited	Singapore, limited liability company	Liquidated	SGD 1,000 (2015: SGD 1,000)	100%	100%
Orta Aziya Aragatnashyk	Turkmenistan, limited liability company	Provision of satellite communications service based in Turmenistan.	6,000 Manats (2015: 6,000 Manats)	100%	100%
Hermes Datacommunications USA, Inc.	United States of America, limited liability company	Provision of satellite communications service based in US.	USD 1,000 (2015: USD 1,000)	100%	100%
SpeedCast France, formerly known as Geolink Satellite Services SAS	France	Provision of maritime and offshore satellite communication services in Europe and Africa.	EUR 100,000 (2015: EUR 100,000)	100%	100%
NewCom International Inc. dba SpeedCast Americas[5]	United States of America, limited liability company	Provision of satellite communications service based in US.	USD 1,000 (2015: N/A)	100%	-
NewCom International Inc. Peru, S.A.C[6]	Peru, limited liability company	Provision of satellite communications service based in Peru	SOL 2,600 (2015: N/A)	100%	-
NewCom International Inc Sucursal Colombia[7]	Colombia, branch	Provision of satellite communications service based in Peru	USD 40,000 (2015: N/A)	100%	-
SISCOSAT dha. NewCom International Inc Mexico[8]	Mexico, limited liability company	Provision of satellite communications service based in Mexico	MXN 3,000 (2015: N/A)	100%	-
WINS Germany GmbH[9]	Germany, limited liability company	Holding Company	25,000 ordinary shares of EUR1 each (2015: N/A)	100%	-
DH-Intercom Verwaltungsgesellschaft mbH[10]	Germany	Provision of maritime and offshore satellite communication services in Europe	1 ordinary share of EUR26,000 each	100%	-

5 NewCom International Inc. dba SpeedCast Americas became a wholly owned subsidiary of SpeedCast Americas Inc. on 31 March 2016
6 NewCom International Inc. Peru, S.A.C became a wholly owned subsidiary of SpeedCast Americas Inc. on 31 March 2016
7 NewCom International Inc Sucursal Colombia became a wholly owned subsidiary of SpeedCast Americas Inc. on 31 March 2016
8 SISCOSAT dha NewCom International Inc. Mexico became a wholly owned subsidiary of SpeedCast Americas Inc. on 31 March 2016
9 WINS Germany GmbH became a wholly owned subsidiary of SpeedCast International Limited on 31 August 2016
10 DH-Intercom Verwaltungsgesellschaft mbH became a wholly owned subsidiary of SpeedCast International Limited on 31 August 2016

32 Investments in joint ventures

Name	Type of joint arrangement	Place of incorporation and kind of legal entity	Principal activities and place of Operation	Percentage owned (%) 2016	Percentage owned (%) 2015
Satcomms Limited	Joint Venture	British Virgin Islands	Provision of satellite communications service	50	50
Satellite Communications NZ Limited	Joint Venture	New Zealand	Provision of satellite communications service in New Zealand	50	50
Vcomms Limited	Joint Venture	Papua New Guinea	Dormant	50	50

Notes to the Consolidated Financial Statements

33 Deed of Cross-Guarantee

The parent entity, SpeedCast International Limited, and its subsidiaries listed below are parties to a deed of cross guarantee under which each company guarantees the debts of the others. Under ASIC class order 98/1418, there is no requirement for these subsidiaries to prepare and lodge a financial report and Director's report.

The subsidiaries subject to the deed are:

(i) SpeedCast Australia Pty Ltd
(ii) SpeedCast Group Holdings Pty Ltd
(iii) SpeedCast Pacific Pty Ltd
(iv) Satellite Communications Australia Pty Ltd
(v) Oceanic Broadband Solutions Pty Ltd

These companies represent a closed group for the purposes of the class order.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position, comprising the closed group, after eliminating all transactions between parties to the deed of cross guarantee are shown below. The deed of cross guarantee was executed on 15 December 2014.

	2016 US$'000	2015 US$'000
Revenue from continuing operations	96,608	85,617
Cost of equipment and bandwidth services	(62,401)	(58,967)
Other gains	12,788	-
Staff costs	(9,972)	(8,063)
Depreciation of property, plant and equipment	(2,338)	(1,455)
Amortisation of intangible assets	(1,550)	(1,646)
Transaction related costs	(5,994)	(3,755)
Other expenses	(11,967)	(4,973)
Finance costs, net	(6,274)	(2,511)
Share of profit from interest in joint ventures	-	5
Profit before income tax	8,900	4,252
Income tax expense	(4,573)	(2,695)
Profit/(loss) for the year attributable to owners of the closed group	4,327	1,557
Other comprehensive income		
Item that may be reclassified to profit and loss		
- Currency translation difference	(7,316)	(2,612)
Total comprehensive (loss) for the year attributable to members of the closed group	(2,989)	(1,055)

Notes to the Consolidated Financial Statements

33 Deed of Cross-Guarantee (continued)

Consolidated Statement of Financial Position	2016 US$'000	2015 US$'000
ASSETS		
Current assets		
Cash and cash equivalents	11,986	5,476
Trade and other receivables	22,638	17,504
Inventories	1,333	1,308
Amount due from related companies	51,169	-
Other financial assets – funds held in escrow	422,380	-
Total current assets	509,506	24,288
Non-current assets		
Interests in joint ventures	5	5
Property, plant and equipment	9,867	11,238
Goodwill and intangible assets	31,481	32,550
Investment in subsidiaries	129,940	38,429
Deferred tax asset	-	1,078
Total non-current assets	171,293	83,300
Total assets	680,799	107,588
LIABILITIES		
Current liabilities		
Trade and other payables	28,475	25,130
Income tax payable	2,723	1,791
Amount due to related companies	-	2,754
Total current liabilities	31,198	29,675
Non-current liabilities		
Borrowings	368,310	62,354
Obligations under finance leases	10	14
Deferred tax liabilities	1,085	-
Other payables	-	2,524
Total non-current liabilities	369,405	64,892
Total liabilities	400,603	94,567
Net assets	280,196	13,021
EQUITY		
Equity attributable to owners of the Company		
Contributed equity	323,146	46,647
Other reserves	(22,415)	(15,407)
Retained earnings	(20,535)	(18,219)
Total equity	280,196	13,021

Notes to the Consolidated Financial Statements

34 Parent entity financial information

The following information has been extracted from the books and records of the parent entity, SIL, and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

Statement of Financial Position	2016 US$'000	2015 US$'000
Assets		
Current assets	596,094	69,204
Non-current assets	154,536	75,223
Total assets	750,630	144,427
Liabilities		
Current liabilities	8,959	2,522
Non-current liabilities	382,313	39,340
Total liabilities	391,272	41,862
Equity attributable to owners of the Company		
Contributed equity	323,146	46,647
Other reserves	(28,954)	(17,256)
Retained earnings	65,166	73,174
	359,358	102,565
Profit/(loss) for the year attributable to owners of the Company	(1,366)	(23)
Other comprehensive income		
Item that may be reclassified to profit and loss		
- Currency translation difference	(12,006)	(6,241)
Total comprehensive (loss) for the year attributable to members of the entity	(13,372)	(6,264)

For details on the contingent liabilities for the parent entity, please refer to Note 35.

35 Contingent liabilities

SAIT Communications earn-out

Additional potential consideration comprising an earn-out of up to USD 7.5 million is payable in relation to the acquisition of SAIT Communications Limited if certain revenue growth targets were reached in 2016, starting at USD 1.5 million (split between cash of USD 0.5 million and ordinary shares of USD 1.0 million) for the achievement of USD 23 million of revenue in 2016 and increasing progressively with revenue growth. The total amount potentially payable is capped at an amount of USD 7.5 million for significant outperformance split into cash consideration of USD 4.5 million and SpeedCast ordinary shares of USD 3.0 million.

The potential consideration is required to be re-measured to fair value at each balance date. At 31 December 2015, the fair value of the potential consideration was USD 3.5 million. During the period, the fair value of the potential consideration has increased to USD 4.1 million. This change in fair value has been charged to the income statement in accordance with Accounting Standards.

NewCom International earn-out

Additional potential consideration of up to USD 19 million (75% cash and 25% SpeedCast ordinary shares) is payable in relation to the acquisition of Newcom International Inc. if ambitious EBITDA growth targets were achieved in 2016. Management’s assessment is that these growth targets have not been met and no liability has been recognised.

Other than as noted above the Group did not have any other material contingent assets or liabilities as at 31 December 2016.

Notes to the Consolidated Financial Statements

36 Auditors' remuneration

	2016 US$	2015 US$
Remuneration of auditor of the parent entity – PricewaterhouseCoopers Australia ("PwC")		
Audit and review of financial statements	396,897	363,626
Taxation services	14,066	39,907
Transaction related services	340,483	-
Total remuneration of PricewaterhouseCoopers Australia	751,446	403,533
Remuneration to other related entities of PwC Australia		
Audit and review of financial statements	132,465	208,341
Transaction related services	1,716,302	382,576
Other services	5,821	16,274
Total remuneration of other related entities of PricewaterhouseCoopers Australia	1,854,588	607,191
Remuneration to auditors other than PwC Australia or its related entities		
Audit and other assurance services	167,543	14,769
Taxation services	78,386	54,906
Total remuneration to auditors other than PwC Australia or its related entities	245,929	69,675

37 Events after the balance sheet date

On 1 November 2016, the Group announced it had entered into a definitive agreement to acquire 100% of Harris CapRock for total upfront consideration of USD 425 million. Harris CapRock is a leading provider of communications networks for remote and harsh environments, primarily in the Maritime and Energy markets.

The initial close was completed on 1 January 2017. The acquisition was funded via a fully-underwritten AUD 295 million Accelerated Renounceable Entitlement Offer, with the balance funded by a fully-underwritten syndicated debt facility. The syndicated debt facility was drawn down prior to balance date as described in Note 22.

The financial effects of this transaction have not been recognised at 31 December 2016. The operating results and assets and liabilities of Harris CapRock will be consolidated from 1 January 2017.

The fair values of the assets and liabilities of Harris CapRock as at the date of acquisition are currently being determined by the Group's valuer and have not yet been finalised.

USD 5.1 million of acquisition related costs have been recognised in relation to this transaction in the current financial year. We expect USD 7.8 million of acquisition-related costs will be included in profit or loss in the reporting period ending 31 December 2017.

Other than the above, there have been no other material post balance sheet events since 31 December 2016.

DIRECTORS’ DECLARATION

In the Directors’ Opinion:

1. the financial statements and notes set out on pages 43 to 96 are in accordance with the Corporations Act 2001, including:

   a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   b) giving a true and fair view of the consolidated entity’s financial position as at 31 December 2016 and of its performance for the financial year ended on that date, and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

3. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 33 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 33.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors dated on 17 March 2017.

Pierre-Jean Beylier
Chief Executive Officer, Executive Director
17 March 2017

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Independent auditor's report

To the shareholders of SpeedCast International Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of SpeedCast International Limited (the Company) and its controlled entities (together SpeedCast or the Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the Consolidated Statement of Financial Position as at 31 December 2016
- the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year then ended
- the Consolidated Statement of Changes in Equity for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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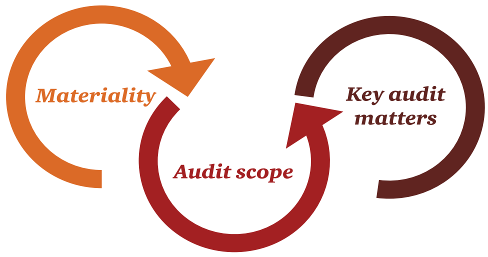
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group's activities principally involve the provision of satellite bandwidth services to maritime, energy and enterprise and emerging markets. The Group has operations and entities in many countries, including Australia, Hong Kong, Singapore, United States of America, United Kingdom, Netherlands, France, Germany, Cyprus and Malta.



Materiality

- For the purpose of our audit, we used overall Group materiality of $1,038,000, which represents approximately 2.5% of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of the Group excluding acquisition related revenue and expenses.
- We chose to use EBITDA adjusted for acquisition related revenue and expense items as the benchmark, because in our view, this is the metric against which against which, the performance of the Group is most commonly measured. The adjustment to EBITDA for specific items of revenue and expense, associated with acquisitions including transaction related costs, integration costs and a foreign exchange gain on forward contracts, seeks to remove the impact of items which are not expected to recur from year to year or otherwise significantly affect the underlying trend of performance from continuing operations.
- We chose 2.5% based on our professional judgement noting that it is within the range of commonly acceptable benchmarks.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

Audit scope

- Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group audit is planned and led by our Group audit team in Australia. We and component auditors in Hong Kong conducted audit procedures over the financial information of the most financially significant operations, being the Australian and Hong Kong operations respectively.
- Additionally, we performed specific risk focused audit procedures in relation to the Group's other operations in Singapore, United States of America, United Kingdom, Netherlands, France, Germany, Cyprus and Malta. These procedures were performed by local component auditors under instructions of the Group audit team or the Group audit team. When determining where it was necessary to perform specific procedures on the operations, we focused on entities recently acquired by the Group and where our planning procedures identified specific areas of risk.
- We note that outside the operations highlighted above, the Group includes other operations which individually and collectively do not contribute materially to the overall Group result. We obtained an understanding of these operations and performed analytical procedures over their financial balances.

- Audit procedures were performed by the Group audit team over balances recorded at a Group level including the consolidation process. The audit work carried out on the operations, together with the additional procedures performed at Group level, in our view, provided us with sufficient evidence to express an opinion on the Financial Report of the Group as a whole.
- We ensured that the audit teams both at Group and at operations included the appropriate skills and competencies. This included engaging specialists and experts to address aspects of our audit work in relation to taxation and business combinations.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. We have communicated the key audit matters to the Audit Committee. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (Refer to note 2(e) and note 6) SpeedCast have multiple revenue streams with customers which can include the provision of equipment, bandwidth services and related support arrangements. Revenue recognition was a key audit matter because of the significance of revenue. Particular areas of focus included: • For many SpeedCast operations, broadband access fees related to bandwidth services are invoiced in advance of service delivery and an adjustment is made at each balance date by the Group so that amounts invoiced in advance are not inappropriately recorded as revenue prior to bandwidth access being supplied by SpeedCast. • Some equipment sales within the Group were individually material and needed to be assessed to evaluate if the revenue and related costs were recorded accurately and within the correct accounting period.	We performed the following procedures: • We developed an understanding of each significant revenue stream, being broadband access revenue and the sale of broadband services equipment, and the basis used to recognise revenue. • We tested a sample of revenue transactions to evaluate whether they were appropriately recorded as revenue. This included checking the amounts recorded to supporting evidence. • For a sample of deferred revenue amounts we checked whether the amount recognised in the current period was consistent with services supplied per the terms of the customer agreement. • Where individually material equipment sales were identified, we agreed the amounts recorded by the Group to invoices and delivery documentation to check whether the revenue and related costs were recorded accurately and within the correct accounting period.

Key audit matter	How our audit addressed the key audit matter

Accounting for business combinations
(Refer to note 2(d) and Note 26)
SpeedCast made four acquisitions in the current year (United Satellite Group, Newcom International, ST Teleport and WINS) and finalised the accounting for three acquisitions from the previous year (Geolink, NewSat and SAIT).
 	
The accounting for the business combinations was a key audit matter given each acquisition was material to the Group and involved significant judgements made by the Group, including:
• Determination of the amount of the purchase consideration for the acquisition which is contingent on overcoming future performance hurdles. Such purchase consideration is required by Australian Accounting Standards to be recorded as a financial liability and subsequently re-measured at each period end based on the Group's judgement on whether future performance hurdles will be, or have been, achieved.
• Estimation of the fair value of assets and liabilities acquired, in particular customer relationships. Under Australian Accounting Standards, the Group is required to estimate the fair value of assets and liabilities acquired. This estimate involved making judgements over the value of relationships acquired and the period over which acquired customer relationships are expected to provide benefit to SpeedCast.
	For each new acquisition recorded in the current year we performed the following procedures:
	• Read the sale and purchase agreements to identify any contingent purchase consideration. In relation to United Satellite Group, ST Teleport and WINS, no contingent consideration was identified in the agreements. We note that in relation to Newcom International, contingent consideration was identified which related to future levels of EBITDA, however, no amount was recorded at period end as SpeedCast determined that it is unlikely this will be required to be paid. We assessed the Group's determination by comparing their forecast amount to actual and budgeted EBITDA for the forecast period.
	• Agreed the fair value of assets and liabilities acquired to valuation reports prepared by the Group's valuation adviser, which included discounted cash flow models (the models) calculating the value of customer relationship intangible assets recorded at the date of acquisition. For the customer relationship intangible assets, we were assisted by PwC valuation experts, and performed the following:
	  ○ Assessed the underlying assumptions used in the models including customer attrition rate and discount rate;
	  ○ Assessed whether the cash flow inputs used in the models were reasonable compared to actual performance for 2016; and
	  ○ Recalculated the mathematical accuracy of the models.
	
	For prior period acquisitions finalised in the current year we performed the following procedures:
	• Assessed whether recorded contingent consideration associated with SAIT was re-measured at period end to reflect the amount expected to be paid which was based on the actual revenue achieved by SAIT for the year ended 31 December 2016.
	• Developed an understanding of variances from the provisional purchase price accounting included in the financial report for the year ended 31 December 2015. There were no variances which were individually material.
	
	Where there were costs incurred which were related to acquisitions, we performed audit work to test that such costs were expensed and not capitalised, or included in, purchase consideration as required by Australian Accounting Standards.

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Key audit matter	How our audit addressed the key audit matter
Useful life of customer relationship intangible assets (Refer to Note 2(g) and Note 18) SpeedCast recognises intangible assets related to customer relationships as a result of each acquisition. The value of the customer relationship intangible assets acquired is estimated with reference to the customer base of the operations acquired adjusted for any customers expected to be lost following the acquisition. The Group makes judgements at the time of each acquisition related to how long acquired customers are expected to remain with SpeedCast and therefore what useful life the customer relationship intangible asset should be amortised over. These judgements are reassessed at each period end by comparing the level of customer loss (churn) against the original measurement assumptions to assess if the period over which the customer relationships are being amortised remains appropriate. The determination of the useful life of customer relationship intangible assets was a key audit matter due to the judgements involved and the impact on the amortisation expense recorded in periods after acquisition and the recorded carrying amount of customer relationship intangible assets.	We performed the following procedures: • We developed an understanding of the accounting policies and useful lives used by SpeedCast in the amortisation of customer relationship intangible assets. • We assessed the financial performance of operations with significant customer relationship intangible assets to identify operations not performing as expected at acquisition, which indicates a higher risk that the useful life may need to be changed. • For each operation identified, we assessed the level of customer churn and the extent of changes in the customer base, to which the original intangible related, in order to assess the appropriateness of the useful life adopted.

Key audit matter	How our audit addressed the key audit matter

Tax effect accounting
(Refer to note 2(o), note 11 and note 19)
SpeedCast operates in a number of countries, each with different tax regimes. The Group is required to understand the tax laws in each jurisdiction and appropriately apply these to each entities' tax calculations and the overall Group tax position.
The accounting for taxes was a key audit matter because of the complexity associated with different tax jurisdictions and judgements requiring consideration when preparing the Group's tax calculations. In particular, we note there are:
• Tax calculations for individual entities with significant current or deferred tax recorded during the period which are subject to different tax jurisdictions and rules.
• Consolidated tax models used to calculate the Group tax balances which are largely manual in nature and therefore may have an increased risk of error.
• Deferred tax assets recorded by the Group, some of which relate to tax losses, which require judgement by the Group in assessing whether there will enough future taxable profits in order for these assets to be realised.
	We performed the following procedures:
	• Identified key tax jurisdictions and balances across SpeedCast by developing an understanding of the nature of the Group's tax structure and key controls in place to manage the Group's tax reporting requirements.
	• For those individual entities identified with significant income tax expense or recorded tax payable, we agreed the key inputs in the tax calculations to the relevant general ledger balance and assessed the appropriateness of:
	    ○ permanent differences included in the calculation of the income tax expense; and
	    ○ the accounting and tax bases included in the calculation of deferred tax assets and liabilities.
	• For the Group tax consolidation we agreed key inputs to supporting documentation including each underlying entity's tax calculations. We tested the mathematical accuracy of the tax consolidation model.
	• As part of our work we assessed the recoverability of deferred tax balances in particular where balances related to tax losses. In this case, we performed the following:
	    ○ identified entities with significant deferred tax assets attributable to tax losses; and
	    ○ assessed the Group's plans in relation to the recovery of deferred tax assets.
	We were assisted by PwC tax experts and specialists in performing our work over tax effect accounting.

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Other information

The directors are responsible for the other information. The other information included in the Group's annual report for the year ended 31 December 2016 includes the Director's Report and Operating and Financial review (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. The other information also includes the Chairman's Letter and Chief Executive Officers Report, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT

Report on the remuneration report

Our opinion on the remuneration report

We have audited the Remuneration Report included in pages 17 to 26 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of SpeedCast International Limited for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Forman
Partner

Adelaide
17 March 2017

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 20 March 2017.

Substantial Shareholders

Substantial shareholders as disclosed in substantial shareholder notices given to the Company are as follows:

	Shareholders	Number of shares	Percentage held %
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	57,797,759	24.42%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	39,893,180	16.86%
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	31,253,231	13.20%
4	NATIONAL NOMINEES LIMITED	27,729,827	11.72%
5	CITICORP NOMINEES PTY LIMITED	25,492,510	10.77%
		58,727,118	76.97%

Voting Rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Distribution of equity security holders

Range	Securities	No. of holders
100,001 and Over	217,636,343	42
10,001 to 100,000	10,140,312	469
5,001 to 10,000	4,640,488	631
1,001 to 5,000	3,932,636	1,369
1 to 1,000	332,153	634
Total	236,681,932	3,145
Unmarketable Parcels	2,082	71

ASX ADDITIONAL INFORMATION

Twenty largest shareholders			
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	57,797,759	24.42%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	39,893,180	16.86%
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	31,253,231	13.20%
4	NATIONAL NOMINEES LIMITED	27,729,827	11.72%
5	CITICORP NOMINEES PTY LIMITED	25,492,510	10.77%
6	BNP PARIBAS NOMINEES PTY LTD	7,208,484	3.05%
7	UBS NOMINEES PTY LTD	5,355,019	2.26%
8	UBS NOMINEES PTY LTD	3,661,908	1.55%
9	BNP PARIBAS NOMS PTY LTD	3,130,554	1.32%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,988,324	0.84%
11	CITICORP NOMINEES PTY LIMITED	1,542,669	0.65%
12	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,335,901	0.56%
13	BRISPOT NOMINEES PTY LTD	1,231,577	0.52%
14	ARGO INVESTMENTS LIMITED	1,167,742	0.49%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	1,145,954	0.48%
16	MS CATHERINE OLWENY	758,847	0.32%
17	CS FOURTH NOMINEES PTY LIMITED	657,553	0.28%
18	MR MARK ERIC BORGAS	510,665	0.22%
19	MR RICHARD FRANK CARDEN	462,255	0.20%
20	MR WAI KIT CHUNG	459,968	0.19%
	Total	**212,783,927**	**89.90%**
	Balance of register	**23,898,005**	**10.10%**
	Grand total	**236,681,932**	**100.00**

Unissued Equity Securities

Options issued 1,336,147.

Securities under escrow

167,706 Shares issued as part of the acquisition of SAIT Communications Limited, under escrow until 10 August 2017.

618,844 Shares issued as part of the acquisition of Newcom International Inc., under escrow until 31 March 2018.

Securities exchange

The Company is listed on the Australian Securities Exchange.

CORPORATE DIRECTORY

Directors

John Mackay – Chairman
PJ Beylier – Chief Executive Officer
Grant Ferguson
Peter Jackson
Ed Sippel
Michael Malone
Michael Berk

Company Secretary

Andrew Metcalfe

Notice of Annual General Meeting

The Annual General Meeting of SpeedCast International Limited will be held at:

The Mint
10 Macquarie Street, Sydney NSW 2000, Australia
Time: 9am (Sydney local time)
Date: Friday, 28 April 2016

Registered Office

Suite 4F, 12 Lord Street, Botany, NSW, 2019, Australia

Principal Place of Business

SpeedCast Headquarters

Unit 2405-08, Dah Sing Financial Center,
108 Gloucester Road, Wanchai, Hong Kong

Share Register

Link Market Services Limited

Level 12, 680 George Street ,
Sydney, NSW, 2000, Australia

Auditor

PricewaterhouseCoopers
Level 11, 70 Franklin Street, Adelaide, SA 5000

Stock Exchange Listing

SpeedCast International Limited shares are listed on the Australian Securities Exchange (ASX Code: SDA)

Website

www.SpeedCast.com

www.speedcast.com

speedcast