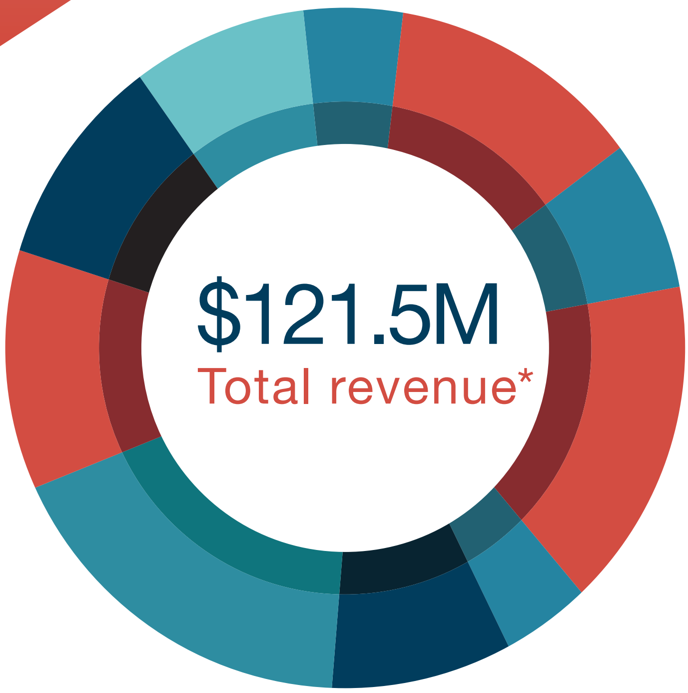
SpeedCast

SpeedCast International Limited

ANNUAL REPORT 2014

2014 Full Year Financial Highlights

SpeedCast



+15.5%
Service revenue* growth year over year in core markets

+18.3%
EBITDA* increase on prior year

+9.2 %
Revenue* increase on prior year

+33.7%
NPATA* increase on prior year

+

New Energy Division

2x Strategic acquisitions

*Pro forma

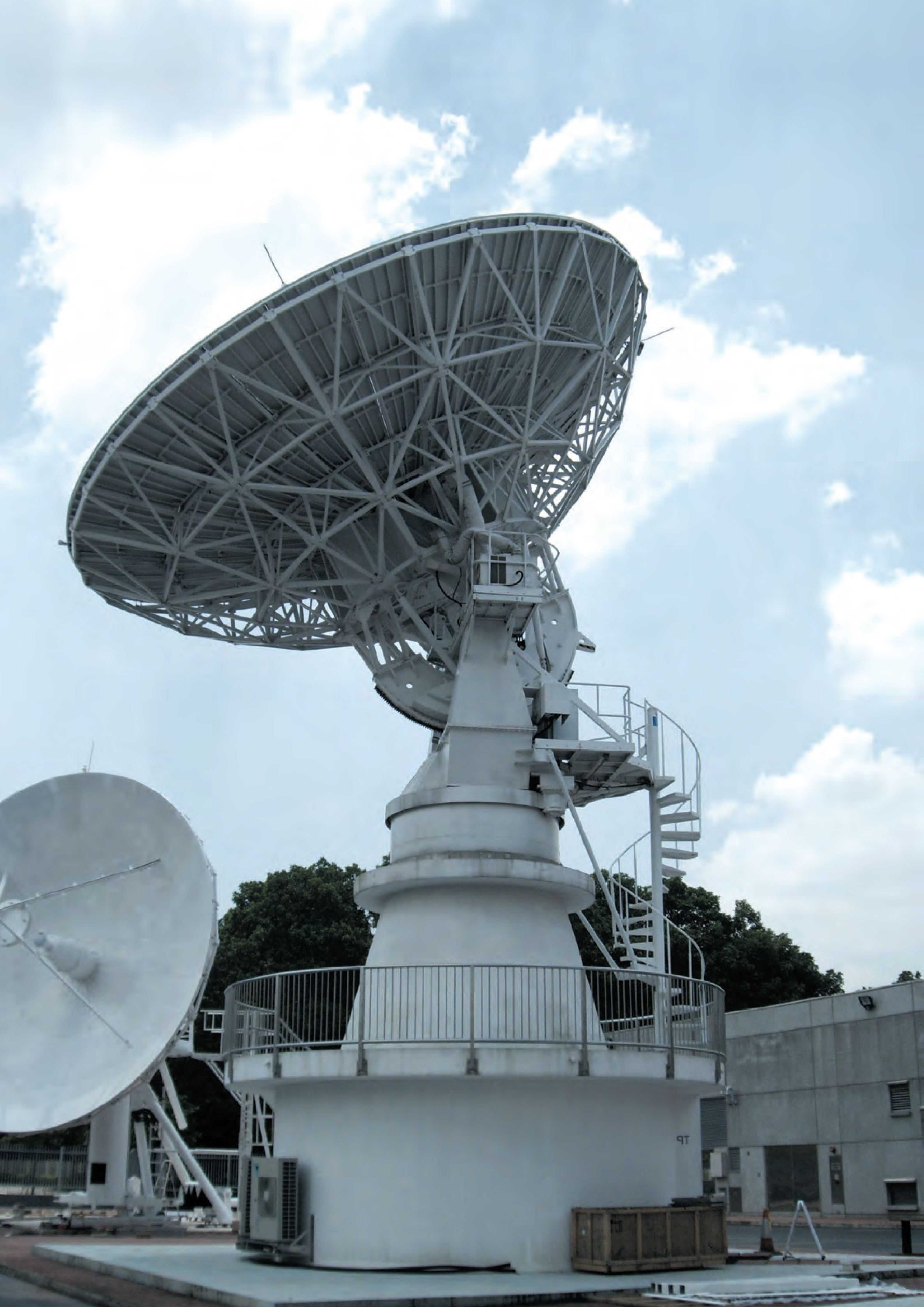
SpeedCast Introduction

SpeedCast is a leading global network and satellite communications service provider, offering managed networks services in over 60 countries and a global maritime network serving customers across the world.

SpeedCast International Limited

ACN: 600 699 241

All financials presented in the Annual Report are expressed in United States dollars unless otherwise specified.



CHAIRMAN'S LETTER

John Mackay, AM

I am pleased to present my first annual report as Chairman of SpeedCast International Limited (SpeedCast) since the ASX listing in August last year. SpeedCast is a leading global network and satellite communications service provider offering high-quality managed networks services in over 60 countries, and communications services globally to the maritime sector.

I would like to welcome all our new shareholders and trust that you will find our first report as a listed company to be interesting and informative.

Our results for the financial year ended 31 December 2014 met the pro forma forecasts provided in the SpeedCast prospectus published in August 2014. Further details of the pro forma consolidated results for the current and prior year are provided on page 22.

2014 has been a year of achievements for SpeedCast across all areas of the business, including significant growth across its key financial and operating performance metrics. The Company achieved growth in the number of customers, geographic scope, and expansion of our core capabilities.

During the year we signed a number of significant customer contracts, across multiple sectors, including well-known international enterprises in the energy, maritime and logistics sectors. Maritime is expected to continue to grow strongly over the next few years driven by the transition from narrowband satellite communications systems to broadband satellite solutions. SpeedCast is well positioned to capitalise on this transition.

In June 2014, SpeedCast completed the acquisition of SatComms Australia, and in July 2014, the acquisition of Oceanic Broadband, further strengthening our position in the Australian and the Pacific regions. With SatComms, SpeedCast gained new points of presence and infrastructure in Western Australia and Queensland, and a strengthened portfolio of mobile satellite services. With Oceanic Broadband, we acquired a strong foothold in the growing Papua New Guinea market, including teleport infrastructure in Port Moresby.

During the year we invested for future growth through the establishment of a new Energy Division led by industry veteran, Mr. Keith Johnson, which consolidates all of SpeedCast's existing business activities for the energy sector into one streamlined operational unit. As a consequence we established a presence in North America, with the opening of a new office in Houston, Texas, to extend SpeedCast's global operations to serve the energy market around the world.

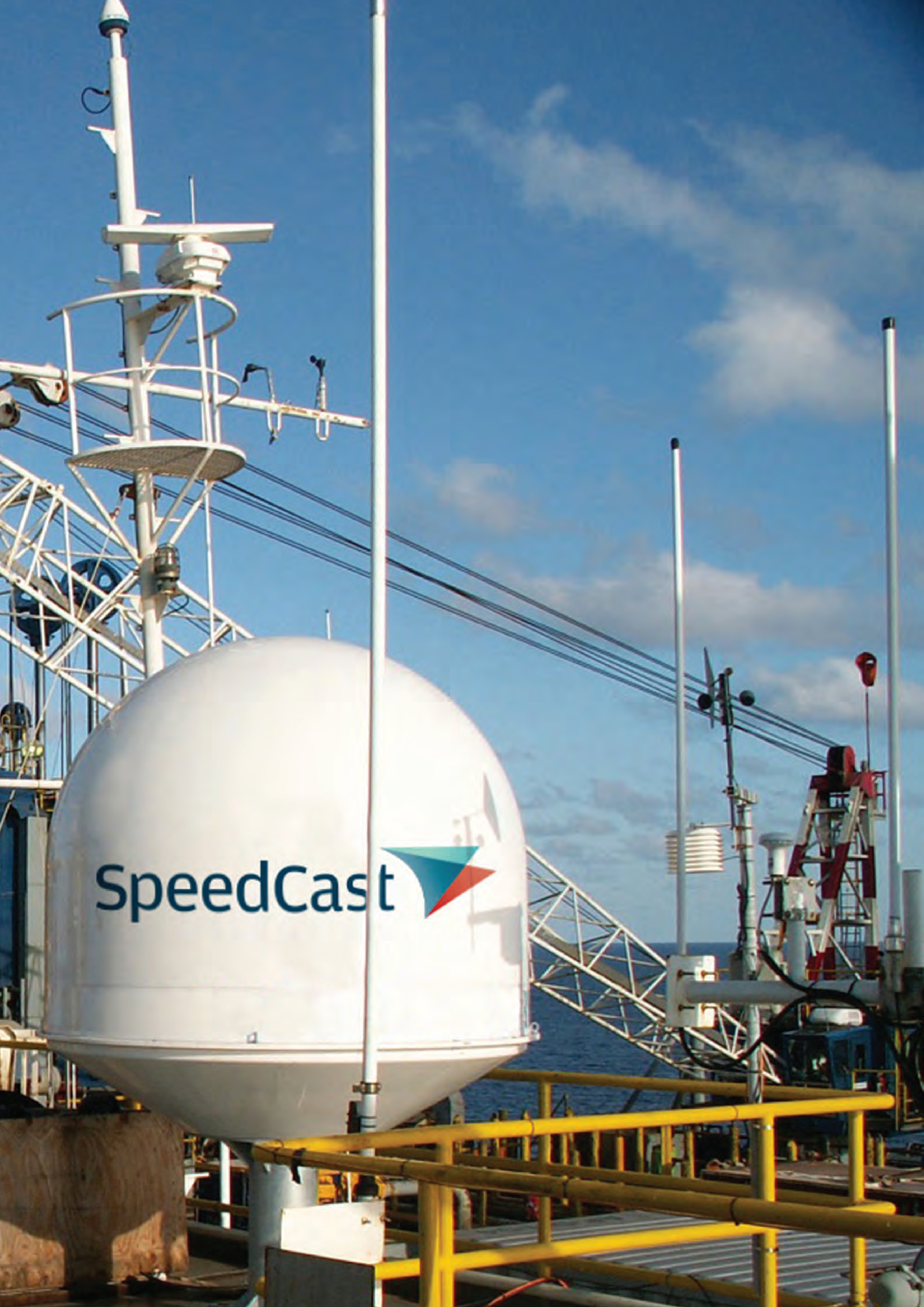
There were a few changes at the Board this year, with Mr. Michael Malone joining as an additional Independent Non-Executive Director in May 2014. Michael brings great experience and leadership from having founded and successfully grown iiNet in Australia. I was honoured to take over as Chairman of the Board from Mr. Edward Sippel in May 2014. Edward has remained on the board as a Non-Executive Director and I would like to take this opportunity to thank him for his leadership and ongoing contribution to SpeedCast.

As mentioned in our prospectus, the Directors believe that SpeedCast is well positioned to achieve further growth as a result of our investment in key sectors and geographies, increased connectivity requirements from our customers across all industries and the continued leadership of the Company in the markets we serve.

SpeedCast has already started 2015 on a strong note with two acquisitions opening new opportunities in Africa (Geolink Satellite Services) and significantly enhancing our ability to serve energy customers globally (Hermes Datacommunications International).

Finally, 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. Over the past year their dedication, commitment and focus have been invaluable in helping the Company achieve its strong financial results and position the company for further growth as we look forward to 2015 and beyond.

John Mackay, AM


SpeedCast

CHIEF EXECUTIVE OFFICER'S REPORT

PJ Beylier

Dear shareholder

I am pleased to deliver this review of SpeedCast's performance for the 2014 calendar year where SpeedCast delivered on its 2014 prospectus forecast. This was underpinned by the company's growth in service revenues, key vertical markets, geographic reach, number of customers, as well as an increase in the number and skill diversity of our employees.

SpeedCast operates in a dynamic and competitive environment – ongoing innovations in Information & Communications Technology are transforming the telecommunications industry and the world our customers live in. As a key international player in this market, this requires 100% commitment to excellence in customer service, added value and innovation – areas in which we continuously strive to excel.

Since our debut on the Australian Securities Exchange (ASX) in August 2014, we are pleased to have delivered on our prospectus forecast for the 2014 calendar year. Total pro forma revenue of $121.5 million was up by $10.2 million (or 9%) on 2013. Pro forma EBITDA was up by $3.2 million (or 18%) on prior year, and slightly ahead of 2014 IPO forecast. Pro forma NPATA grew to $11.1 million, up $2.8 million (or 34%) on prior year. Our 2014 results continue to reflect the underlying growth potential and financial strength of our business.

As a result of this performance, SpeedCast was pleased to declare a fully franked AUD 3.36 cents per-share dividend for the period 1 July 2014 to 31 December 2014, in line with prospectus guidance of 40-60% of NPATA.

Growth in Maritime and Land Service Business

During the course of 2014, SpeedCast experienced significant growth in maritime revenue driven by strong demand from new customers and the continuing trend of service upgrades from our existing customer base. SpeedCast secured a number of substantial global maritime contracts, including:

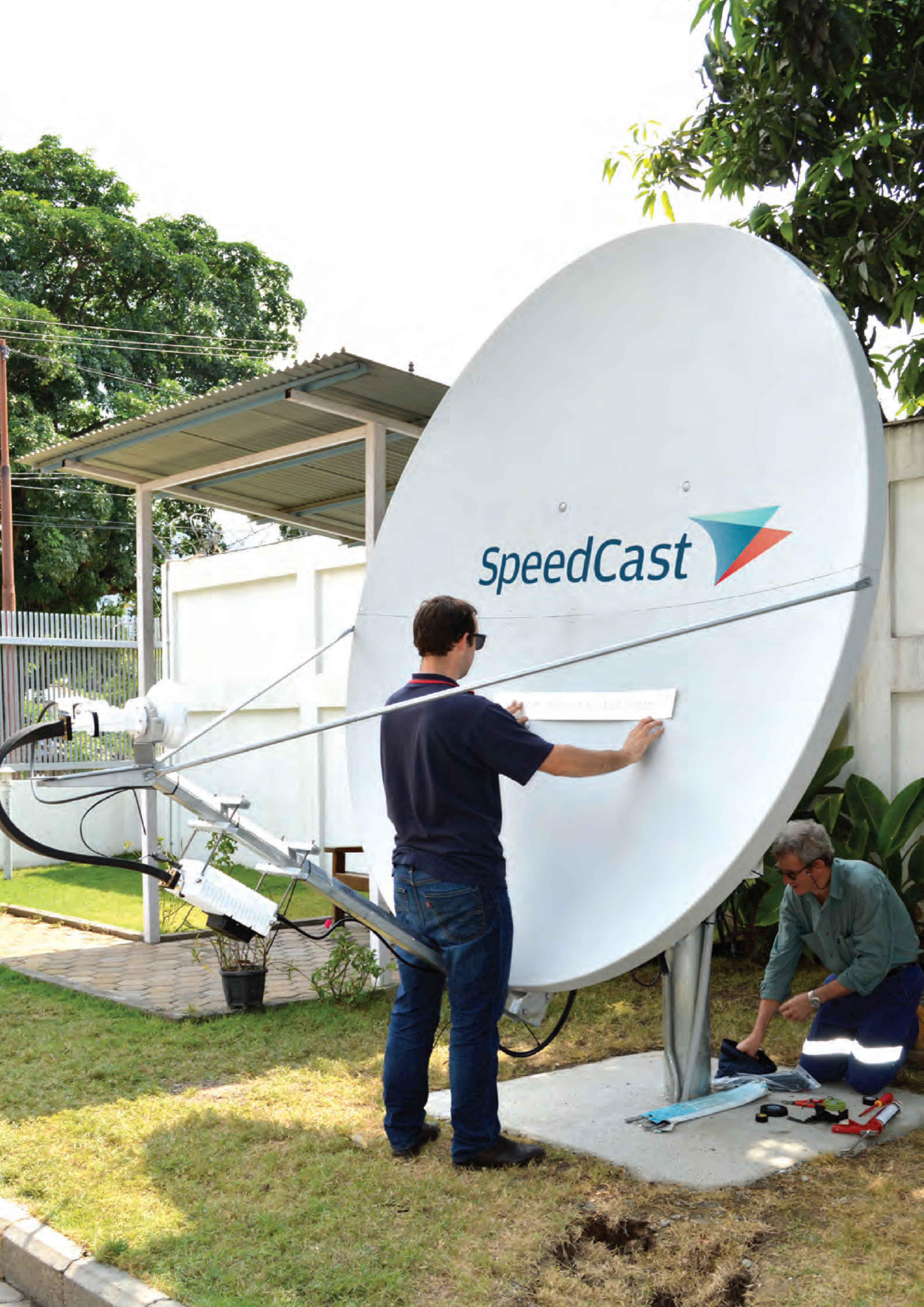
- Gearbulk, to provide high performance broadband connectivity for a total of 50 vessels
- CLSICO, a contract renewal to connect their six LNG carriers for network access, ship management, crew communications and remote IT support
- The Jan De Nul Group, to provide them with satellite communications on multiple vessels operating throughout the world
- Maersk Supply Service, through Seasat A/S, delivering voice and data connectivity to over 60 offshore vessels
- EMAS AMC, to provide complex multi-network broadband connectivity for 12 of EMAS AMC's offshore construction vessels

On the land side, we experienced strong growth in our service revenues and won a number of significant projects, and further developed our capabilities to provide bundled one-stop-shop satellite and terrestrial communication solutions to the markets and regions we serve. Below are a few examples of our achievements in 2014:

- Major multi-year, multi-million dollar project for an Australian government entity connecting about 300 locations
- Successful year in cellular backhaul services, with several new contracts won across South East Asia, Central Asia and the Pacific
- Significant project wins in PNG in the natural resource sector – for a large PNG-based mining company and a major O&G company – incorporating VSAT, microwave, internet security, WAN acceleration and other telecommunications services in a one-stop-shop solution for their major remote sites
- Acquisition of significant capacity on the newly built submarine ICL-1 cable into Vanuatu in April 2014. Previously exclusively served by satellite, Vanuatu is now only milliseconds away from the major Internet peering points.
- Strong growth in our wholesale voice business underpinned by the Group's leadership position in the Pacific region

Key Operational and Strategic Achievements

2014 was undoubtedly a monumental year for the company: opening several new offices in key locations, delivering strong organic growth, acquiring two satellite services providers, and listing on the Australian Securities Exchange (ASX) – the past 12 months have propelled SpeedCast to become a new global force within the satellite services industry.


SpeedCast

New Key Offices

The year commenced on a strong note with the opening of our new facilities in Perth, Australia, and the launch of our new organisation in Australia, integrating acquired companies, all of this designed to better serve the nation's remote connectivity needs, primarily focused on the resources, government, maritime and construction sectors. Launching our new office in Perth was a step forward in our efforts to address the needs of our oil and gas (O&G) and mining customers.

We also opened a new facility in the important maritime and offshore hub of Singapore to focus on the delivery of services and support to the maritime market, augmenting SpeedCast's extensive presence in the South East Asian region. The Singapore office has grown rapidly since its inception, with the addition of 10 additional staff to support the growth of our business. The Singapore office demonstrates our dedication to serve the maritime industry, which has been a key growth driver for us, especially as the adoption of broadband services is expected to accelerate further.

At the end of the year, our expansion continued with the establishment of a new Energy Division as well as the opening of an office in Houston, Texas. Headed by industry veteran, Mr. Keith Johnson, the new division will bring together all of SpeedCast's capabilities to deliver solutions to energy customers who expect high reliability and uncompromising customer service. With many of the largest global energy companies based in Houston, this location was an obvious choice for the headquarters of our new division—allowing us to be closer to key decision makers and providing them with a strong alternative for their communication needs.

Acquisitive Growth

SpeedCast operates in markets which are highly fragmented. Our growth strategy combines strong organic and acquisitive growth. To strengthen our leadership position in the Australia-Pacific region and affirm our commitment to serve customers in their key areas of operations, SpeedCast made two strategic acquisitions during 2014, SatComms Australia and Oceanic Broadband Solutions. Both companies have prime teleport facilities in key markets (Perth, Australia and Port Moresby, PNG), which are expected to add tremendous value for our customers in terms of communications speed and reliability, as well as access to a wider support network and enhanced engineering capabilities. SatComms Australia also provided us with a new office in the Queensland market.

In January this year we successfully unified SpeedCast under one global brand, consolidating our previous acquisitions of Australian Satellite Communications, Pactel International, Elektrikom Satellite Services and SpeedCast Limited under the SpeedCast brand, to create a single identity, which positions us as a top global industry player.

In early 2015, we have continued executing on this strategy with two exciting acquisitions, Geolink Satellite Services and Hermes Datacommunications International. The acquisition of Geolink extends our ability to operate in Africa as well as providing additional customers and expertise in both the key maritime and energy verticals. The acquisition of Hermes, combined with our existing global network, capabilities, scale, and key relationships in Houston, will accelerate our ability to grow in the energy sector and significantly strengthen SpeedCast's ability to serve energy customers worldwide.

Operational and Infrastructure Developments

We are committed to maintain our operational leadership and competitiveness, and we therefore continued this year to invest in our teleport infrastructure, including significant expansion in our Australian teleport network.

We have acquired prime teleport facilities on Australia's West Coast – at the heart of the Southern Hemisphere's natural resource market, allowing us to provide services into Africa, Asia and within Australia directly from Perth. Located on over 2200sqm of land, the Henderson teleport facility operates 7 earth stations of various sizes and frequencies and has room to expand significantly.

The teleport also connects to SpeedCast's existing fibre network in Australia to Adelaide and Sydney and to the rest of the world via our global fibre network, allowing us to provide end-to-end network services by seamlessly integrating the satellite and terrestrial infrastructures. SpeedCast now owns two teleports in Australia, in Perth and Adelaide, thus providing an additional level of redundancy to our customers with site diversity.

In 2014, we also made a second infrastructure investment, via acquisition, this time in PNG. This investment will allow our existing customers to land their satellite services directly into our newly owned Ravuvu teleport facility in the country's capital Port Moresby via a variety of satellites. SpeedCast has already been utilising this teleport for some services, having worked with Oceanic Broadband, the owner, for many years.

This adds to SpeedCast's existing global network infrastructure, which spans from Asia, to the Middle East, to Europe, and to the Americas. SpeedCast is committed to making strategic infrastructure investments to meet the evolving needs of our customers.

As part of our integration of the acquired companies into the Group, we consolidated our teleport traffic in Australia and we also unified our customer support teams. We now have one single team in Australia supporting our customers across Australia and the Pacific, in coordination with our Hong Kong customer support centre.

Outlook – Key Operational and Strategic Initiatives

SpeedCast is committed to continue executing on our growth strategy, leveraging five levers driving sustainable growth: underlying market growth; market share gain; geographic and industry diversification; continued product innovation and value-added services growth; and strategic acquisitions.

Underlying Market Growth – We expect to benefit from underlying market growth across our core customer segments, particularly given our strong leadership position and brand recognition in the growing Asia Pacific market as a network provider of scale that is capable of delivering services globally. Service revenue growth will continue to be driven by broadband connectivity needs in the maritime sector and in emerging markets like South East Asia and Africa, as well as by initial gains in the Energy sector.

Market Share Gain – We are targeting opportunities to win market share across all customer segments, in particular across the maritime, energy and telecom sectors. 2015 will be a year of building the foundations for strong market share gain in the energy sector in 2016 and beyond. We believe there is an opportunity currently to establish SpeedCast as a leading oil and gas sector communications network provider globally.

Geographic and Industry Diversification – As the Company and its capabilities grow, we are continuously re-evaluating the markets we are serving, looking for new growth engines. Whether they are new geographic emerging markets or industries, SpeedCast will seize opportunities to accelerate its growth in areas that present significant synergies with our existing activities. We will also leverage new market trends in particular in mobility, taking advantage of our expanded product portfolio of mobile satellite services. Our ability to adapt to new trends and to expand into new markets has been and will continue to be a key success factor for SpeedCast to achieve sustained organic growth.

Continued Product Innovation and Value-added Services Growth – As the global telecommunications market continues to evolve, SpeedCast is accelerating its efforts to keep at the forefront of growing demands, technology and innovation. With in-house product development capabilities, including software development, and established key long-term partnerships with technology vendors, SpeedCast is well positioned to lead the market with new solutions to meet evolving customer requirements and market trends.

Strategic Acquisitions – We will continue to explore strategic M&A opportunities in our fragmented industry. With a robust pipeline, proven track record, and ability to generate cost and revenue synergies, SpeedCast is well positioned for acquisitive growth opportunities in the key markets and regions that we serve.

In Summary

Finally, I would like to thank you for your loyalty and trust as a shareholder, as well as thank SpeedCast's Board of Directors, management team and all our employees for their exceptional effort in 2014, a year full of achievements.

After a very busy and successful 2014, we look forward to continued growth and success in 2015, with an unwavering focus and dedication to meeting our customers' critical communications needs.

Best Regards,

PJ Beylier

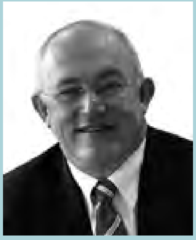
Chief Executive Officer

DIRECTORS' REPORT

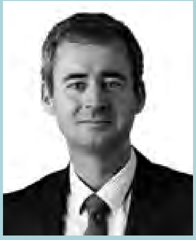
DIRECTORS' REPORT

General Information

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 Tectum Holdings (THI), the Professional Warranty Service Corporation and Towne Park. • Previously, Michael was a Director of Dealer Tire, 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.

Director	Experience
 **Grant Ferguson** *Independent Non-Executive Director*	• Grant was appointed as an Independent Non-Executive Director of SpeedCast in 2013. Grant is also Chair of the Audit, Business Risk and Compliance Committee. He has over 20 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 and 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. He 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 and he currently also 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. He is a member of the Institute of Chartered Accountants in Scotland and the Hong Kong Institute of Certified Public Accountants.
 **Peter Jackson** *Non-Executive Director*	• Peter was appointed as a 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 1996 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.

Director	Experience
 **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.
 **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 Edwards 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 located in Melbourne and advises SpeedCast on company secretarial practice and procedures and governance matters.

Operational and financial review

All financials presented in the Directors' Report, Review of Operations and Activities and Remuneration Report, are expressed in United States dollars unless otherwise specified.

Operations

The SpeedCast International Limited Board of Directors is pleased to report the Group performance for the year ended 31 December 2014. Revenue, EBITDA[1], net profit and operating cash flow for the year have met the pro forma forecasts provided in the SpeedCast prospectus published in August 2014.

Our 2014 results continue to reflect the fundamental financial strength of our business. Total pro forma revenue amounted to $121.5 million, up 9% from 2013; pro forma EBITDA totaled $20.7 million, up 18%; and our pro forma Net Profit after Tax was $6.5 million, up 81% from 2013.

Principal Activities

SpeedCast's core business strategy is to become a top five satellite services provider worldwide by focusing on creating value for customers by delivering high quality, tailored product offerings with high levels of customer services. Key to this strategy is the ability to retain flexibility to provide a range of technologies and product platforms to react to changes in customer requirements and industry trends.

SpeedCast deploys these key competencies across a number of product and services categories within the business, as follows:

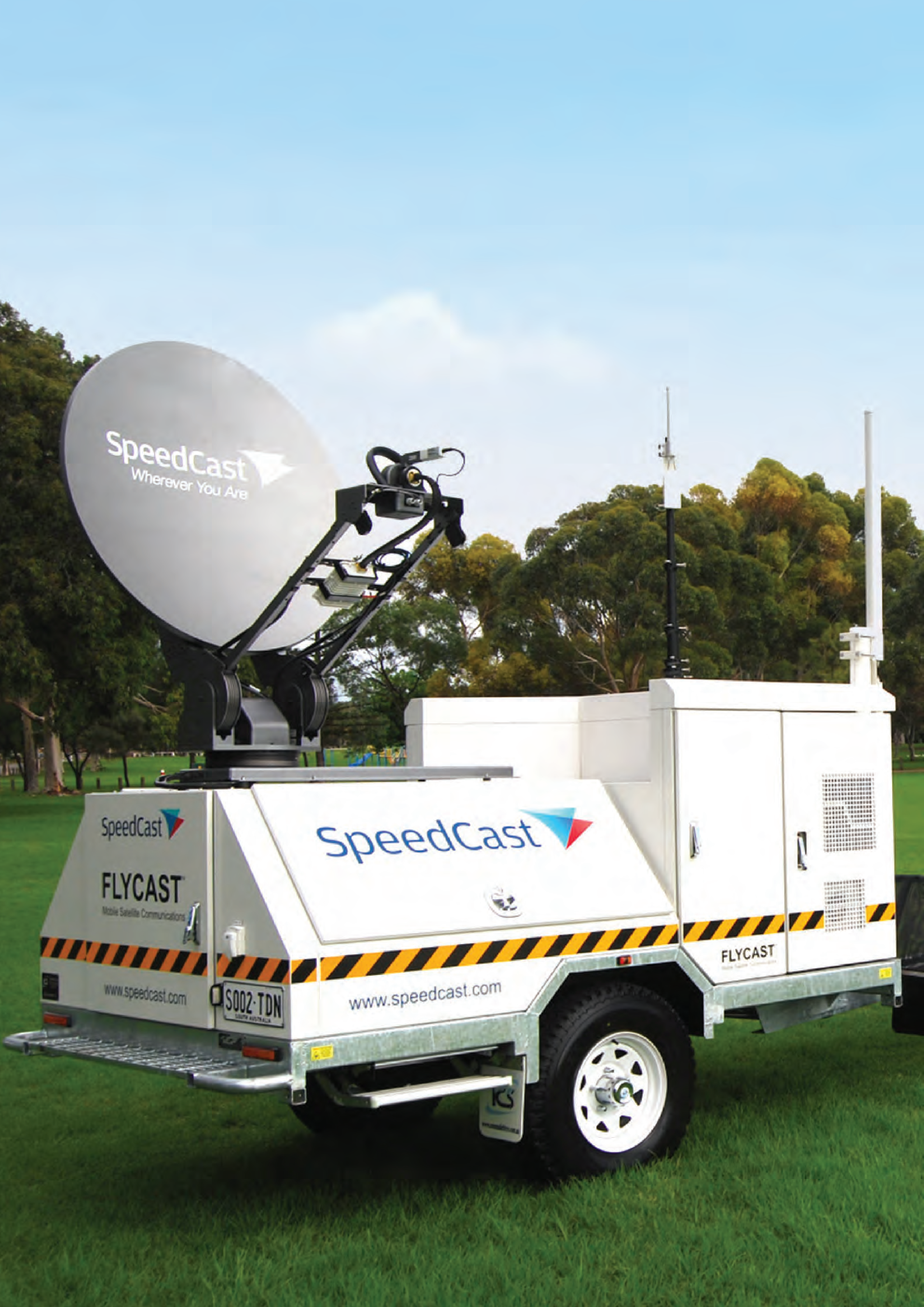
- **Network Service:** Design, deployment, operation and maintenance of networks, including installation and configuration of equipment. Key determinants of the network service are the availability of satellite capacity, the proximity of core infrastructure required to deliver the service, and the skilled 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 (voice, video conferencing, video surveillance), network optimisation (firewalls, filtering, data compression) and networking 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 within SpeedCast portfolio of value added products.
- **Equipment Sales:** SpeedCast sells equipment directly to customers including the VSAT terminals that send and receive transmitted data, modems, router 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 to telecom customers, 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.

Key Developments

Fiscal year 2014 has been a year of achievements for SpeedCast across all areas of the business. Key developments include:

- **SpeedCast Listing** – Successful listing of SpeedCast International Limited on the Australian Stock Exchange in August 2014 and achievement of the full year prospectus forecast. SpeedCast achieved pro forma forecast revenue in excess of the prospectus by $2.5 million (2%).
- **Strategic Acquisitions** – SpeedCast made two strategic acquisitions of Satcomms Australia and Oceanic Broadband Solutions. Both companies added prime teleport facilities in key markets for SpeedCast.
- **Expansion of Maritime Business** – Vertical expansion of business in the Maritime market to include a significantly enhanced portfolio of Mobile Satellite Services ('MSS') products.
- **Establishment of New Energy Division and New Office** – Establishment of a new Energy Division as well as the opening of a new office in Houston, Texas. The new division and office will focus on the delivery of solutions to energy customers, as SpeedCast expands its business activities in this important market.
- **Establishment of New Facilities in Key Markets** – Opening of new facilities in Perth, Australia, and launch of our new organisation in Australia, integrating the acquired companies, in order to better serve the Australian and Pacific market. Opening of a new facility in Singapore, an important maritime and offshore hub, to focus on the delivery of services and support for the maritime market.

1: EBITDA: Earnings before interest, tax, depreciation and amortisation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Operating Results Summary

US$ million	Statutory FY 2014	Pro forma FY 2014 (note 2)	Pro forma FY 2013 (note 3)	% change 14 vs 13	Prospectus Forecast Pro forma FY 2014
Total Revenue	117.7	121.5	111.3	9.2%	119.0
EBITDA	11.5	20.7	17.5	18.3%	20.6
Depreciation	(4.2)	(4.4)	(3.8)	15.8%	(4.5)
Amortisation	(7.9)	(5.9)	(5.9)	0.0%	(5.9)
EBIT	(0.6)	10.4	7.8	33.3%	10.2
Finance costs, net	(6.3)	(2.0)	(2.0)	0.0%	(2.0)
Share of profit from interest in joint ventures	0.1	0.2	0.3	–33.3%	0.3
Income tax expense	(0.1)	(2.1)	(2.5)	–16.0%	(2.4)
NPAT	(6.9)	6.5	3.6	80.6%	6.1
NPATA (note 1)	–	11.1	8.3	33.7%	10.8

Notes:

1. NPATA is defined as net profit after tax but prior to the amortisation of acquisition related intangibles.
2. Pro forma FY2014 represents the statutory numbers adjusted to reflect the acquisitions as if they had taken place as at 1 January 2014, and the full year impact of the operating and capital structure that took place following IPO as if it was in place as at 1 January 2014, and also adjusted for certain other non-recurring items.
3. Pro forma FY2013 represents the statutory numbers adjusted to reflect the acquisitions as if they had taken place as at 1 January 2013, and the full year impact of the operating and capital structure that took place following IPO as if it was in place as at 1 January 2013, and also adjusted for certain other non-recurring items.

Total pro forma revenue of $121.5 million was up by $10.2 million (or 9%) on 2013. The increase includes significant growth in maritime revenue driven by strong demand from new customers and vessels and the continuing trend of service upgrades from the existing customer base. Strong growth has also been achieved in the wholesale voice business underpinned by the Group's leadership position in the Pacific region.

Pro forma EBITDA was up by $3.2 million (or 18%) on prior year, and slightly ahead of 2014 IPO forecast. EBITDA margin grew year on year to 17% through the execution and delivery of synergistic benefits and operating leverage.

Pro forma net finance cost of $2 million was in line with IPO forecast and prior year.

Pro forma effective tax rate at 24% compared with 28% in IPO forecast.

Pro forma NPATA was $0.3 million above IPO forecast and 34% growth on prior year.

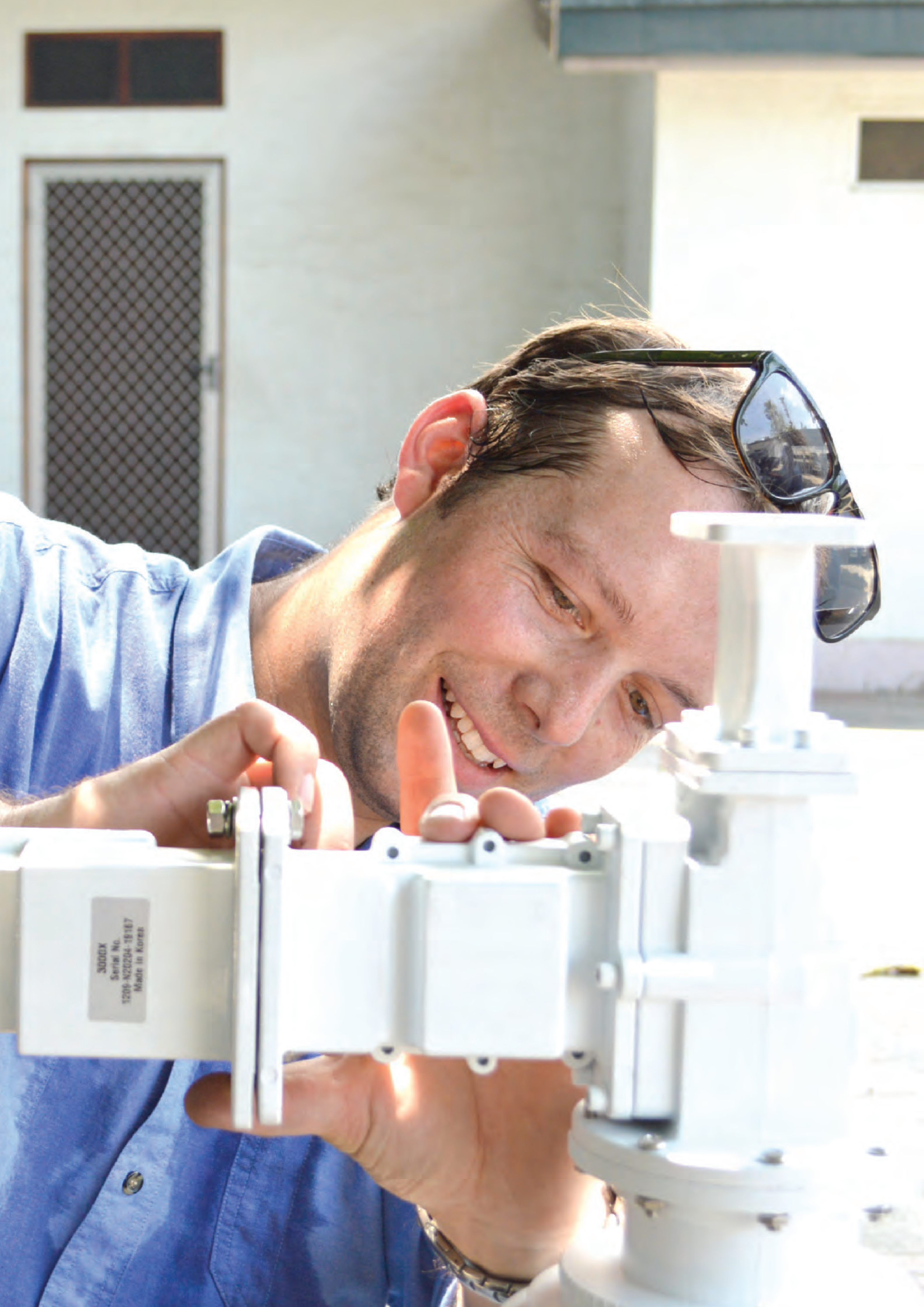
Financial Position and Cash Flow

Cash and cash equivalents decreased by $2.2 million in the year 2014. This was caused by a number of factors. Operating activities generated $13.9 million of net cash inflow and financing activities generated $0.9 million from debt and equity raising during the year; however there was also a net $16.2 million cash outflow for investing activities due to acquisitions of subsidiaries and capital expenditures, and $0.8 million adverse impact of foreign exchange, during the year.

Business Strategy and Prospects

SpeedCast's long-term goal is to consolidate its position as one of the top five leaders in satellite service provision globally and retain its status among the leading global maritime providers. 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.


Serial No.
Made in Korea

SpeedCast's growth pillars aim to best position SpeedCast to achieve these goals. Each pillar has strategic initiatives associated with it that is outlined below.

Underlying market growth

Growth in SpeedCast's core customer segments will comprise of new customer growth and growth in bandwidth requirements of existing customers within each segment. SpeedCast expects to benefit from this underlying market growth across its core customer segments, particularly given its strong strategic position in the growing Asia Pacific market as a network provider of scale that is active globally and its enhanced maritime offering.

Market share growth

SpeedCast is targeting opportunities to enhance market share across all customer segments, in particular across the maritime, energy and telecom sectors.

In maritime, SpeedCast expects to be able to gain market share by strengthening its network of distribution partners in key shipping segments and geographies and by increasing the number of dedicated direct sales people across selected segments. It will also further invest in service delivery capabilities including project management and field engineering and will undertake targeted marketing activities to continue to build the SpeedCast brand globally.

In the telecom sector, SpeedCast is engaged in expanding its partnerships with global telecom operators, to help them fulfill the communications needs of their large corporate customers. It is also leveraging the growing trend among cellular operators to outsource their VSAT networks.

In the energy segment, SpeedCast management believes there is an opportunity to establish a position as one of the leading oil and gas sector communications network providers globally. SpeedCast's key competitors in the oil and gas segment focus almost solely only on the segment, however there is no competitor with an Asia Pacific focus that matches that of SpeedCast. SpeedCast intends to build its reputation and brand awareness in the global oil and gas market in the same way that it has done across the maritime industry, and it will continue to invest to strengthen its sales and engineering capabilities in key natural resources hubs as well as develop its brand on a global basis.

Expansion opportunities into adjacent geographic and customer markets

SpeedCast intends to take advantage of its established position in Asia Pacific and utilise its capabilities across key customer segments to enter new markets, in particular high growth emerging and developing countries with limited terrestrial infrastructure. It has identified countries in Asia where it intends to expand its operation, as well as develop a strategic focus on Africa and the Middle East, where it currently has satellite coverage.

SpeedCast's existing customer base, particularly across the natural resources sector, offers opportunities for SpeedCast to service their communications requirements for operations in other parts of the world. SpeedCast can leverage its global network capabilities and provide these customers with a consistent service quality and price wherever they operate.

Adjacent customer opportunities also exist. For example, SpeedCast has identified aeronautical VSAT applications as a logical extension of SpeedCast's maritime network providing mobile VSAT services. Aeronautical represents a small market at present but has large upside potential, if on-board satellite broadband internet access continues to gain momentum.

Continued product innovation and value-added services growth

With its in-house product development capabilities, including software development, and established partnerships with technology vendors, SpeedCast is well positioned to lead the market with new solutions to meet evolving customer requirements and market trends. Value-added services provide SpeedCast with a competitive advantage to attract and retain customers. Value-added services also increase reliance on SpeedCast's network and products by further integrating SpeedCast's solutions into the operational capabilities and processes of its customers.

SpeedCast will continue to identify opportunities for providing value-added services, including cross-promotional and cross-selling opportunities, and develop its portfolio of products to remain innovative and relevant to customer needs, and a one-stop solution provider.

Strategic acquisitions

SpeedCast operates in a fragmented industry, with a large band of mid-sized participants focusing on specific geographies and customer segments, and hundreds of small VSAT providers generally active only in a single country. Industry consolidation is beginning to occur and this is expected to continue, as there can be significant benefits of scale in this industry.

SpeedCast has made five acquisitions over the last two years. With the acquisitions of Australian Satellite Communications, Elektrikom and Pactel International, it has demonstrated a proven ability to successfully integrate its acquisitions and realise cost and revenue synergies.

Business Risks

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

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 (such as Australia's National Broadband Network), Wi-Fi and WiMax. As competing networks expand, satellite communication's competitive advantage in providing connectivity to users outside established networks is reduced.

Consolidation of the satellite services industry could change the competitive landscape

The satellite services industry has recently undergone a period of consolidation and vertical integration. Certain of SpeedCast's distributors have recently been acquired by competitors and SpeedCast anticipates that other distributors of its services may be acquired by competitors in the future.

Inability to secure sufficient satellite capacity

SpeedCast's business model is dependent on the availability of satellite capacity and SpeedCast expects to require significant additional satellite capacity to meet its anticipated growth. There is currently sufficient satellite capacity available, and additional capacity is expected to come online over the coming years, such that SpeedCast currently expects to have adequate satellite capacity available to meet its expected future requirements.

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 key personnel with experience in the satellite services industry, and this competition is expected to increase. The loss of key personnel, and an inability to recruit or retain replacement or additional personnel, may adversely affect SpeedCast's future financial performance.

Risks relating to acquisitions

SpeedCast has experienced rapid recent 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. Effective management of SpeedCast's growth will require, among other things, continued development and appropriate resourcing of its management information reporting systems and financial and internal controls. SpeedCast also expects to make future strategic acquisitions in circumstances where the Directors believe that those acquisitions support SpeedCast's growth strategy.

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 are 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.

Other Items

Changes in the parent entity

There was change in the parent entity – SpeedCast International Limited – during the financial year ended 31 December 2014.

SpeedCast International Limited was incorporated on 14 July 2014. On 14 August 2014, SpeedCast International Limited undertook a capital reconstruction as part of the initial public offering ("IPO") of its share capital.

Under the reconstruction, SpeedCast International Limited acquired all of the issued capital of SpeedCast Acquisitions Limited ("SAL") and its controlled entities ("SAL Group"). The Company determined that the acquisition of SAL did not represent a business combination as defined by Australian Accounting Standard AASB 3 'Business combinations'. This is because the reorganisation is considered to be a combination of entities under common control immediately prior to the IPO, and such common control transactions are outside the scope of AASB 3 'Business combinations'.

Accordingly, the IPO and related restructuring represents a reorganisation of the economic entity historically known as SAL Group and results in the Company becoming the new parent entity of that Group. As such, the consolidated financial statements of the Company reflect a continuation of the existing SAL consolidated financial statements.

Dividends

	2014 US$'000	2013 US$'000
Preference shares		
Interim dividend for the year ended 31 December 2014 of US$2.5932 per fully-paid preference share pre-IPO (2013: nil)	30,000	–

In addition to the above, on 24 February 2015, the Directors approved the payment of a dividend of AUD3.36 cents per share which will be fully franked.

	2014 US$'000	2013 US$'000
Ordinary shares		
Final dividend for the year ended 31 December 2014 of AUD3.36 cents per fully-paid share post-IPO (2013: nil)	3,150	–

Events after the reporting date

On 24 February 2015, SpeedCast acquired Geolink Satellite Services for EUR7.4 million, subject to receiving regulatory approval.

On 13 March 2015, SpeedCast entered into a definitive agreement to acquire Hermes Datacomms for an initial consideration of US$25.5 million on a debt free, cash free basis. Further consideration of up to US$8.5 million is payable on the achievement of certain revenue targets in 2015. The transaction completed on 25 March 2015.

Acquisition accounting for both of these acquisitions had not been finalised at the time the financial statements were authorised for issue.

There have been no other material post balance sheet events since 31 December 2014.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report. The Group is presently focused on consolidating its operations to ensure an effective operating model, and the results for 2015 are expected to achieve a reasonable increase over year 2014.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Auditor

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

Meetings of Directors

During the financial year, 17 meetings of Directors (including SpeedCast International Limited, SpeedCast Acquisitions Limited, and committees of Directors) were held. Attendances by each Director during the year were as follows:

2014		Director's Meeting		Audit Committee	
Directors		SDA	SAL	SDA	SAL
John Mackay		7	6	2	2
PJ Beylier		7	6		
Grant Ferguson		7	6	2	2
Peter Jackson		5	4		
Edward Sippel		7	6	2	2
Michael Malone (appointed in May 2014 – 10 of 12 attended)		7	3		
Michael Berk		7	4		
William Barney (resigned in June 2014 – 3 of 3 attended)			3		
SDA – SpeedCast International Limited	HELD	7		2	
SAL – SpeedCast Acquisitions Limited	HELD		6		2

Indemnification and insurance of officers and auditors

During the financial year, SpeedCast International Limited (and previously by SpeedCast Acquisitions Limited), paid a premium applicable to the period from 1 January to 31 December 2014 of $29,000 (2013: $8,000) 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.

Options

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

Scheme	Grant dates	Expiry dates	Number of unissued ordinary shares under option
RMR*	31 October 2013	30 October 2017	533,650
RMR	28 February 2014	27 February 2018	320,192
RMR	2 June 2014	1 June 2018	266,832
LTIP**	12 August 2014	11 August 2017	367,621
			1,488,295

* RMR stands for Restricted Management Rights

** LTIP stands for Long Term Incentive Plan

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 year ended 31 December 2014 and 2013:

	2014 US$'000	2013 US$'000
Other assurance services	110	199
Taxation services	9	17
Transaction related services	1,246	–
	1,365	216

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 35.

ASIC class order 98/100 rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

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

30 March 2015

REVIEW OF OPERATIONS AND ACTIVITIES

REVIEW OF OPERATIONS AND ACTIVITIES

Overview

Highlight of the Group's operating and financial performance during 2014 and up to the date of this report are:

- Achieved 2014 IPO forecast, thus showing strong growth over 2013;
- Double-digit growth across services (exclude Afghanistan) and wholesale voice;
- EBITDA margin growth highlighting operational leverage;
- Investment in key resources for the Maritime and Energy verticals for future growth without sacrificing near-term results;
- Creation of the Energy division led by Keith Johnson, previously President of the Energy division at Harris Caprock, and opening of our Houston office;
- Acquisition of Satcomms Australia (Perth teleport, Queensland presence) and Oceanic Broadband (Papua New Guinea ('PNG') focus), smooth integration of the two acquired businesses;
- Acquisition of Geolink Satellite Services, subject to regulatory approval in France; acquisition of Hermes Datacomms on 25 March 2015;
- Consolidation of our operations with newly acquired companies and investment to upgrade the two newly opened teleports in Perth and Port Moresby;
- Declaration of fully-franked dividend of AUD3.36 cents per share for the six months ended 31 December 2014, in line with prospectus guidance of 40%-60% of pro forma net profit after tax but prior to amortisation of acquisition related intangibles per share.

2015 outlook

- Reconfirm IPO forecast of pro forma results to 30 June 2015;
- Double-digit organic service revenue growth expected to be sustained through 2015, driven by continued trends in Maritime and emerging markets and initial gains in the Energy vertical following some strong initial wins in the first quarter of the year;
- Afghanistan revenue decline expected to slow down in 2015; potential new opportunities in the Middle East;
- Year of building the foundation for strong market share gain in the Energy sector in 2016 and beyond;
- Sustained double-digit EBITDA growth as a result of synergies and continued operational leverage;
- Continued exploration of strategic M&A opportunities.

Management review of the Group's performance

US$ million	Statutory FY 2014	Pro forma FY 2014 (note 2)	Pro forma FY 2013 (note 3)	% change 14 vs 13	Prospectus Forecast Pro forma FY 2014
Total Revenue	117.7	121.5	111.3	9.2%	119.0
EBITDA	11.5	20.7	17.5	18.3%	20.6
Depreciation	(4.2)	(4.4)	(3.8)	15.8%	(4.5)
Amortisation	(7.9)	(5.9)	(5.9)	0.0%	(5.9)
EBIT	(0.6)	10.4	7.8	33.3%	10.2
Finance costs, net	(6.3)	(2.0)	(2.0)	0.0%	(2.0)
Share of profit from interest in joint ventures	0.1	0.2	0.3	-33.3%	0.3
Income tax expense	(0.1)	(2.1)	(2.5)	-16.0%	(2.4)
NPAT	(6.9)	6.5	3.6	80.6%	6.1
NPATA (note 1)	–	11.1	8.3	33.7%	10.8

Notes:

1. NPATA is defined as net profit after tax but prior to the amortisation of acquisition related intangibles.
2. Pro forma FY2014 represents the statutory numbers adjusted to reflect the acquisitions as if they had taken place as at 1 January 2014, and the full year impact of the operating and capital structure that took place following IPO as if it was in place as at 1 January 2014, and also adjusted for certain other non-recurring items. This reconciliation is shown on page 23.
3. Pro forma FY2013 represents the statutory numbers adjusted to reflect the acquisitions as if they had taken place as at 1 January 2013, and the full year impact of the operating and capital structure that took place following IPO as if it was in place as at 1 January 2013, and also adjusted for certain other non-recurring items. This reconciliation is shown on page 23.

Financial results

- Statutory revenue was up 30% to $117.7 million (2013: $90.7 million). The increase includes the full year impact of acquisitions as well as significant growth in maritime revenue driven by strong demand from new customers and vessels and the continuing trend of service upgrades from the existing customer base. Strong growth has also been achieved in the wholesale voice business underpinned by the Group's leadership position in the Pacific region.
- Pro forma revenue of $121.5 million, a 9% increase on prior year and 2% ahead of 2014 IPO forecast. Achieved strong service revenue growth at 15% year on year.
- Pro forma EBITDA was up by 18% on prior year, and slightly ahead of 2014 IPO forecast. EBITDA margin grew year on year through the execution and delivery of synergistic benefits and operating leverage.
- Pro forma depreciation and amortisation in line with IPO forecast. Slight upside due to foreign exchange movement.
- Pro forma net finance cost in line with IPO forecast and prior year.
- NPAT and net cash earnings (NPATA) $0.4 million and $0.3 million above IPO forecast, respectively. Achieved 34% NPATA growth on prior year.
- The Group has capacity for bolt-on acquisitions, with net assets of $28.6 million as at 31 December 2014.

Statutory reconciliations

EBITDA is not a financial measure recognised by International Financial Reporting Standards ("IFRS"). This measure is used as it provides a close approximation to the Group's net cash flows from operating activities before capital expenditure and is a widely used performance measure.

Pro forma EBITDA and pro forma NPAT provide a useful understanding of the Group's underlying operating results by removing the impact of significant non-recurring items.

Pro forma NPAT prior to the amortisation of acquisition related intangibles (net of tax effect) ("NPATA") provides a proxy for sustainable earnings by removing the impact of non-cash amortisation relating to previously acquired intangible assets.

Non-IFRS measures have been calculated using inputs measured in accordance with IFRS as follows:

Statutory revenue to pro forma revenue reconciliation	2014 US$ million	2013 US$ million
Statutory revenue	**117.7**	**90.7**
Pro forma impact of acquisitions	3.8	20.6
Pro forma revenue	**121.5**	**111.3**

Statutory net loss after tax to pro forma NPATA reconciliation	2014 US$ million	2013 US$ million
Statutory net loss after tax	**(6.9)**	**(15.6)**
Pro forma impact of acquisitions	0.4	2.1
Pro forma share of profit of joint ventures	0.1	0.2
Acquisition transaction costs	0.8	2.6
Non-recurring foreign exchange (gain)/loss	(1.6)	5.8
Amortisation	2.0	7.1
Share based payments	1.2	–
Net finance cost adjustment	5.9	6.5
Public company costs	(0.2)	(0.8)
IPO transaction costs	6.8	–
Tax effect of pro forma adjustments	(2.0)	(4.3)
Pro forma NPAT	**6.5**	**3.6**
Add back: Amortisation (net of tax)	4.6	4.7
Pro forma NPATA	**11.1**	**8.3**

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 2014 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 Mackay
Michael Berk
Grant Ferguson
Peter Jackson
Michael Malone
Edward Sippel
William Barney (Non-Executive Director of SpeedCast Acquisitions Limited, resigned on 13 June 2014)

Executive Director

Pierre-Jean Beylier, Chief Executive Officer

Other Key Management Personnel

Mark Ellison, Chief Financial Officer*
Richard Carden, Senior Vice President, Global Sales
Andre Eerland, Vice President, Maritime
Chung Wai Kit, Senior Vice President, Operations and Engineering
Keith Johnson, Senior Vice President, Energy**
Ian Baldwin, Chief Financial Officer***

* Mark Ellison resigned on 23 November 2014

** Keith Johnson joined SpeedCast on 20 October 2014

*** Ian Baldwin joined SpeedCast on 1 December 2014

Remuneration Policy

The Board's objective is to ensure that SpeedCast Group's remuneration strategy is aligned to the Company's strategy, to drive performance and behaviors in the Company's best interests and to deliver shareholder value. 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 employment market conditions with the overall objective of ensuring maximum stakeholder benefits from the retention of a high quality executive team. The Nomination and Remuneration Committee forms its own independent decisions on KMP remuneration. No external consultant has been used in 2014 in relation to remuneration.

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

- Link executive rewards to 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;
- Ensure remuneration outcomes 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.

For the KMP, the remuneration packages will consist of:

- Fixed remuneration;
- Variable remuneration; including:
  - *Short-term incentive – "STIP" (cash bonus);*
  - *Share based payments;*

Fixed remuneration (base salary and fixed allowance) is reviewed on an annual basis taking into consideration the individual performance, competency levels, and the Group's financial performance.

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.

Both Financial and non-Financial Key performance indicators "KPI" are set each year and measured at the end of each year. In 2014 short term incentive is based on 3 measures:

25%	Revenue
25%	EBITDA
50%	Individual objectives

These measures were chosen as they represent the key drivers for short term success of the business and provide a framework for delivering long term value. The Group has predetermined benchmarks that must be met in order to trigger payments under the STIP. Payment is subject to:

- KMP still employed when bonus is paid
- Group meeting all bank covenants
- No STIP for performance below 90% of target

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. The STIP 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 and performance

SpeedCast performance in 2014 remained strong. Management delivered both pro forma revenue and pro forma EBITDA above IPO targets. For more information on strategic priorities and 2014 result, see page 21 of the review of operations and activities.

As a result of the financial performance and resulting shareholder returns, the Board awarded KMP 12.5-50% of the maximum short-term incentives (excluding Keith Johnson and Ian Baldwin who were ineligible due to their recent start dates in October 2014 and December 2014 respectively).

Long-term Incentive Plan ("LTIP") has been established in order to facilitate remuneration arrangement for SpeedCast's senior management and enhance the alignment of their interest with those of shareholders.

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

LTIP grants to are delivered in the form of options under the Shareholder subject to the approval from Board of Directors.

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	The Board may offers at its discretion and any offer documents 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.
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.

2014 LTIP Offer

The key terms of the 2014 LTIP arrangement are summarised in the table below:

Participants	The 2014 LTIP offer are made to the Chief Executive Officer, Chief Financial Officer and other members of senior management that the Board determines to be eligible to receive a grant.
Grant date and timing of future offers	The 2014 LTIP award was made at 18 August 2014. Any future grants will be at the discretion of the Board and subject to any requirements for shareholder approval.
Grant of performance rights	The 2014 LTIP offer comprises 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 2014 LTIP offer will vest subject to the satisfaction of performance conditions: The performance conditions will be tested over a performance period of at least three years (commencing on the date of Listing and ending on 31 December 2017). The performance conditions must be satisfied in order for the performance rights to vest. For the 2014 LTIP offer, the performance conditions are as follows: – 50% of the performance rights will vest subject to the achievement of the 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 – 50% of the performance rights will vest subject to the participant being an employee at the end of the performance period (service component). Any performance rights that remain unvested at the end of the performance period will lapse immediately.
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.

Restricted Management Rights

Restricted Management Rights ("RMR") were issued by the Company under the equity incentive plan in August 2014. 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 is 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 is 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 1.1 million 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 trance. 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 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 number of ordinary shares in SpeedCast International Limited held by each key management personnel of the Group is as follows:

Name	Position	Balance SDA#	Balance SDAESC##	Total shares held as at 31 Dec 2014	% of shareholding
2014					
Non-Executive Directors					
John Mackay	Independent Non-Executive Director	259,210	–	259,210	0.22%
Michael Berk	Non-Executive Director	–	–	–	
Grant Ferguson	Independent Non-Executive Director	259,210	–	259,210	0.22%
Peter Jackson	Non-Executive Director	259,210	–	259,210	0.22%
Michael Malone	Independent Non-Executive Director	259,210	–	259,210	0.22%
Edward Sippel	Non-Executive Director	–	–	–	–
Sub-total Non-Executive Directors		1,036,840	–	1,036,840	
Executive Directors					
Pierre-Jean Beylier	Chief Executive Officer	15,000	7,078,859	7,093,859	5.90%
Other KMP					
Mark Ellison*	Chief Financial Officer	–	1,201,288	1,201,288	1.00%
Richard Carden	Senior Vice President, Global Sales	5,000	282,077	287,077	0.24%
Andre Eerland	Vice President, Maritime	–	1,154,474	1,154,474	0.96%
Chung Wai Kit	Senior Vice President, Operations & Engineering	2,552	457,416	459,968	0.38%
Keith Johnson**	Senior Vice President, Energy	–	–	–	–
Ian Baldwin***	Chief Financial Officer	–	–	–	–
Total KMP		1,059,392	10,174,114	11,233,506	

* Mark Ellison resigned as Chief Financial Officer on 23 November 2014

** Keith Johnson joined SpeedCast on 20 October 2014

*** Ian Baldwin joined SpeedCast as Chief Financial Officer on 1 December 2014

SDA represented the ordinary shares for SpeedCast International Limited

SDAESC represented the SpeedCast International Limited's shares subject to voluntary escrow period.

The escrow period applying to these shares ends on release to the ASX of the Company's results for the six months ending 30 June 2015.

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
Andre Eerland	481	126	13	(392)	(228)	–
Keith Johnson	–	40	–	(13)	–	27
	481	166	13	(405)	(228)	27

Loans to KMP outstanding at as 31 December 2014 includes an interest-free cash advance to Keith Johnson of US$40,000 provided on 23 October 2014 which is to be repaid by 6 equal installments. US$13,000 has been repaid during the year and the balance as of 31 December 2014 is US$27,000.

In 2013, a loan of US$468,000 was provided to Andre Eerland at an interest rate of 2.85% per annum. The terms of the loan were that it shall be repaid in full within 15 days from the earlier of the date when Andre Eerland no longer holds any shares and/or when the employment agreement is terminated. In the event Andre Eerland ceases to hold any shares and the loan remains unpaid, SpeedCast irrevocably agreed to waive any amount due which remains outstanding after Andre Eerland applied all net proceeds received by him towards the repayment of this loan.

On 28 March 2014 the proceeds of US$392,000 from a dividend received by Andre Eerland in relation to the shares was used to partially repay the loan. On 24 July 2014, 19,333 preference shares in SpeedCast Acquisitions Limited were issued to Andre Eerland and the loan was increased by US$126,000.

In accordance with the terms of the loan, the remaining balance of US$228,000 was waived by SpeedCast following the re-organisation of the Group during the year after which Andre no longer held any of the original shares.

Employment Contracts (Service Agreement)

Remuneration and other employment terms for the CEO and other key management personnel are formalised in a contract of employment. The remuneration arrangement for KMP for 2014 were disclosed in the IPO Prospectus, issued at the time of listing and remained unchanged throughout the financial year ended 31 December 2014.

The main terms and conditions of the contracts are set out below and listed below.

Name: **Position:** **Employment Location:** **Term of Agreement:** **Notice Period:**	Pierre-Jean Beylier Chief Executive Officer, Executive Director Hong Kong Open ended 3 months
Name: **Position:** **Employment Location:** **Term of Agreement:** **Notice Period:**	Mark Ellison (Partial year) Chief Financial Officer Hong Kong Open ended 3 months
Name: **Position:** **Employment Location:** **Term of Agreement:** **Notice Period:**	Richard Carden Senior Vice President, Global Sales Singapore Open ended 2 months
Name: **Position:** **Employment Location:** **Term of Agreement:** **Notice Period:**	Andre Eerland Vice President, Maritime The Netherlands Open ended 3 months
Name: **Position:** **Employment Location:** **Term of Agreement:** **Notice Period:**	Chung Wai Kit Senior Vice President, Operations and Engineering Hong Kong Open ended 3 months
Name: **Position:** **Employment Location:** **Term of Agreement:** **Notice Period:**	Keith Johnson (Partial year) Senior Vice President, Energy U.S.A. Open ended 3 months; 30 days with good reason
Name: **Position:** **Employment Location:** **Term of Agreement:** **Notice Period:**	Ian Baldwin (Partial year) Chief Financial Officer Australia Open ended 3 months

	Position	Term	Notice Period	Base salary US$	Termination Period****
Pierre-Jean Beylier	Chief Executive Officer	Open ended	3 months	400,048	3 months
Mark Ellison*	Chief Financial Officer	Open ended	3 months	261,462	3 months
Richard Carden	Senior Vice President, Global Sales	Open ended	2 months	280,629	2 months
Andre Eerland	Vice President, Maritime	Open ended	3 months	170,338	3 months
Chung Wai Kit	Senior Vice President, Operations & Engineering	Open ended	3 months	158,202	3 months
Keith Johnson**	Senior Vice President, Energy	Open ended	3 months	295,000	3 months*****
Ian Baldwin***	Chief Financial Officer	Open ended	3 months	299,155	3 months

* Mark Ellison resigned on 23 November 2014

** Keith Johnson joined SpeedCast on 20 October 2014

*** Ian Baldwin joined SpeedCast on 1 December 2014

**** Termination with notice and without cause

***** 30 days' notice if with good reason

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 $500,000.

For 2014, the annual base Non-Executive Director fee to be paid by the Company are $65,000 to the Chairman, $50,000 to each other Non-Executive Director and an additional $10,000 to the chair of Audit, Business Risk and Compliance Committee and an additional $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. The company understands that part of their remuneration from TA Associates would relate to their role as a SpeedCast Director. This amount would be consistent with the SpeedCast base fee for the Non-Executive Directors.

SpeedCast also provides Share Based Payments to the Non-Executive Directors.

Other non-statutory remuneration

The table below is non-statutory remuneration earned and paid to KMP up to 31 December 2014.

Non-statutory remuneration includes:

1) Cash salary and Fees	
2) Fixed Allowance	– Education allowance to Pierre-Jean Beylier – Housing allowance to Mark Ellison – Expenses allowance and vacation pay to Andre Eerland – Transportation allowance to Chung Wai Kit – Car allowance and golf club membership fee to Keith Johnson
3) Short Term Incentive	– Cash based bonus
4) Non monetary benefits	– Medical and life insurance to Pierre-Jean Beylier, Mark Ellison, Richard Carden and Chung Wai Kit – Company car to Pierre-Jean Beylier and Andre Eerland – Health insurance payment (COBRA) and golf course initiation fee to Keith Johnson
5) Superannuation or equivalent	– Mandatory Provident Fund (MPF) plus voluntary contribution in Hong Kong – Central Provident Fund (CPF) in Singapore – Pension Plan in the Netherlands – Superannuation in Australia

Remuneration details for the year ended 31 December 2014

The following table summarises the components of remuneration for each KMP of the Group for the year:

		Short term benefits				Post employment	Long term benefits	Share based payment			
Name	Position	Cash Salary and Fees US$	Fixed Allowance US$	Short Term Incentive (Cash Bonus) US$	Non-monetary benefits US$	Super-annuation or equivalent US$	Long Service Leave US$	Employee Option Plan US$	Restricted Management Rights US$	Long Term Incentive Plan US$	Total Remuneration US$
2014											
Non-Executive Directors											
John Mackay	Independent Non-Executive Director	35,288	–	–	–	–	–	43,948	–	–	79,236
Michael Berk	Non-Executive Director	–	–	–	–	–	–	–	–	–	–
Grant Ferguson	Independent Non-Executive Director	51,937	–	–	–	–	–	43,948	–	–	95,885
Peter Jackson	Non-Executive Director	23,110	–	–	–	–	–	43,948	–	–	67,058
Michael Malone	Independent Non-Executive Director	32,234	–	–	–	–	–	230,799	–	–	263,033
Edward Sippel	Non-Executive Director	–	–	–	–	–	–	–	–	–	–
William Barney	Non-Executive Director	28,000	–	–	–	–	–	–	–	–	28,000
Sub-total Non-Executive Directors		170,569	–	–	–	–	–	362,643	–	–	533,212
Executive Directors											
Pierre-Jean Beylier	Chief Executive Officer	400,048	31,752	68,005	22,826	60,007	–	296,642	–	37,555	916,835
Other KMP											
Mark Ellison*	Chief Financial Officer	243,104	55,214	–	3,595	24,310	–	44,496	–	–	370,719
Richard Carden	Senior Vice President, Global Sales	280,629	–	14,263	2,850	6,614	–	122,784	66,755	14,360	508,255
Andre Eerland	Vice President, Maritime	183,965	1,813	21,107	14,338	14,148	–	19,369	–	8,726	263,466
Chung Wai Kit	Senior Vice President, Operations & Engineering	158,202	615	18,983	3,670	23,730	–	17,799	–	5,400	228,399
Keith Johnson*	Senior Vice President, Energy	68,682	2,696	–	7,184	–	–	–	–	–	78,562
Ian Baldwin***	Chief Financial Officer	25,076	–	–	–	2,382	–	–	–	–	27,458
Total KMP remuneration		1,530,275	92,090	122,358	54,463	131,191	–	863,733	66,755	66,041	2,926,906

* Mark Ellison resigned on 23 November 2014

** Keith Johnson joined SpeedCast on 20 October 2014 and received US$10,000 as sign on bonus

*** Ian Baldwin joined SpeedCast on 1 December 2014

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/component/content/article/45-cgs/504-corporate-governance-statement

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of SpeedCast International Limited for the year ended 31 December 2014, 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
30 March 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GP Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

FINANCIAL REPORT

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 US$'000	2013 US$'000
Revenue from continuing operations	6	117,679	90,708
Cost of equipment and bandwidth services		(72,162)	(55,455)
Other gain/(loss)	7	201	(211)
Staff costs	8	(17,406)	(13,298)
Depreciation of property, plant and equipment	17	(4,256)	(3,224)
Amortisation of intangible assets	18	(7,872)	(12,719)
IPO and transaction related costs		(7,662)	(2,560)
Other expenses		(9,115)	(7,770)
Finance costs, net	10	(6,287)	(14,013)
Share of profit from interest in joint ventures		45	–
Loss before income tax		**(6,835)**	**(18,542)**
Income tax (expense)/credit	11	(109)	2,909
Loss for the year attributable to owners of the Company		**(6,944)**	**(15,633)**
Other comprehensive income			
Item that may be reclassified to profit and loss			
– Currency translation difference		(5,246)	4,527
Total comprehensive loss for the year attributable to members of the entity		**(12,190)**	**(11,106)**
Earnings per share			
– Basic loss per share (cents)	28	7.3	19.6
– Diluted loss per share (cents)	28	7.3	19.6

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 US$'000	2013 US$'000
ASSETS			
Current assets			
Cash and cash equivalents	14	10,079	12,250
Trade and other receivables	15	23,695	17,416
Inventories	16	3,238	1,580
Total current assets		**37,012**	**31,246**
Non-current assets			
Interests in joint ventures		45	–
Property, plant and equipment	17	14,527	11,483
Goodwill and intangible assets	18	52,743	61,694
Deferred tax assets	19	1,504	1,322
Total non-current assets		**68,819**	**74,499**
Total assets		**105,831**	**105,745**
LIABILITIES			
Current liabilities			
Trade and other payables	20	31,874	26,937
Obligations under finance leases	21	67	34
Borrowings	22	–	3,315
Derivative financial instruments	23	10	211
Income tax payable		94	1,681
Total current liabilities		**32,045**	**32,178**
Non-current liabilities			
Borrowings	22	41,278	44,587
Deferred tax liabilities	19	3,793	6,410
Obligations under finance leases	21	50	68
Other payables	20	66	26
Total non-current liabilities		**45,187**	**51,091**
Total liabilities		**77,232**	**83,269**
Net assets		**28,599**	**22,476**
EQUITY			
Equity attributable to owners of the Company			
Contributed equity	24(a)	84,126	35,864
Other reserves	24(b)	(487)	4,708
Accumulated losses	24(c)	(55,040)	(18,096)
Total equity		**28,599**	**22,476**

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 2014

	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 2013	**31,885**	**(2,463)**	**462**	**29,884**
Loss for the year	–	(15,633)	–	(15,633)
Other comprehensive income	–	–	4,527	4,527
Total comprehensive income/(loss) for the year	**31,885**	**(18,096)**	**4,989**	**18,778**
Transactions with owners in their capacity as owners				
Share based payment – fair value of finance costs	–	–	2,872	2,872
Issue of preference shares	3,978	–	(3,310)	668
Issue of performance shares	1	–	–	1
Employee share scheme – value of employee services (notes 8 and 12)	–	–	157	157
	3,979	–	(281)	3,698
Balance at 31 December 2013	**35,864**	**(18,096)**	**4,708**	**22,476**
Loss for the year	–	(6,944)	–	(6,944)
Other comprehensive income	–	–	(5,246)	(5,246)
Total comprehensive (loss) for the year	**–**	**(6,944)**	**(5,246)**	**(12,190)**
Transactions with owners in their capacity as owners				
Dividend (note 27)	–	(30,000)	–	(30,000)
Issue of preference shares (note 24)	991	–	–	991
Transfer from share based payment reserve for vested performance shares (note 24)	1,391	–	(1,391)	–
Issue of ordinary shares (note 24)	48,327	–	–	48,327
Capital raising costs, net of tax (note 24)	(2,447)	–	–	(2,447)
Employee share scheme – value of employee services (notes 8 and 12)	–	–	1,442	1,442
	48,262	(30,000)	51	18,313
Balance at 31 December 2014	**84,126**	**(55,040)**	**(487)**	**28,599**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 US$'000	2013 US$'000
Cash flows from operating activities			
Cash generated from operations	25	20,727	16,841
Interest paid		(3,621)	(4,896)
Taxes paid		(3,229)	(993)
Net cash inflows from operating activities		**13,877**	**10,952**
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		(9,296)	(23,708)
Business acquisitions transaction cost		(543)	(2,560)
Payments for property, plant and equipment	17	(6,555)	(4,316)
Proceeds from disposal of property, plant and equipment	25	104	50
Interest received		44	57
Net cash (outflows) from investing activities		**(16,246)**	**(30,477)**
Cash flows from financing activities			
Proceeds from initial public offering		48,326	–
Transaction costs of initial public offering		(8,703)	–
Proceeds from issuance of preference shares		991	187
Proceeds from borrowings, net of transaction costs		73,352	47,388
Repayment of borrowings		(83,064)	–
Proceeds from loan from ultimate holding company		–	5,000
Repayment of loan from ultimate holding company		–	(24,000)
Repayment of amount due to ultimate holding company		–	(359)
Dividend paid	27	(30,000)	–
Repayments of obligations under finance leases		34	42
Net cash inflows from financing activities		**936**	**28,258**
Net (decrease)/increase change in cash and cash equivalents		**(1,433)**	**8,733**
Cash and cash equivalents at beginning of the year		12,250	3,070
Effects of exchange rate changes on cash and cash equivalents		(738)	447
Cash and cash equivalents at the end of the year	14	**10,079**	**12,250**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Background and summary of significant changes in the current financial year

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 was incorporated as an Australian public company on 14 July 2014 and undertook an initial public offering ("IPO") on 12 August 2014.

In connection with the IPO, SpeedCast International Limited undertook a capital reconstruction. Under the reconstruction SpeedCast International Limited acquired SpeedCast Acquisitions Limited ("SAL") and its controlled entities ("SAL Group"). The Company determined that the acquisition of SAL did not represent a business combination as defined by Australian Accounting Standard AASB 3 'Business Combinations'. This is because the reorganisation is considered to be a combination of entities under common control immediately prior to the IPO, and such common control transactions are outside the scope of AASB 3 'Business Combinations'.

Accordingly the IPO and related restructuring represents a reorganisation of the economic entity historically known as SAL Group and results in the Company becoming the new parent entity of that group. As such, the consolidated financial statements of the Company reflect a continuation of the existing SAL consolidated financial statements.

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 30 March 2015. 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.

(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 consolidated entity has applied the following standards for the first time in the financial year commencing 1 January 2014:

- AASB132 (2012-3 amendment) Offsetting Financial Assets and Financial Liabilities
- AASB136 (2013-3 amendment) Recoverable Amount Disclosures for Non-Financial Assets
- AASB139 (2013-4 amendment) Novation of Derivatives and Continuation of Hedge Accounting
- AASB124 (2011-4 amendment) Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

Adoption of the above standards has not resulted in any significant impact on the results or financial position of the Group.

New standards and interpretations not yet adopted

The following are new standards, amendments to standards and interpretations which have been issued but are not effective for the financial period beginning 1 January 2014:

- AASB 9 – Financial Instruments applicable 1 January 2018
- AASB 2014-1 Part A – Annual improvements project – 2010-2012 cycle applicable 1 January 2015
- AASB 2014-1 Part A – Annual improvements project – 2011-2013 cycle applicable 1 January 2015
- ASX Corporate Governance Principles and Recommendations applicable 1 January 2015
- AASB 2014-3 – Accounting for acquisitions of interests in joint operations applicable 1 January 2015
- AASB 2014-4 – Clarification of acceptable methods of depreciation and amortisation applicable 1 January 2016

The group did not early adopt any of these new standards, amendments to standards and interpretations. The adoption of these new standards, amendments to standards and interpretations in future periods is not expected to result in substantial changes to the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

IFRS 15 Revenue from contracts with customers

In May 2014 the IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. It is also expected that the AASB will endorse the standard to replace AASB 118 Revenue and AASB 111 Construction Contracts. It is expected that the standard will be effective for the 31 December 2018 financial year. The Company has not assessed the impact at this time.

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 Class Order 98/100 issues 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.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 31 December 2014 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 'finance costs, net'. 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 expenses'.

(iii) Presentation currency

The Group's financial statements are presented in United States dollars, US$, 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 values 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 their fair values 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 asset or liability is recognised in accordance with AASB 139 ‘Financial Instruments – Recognition and Measurement’ either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(e) Joint ventures

Joint ventures are those joint arrangements which provide the venture with the right to the net assets of the arrangements. Interest in joint ventures are accounted for using the equity method in accordance with AASB 128 ‘Investments in Associates and Joint Ventures’.

Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of profit or loss and other comprehensive income of the investee after the date of acquisition.

If the ventures share of losses of a joint venture equals or exceeds its interest in the joint venture, the venture discontinues recognising its share of further losses.

Adjustments are made to the joint ventures accounting policies where they are different from those of the venture for the purpose of the consolidated financial statements.

(f) 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 is recognised when the broadband access 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.

(g) 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(h) Intangible assets

Intangibles have been identified by the group in the form of customer relationships, supplier contracts, trademarks and brand names.

The acquired customer relationships 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	7 to 12 years
Supplier contracts	5 years
Trademark	5 to 20 years
Brand name	5 years

(i) 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 (cash-generating units – "CGU"). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with financial institutions, other short term, 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.

(k) Trade and other receivables

Trade 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 (or in the normal operating cycle of the business if longer), 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.

(l) 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 a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first out (FIFO) 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.

(n) 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 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%
2-way equipment	20% – 50%
Teleport equipment	20%
Computer equipment	25% – 50%
Leasehold improvements	2-10 years over the unexpired period of the lease, whichever is shorter
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 expenses or other gains" in the consolidated statement of profit or loss and other comprehensive income.

(o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(p) Trade payables

Trade 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 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.

(q) 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 the provision due to passage of time is recognised as interest expense.

(r) 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.

(s) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(s) Leases (Continued)

(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.

(t) 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.

(u) Borrowing costs

Borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

(v) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the 'Other (loss)/gain' in the consolidated statement of profit or loss and other comprehensive income.

(w) 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.

(x) 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.

(y) 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.

(z) 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).

(aa) 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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated balance sheet.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(ab) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

(ac) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement. For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(ad) Parent entity financial information

The financial information for the parent entity, SpeedCast International Limited, 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 SpeedCast International Limited. 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

SpeedCast International Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, SpeedCast International Limited, 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, SpeedCast International Limited 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 SpeedCast International Limited for any current payable assumed and are compensated by SpeedCast International Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to SpeedCast International Limited 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/payable under the tax funding agreement are due upon 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(ad) Parent entity financial information (Continued)

(ii) Tax consolidation legislation (Continued)

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 difference 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 to minimise potential adverse effects on the Group's financial performance.

(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 United States dollars. A large proportion of the Group's revenues and costs are denominated in US dollars. Foreign exchange risk arises from those revenues denominated in a currency other than US dollars 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.

As at 31 December 2014, if the US dollars had strengthened/weakened by 10% against the Australian dollars and Euro with all other variables held constant, the loss before tax would have increased/decreased by approximately US$276,000 as a result of the translation of cash, trade and other receivables/payables denominated in Australian dollars and Euro. As at 31 December 2013, if the US dollars had strengthened/weakened by 10% against the Australian dollars with all other variables held constant, the loss before tax would have increased/decreased by approximately US$3,164,000 principally as a result of the translation of borrowings denominated in US dollars.

(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 those risks albeit the Group does not engage in hedge accounting as defined by AASB 139.

The Group's interest rate risk arises principally from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages this risk using interest rate caps, collars and swaps which fix the interest rate ranged from 2.08% to 3.15% for US$24 million which represents 58% of the drawn facilities. In 2013, the Group held interest rate caps and collars for the previous borrowing arrangement which fixed the interest rate and ranged from 5.5% to 5.975% for $25.5 million which represented 51% of the principal amount. The mark-to-market valuation of these interest rate swaps and options is negative and amounts to US$10,000 as of 31 December 2014 and a gain of US$201,000 was recognised in profit or loss (2013: loss of US$211,000).

As at 31 December 2014, an increase in interest rate of 100 basis points, would result in an increase of loss after tax amounting to approximately US$289,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 23% and 14% of the Group's trade receivables as at 31 December 2014 and 2013 respectively. These customers have long 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 requirement in the short and longer term. Management believes there is no 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 31 December 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 cash flows.

	Within 1 year US$'000	2 to 5 years US$'000	Total US$'000
At 31 December 2014			
Trade and other payables	24,893	66	24,959
Obligations under finance leases and interest	70	55	125
Borrowings and interest	1,597	44,590	46,187
	26,560	44,711	71,271
At 31 December 2013			
Trade and other payables	17,866	27	17,893
Obligations under finance leases and interest	36	70	106
Borrowings and interest	3,502	46,899	50,401
	21,404	46,996	68,400

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. For details, please refer to note 23.

	Within 1 year US$'000	2 to 5 years US$'000	Total US$'000
At 31 December 2014			
Outflow in US dollars	39	19	58
Inflow in US dollars	9	4	13
At 31 December 2013			
Outflow in US dollars	199	179	378
Inflow in US dollars	37	34	71

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Liquidity risk (Continued)

As at 31 December 2014, the Group had access to the following undrawn borrowing facilities:

	Total US$'000
Bank Revolving Loan (Floating rate)	
– Expiring within one year	–
– Expiring beyond one year	18,418

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in either Australian or United States dollars and have maturity of 3 to 5 years (2013: 5 years). The undrawn banking facilities are subject to annual review.

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 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's strategy is to maintain a leverage ratio (as calculated above) within a target range of 1.75 – 2.25. It is possible that a ratio outside of this range would be acceptable for a short period of time if an appropriate transaction was identified. It is expected that if this was to occur the leverage ratio would return to within the target range within a 12 – 18 month period.

At 31 December 2014 the Leverage ratio was as follows:

	31 December 2014
Net Debt (US$'000)	$31,199
Pro forma EBITDA (US$'000)	$20,700
Leverage ratio	1.5

Loan covenants

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

(a) The ratio of pro forma EBITDA to pro forma net interest expense; and

(b) The ratio of net debt to pro forma EBITDA

The Group has complied with these covenants from initial drawdown to 31 December 2014.

Dividends

Relevant information has been included in note 27.

Fair values

As of 31 December 2014, the carrying values of the Group's financial assets and financial liabilities are 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Capital management (Continued)

(a) Risk management (Continued)

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

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
At 31 December 2014				
Liabilities				
Derivative financial instruments				
– Interest rate swap contracts	–	2	–	2
– Interest rate cap/floor/ collar contracts	–	8	–	8
At 31 December 2013				
Liabilities				
Derivative financial instruments				
– Interest rate swap contracts	–	153	–	153
– Interest rate cap/floor/collar contracts	–	58	–	58

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.
- 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

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 estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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 acquisitions 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 assumptions 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Critical accounting estimates and judgments (Continued)

(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 assumptions 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.

(d) Accounting for the internal restructure at IPO

During the year, an internal restructure took place in preparation for the listing of the Group on the Australian Stock Exchange. This resulted in a newly incorporated company, SpeedCast International Limited, becoming the legal parent of the Group.

The Directors elected to account for the restructure as a capital re-organisation rather than a business combination. In the Directors' judgment, the continuation of the existing accounting values are consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure.

As such, the consolidated financial statements of SpeedCast International Limited have been presented as a continuation of the pre-existing accounting values of assets and liabilities in the financial statements of SpeedCast Acquisitions Limited. The Directors believe that this presentation is consistent with that of other similar IPO transactions in Australian market. The international accounting standard setters (International Accounting Standards Board) may review accounting for common control transactions. If any changes are made and are required to be applied retrospectively, there remains the risk that the accounting treatment may need to be amended from that currently adopted.

Acquisition accounting would require SAL's identifiable assets and liabilities to be fair valued by the new parent at the acquisition date in accordance with AASB 3 Business Combinations. The impact of acquisition accounting cannot be accurately determined at this time, as a formal purchase price allocation exercise has not been carried out. Nevertheless, it would likely result in a material increase in:

- intangible asset balances and subsequent amortisation charges in the consolidated income statements of the Group; and
- goodwill balances and the resulting potential risk and quantum of goodwill impairment charges in future periods.

As discussed in the prospectus for the company's IPO in August 2014, based on SpeedCast's market capitalisation at the offer price, the pro forma net assets of SpeedCast at 31 December 2013 would increase by approximately US$190 million. The Directors have provided a preliminary indicative analysis of revised values of certain intangible assets, notably trademarks and customer relationships, which would increase by approximately US$4 million and US$35 million respectively, which would result in an additional annual amortisation charge for these assets of approximately US$4 million before the impact of tax. The balance of any increase in net assets would be recorded as goodwill and not subject to amortisation. In addition, tax accounting is also likely to be materially different as a result of acquisition value accounting.

The impact of acquisition accounting, should this subsequently be required by the IASB, is non-cash in nature and will not impact future cash flows. In addition, acquisition accounting in the consolidated financial statements of the Company should not impact the ability of SpeedCast to pay future dividends, as the overall financial position of the parent entity, the Company, will be the determinant of whether or not dividends are able to be paid in future financial periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Revenue

	2014 US$'000	2013 US$'000
Broadband access revenue	107,687	81,238
Sale of broadband services equipment	9,992	9,470
	117,679	90,708

7 Other gain/(loss)

	2014 US$'000	2013 US$'000
Fair value gain/(loss) on derivative financial instruments	201	(211)

8 Staff costs

	2014 US$'000	2013 US$'000
Salaries and allowances	15,489	12,638
Contributions to defined contribution plans	475	503
Share-based payment expense (note 12)	1,442	157
	17,406	13,298

9 Other expenses

Other expenses are analysed as follows:

	2014 US$'000	2013 US$'000
Loss on disposal of property, plant and equipment	25	1
Operating lease payments in respect of office premises, property, plant and equipment	1,034	794
Provision for impairment of trade receivables (note 15)	253	1,142
Foreign exchange losses	622	430

10 Finance costs, net

	2014 US$'000	2013 US$'000
Finance income:		
– interest income from bank deposits	31	44
– interest income from amount due from a shareholder	13	13
– foreign exchange gain on borrowings	1,631	–
	1,675	57
Finance charges on:		
– obligations under finance leases	(4)	(2)
– loan from ultimate holding company	–	(2,872)
– early repayment penalty of loan from ultimate holding company	–	(1,373)
– foreign exchange loss on borrowings	–	(5,789)
– accelerated amortisation of loan establishment costs	(3,298)	–
– interest on deferred consideration	(445)	–
Interest expenses on:		
– loan from ultimate holding company	–	(1,144)
– borrowings	(3,474)	(2,765)
– fees on undrawn facility	(125)	(125)
– other bank charges	(616)	–
Finance costs	(7,962)	(14,070)
Finance costs, net	(6,287)	(14,013)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Income tax expense/(credit)

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

	2014 US$'000	2013 US$'000
Current tax	1,580	2,629
Under/(over) provision for prior years	237	(100)
Deferred income tax (note 19)	(1,708)	(5,438)
Total income tax expense/(credit)	109	(2,909)

The tax on the Group's 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:

	2014 US$'000	2013 US$'000
Loss before income tax	(6,835)	(18,542)
Tax calculated at domestic tax rates applicable to profits/losses in the respective countries	(876)	(4,343)
Tax effects of:		
Expenses not deductible for tax purposes	1,234	1,828
Income not subject to tax	(588)	(293)
Utilisation of previously unrecognised tax losses	(8)	(12)
Tax losses for which no deferred income tax asset was unrecognised	110	194
Under/(over) provision for prior years	237	(100)
Recognition of previously unrecognised temporary difference	–	(183)
Income tax expense/(credit)	109	(2,909)

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

	2014 US$'000	2013 US$'000
Deferred tax asset – credited directly to equity	907	–

12 Share-based payment

(a) Employee Option Plan

For the year ended 31 December 2013 and up to 12 August 2014, SpeedCast Acquisitions Limited had an equity-settled ownership based compensation scheme for key members of management and certain Directors for SpeedCast Acquisitions Limited. The objective of the plan was to motivate and align the interests of management with those of the investors in the Company. In accordance with the provisions of the plan, key managers were offered the right to subscribe to performance shares at a price of US$0.0001 per share. The shares were to vest according to the following schedule:

On 12th month of the grant date	25%
On 15th month of the grant date	6.25%
On 18th month of the grant date	6.25%
On 21st month of the grant date	6.25%
On 24th month of the grant date	6.25%
On 27th month of the grant date	6.25%
On 30th month of the grant date	6.25%
On 33rd month of the grant date	6.25%
On 36th month of the grant date	6.25%
On 39th month of the grant date	6.25%
On 42nd month of the grant date	6.25%
On 45th month of the grant date	6.25%
On 48th month of the grant date	6.25%

Vesting ceased at resignation of a manager, at which point 50% of the vested shares were redeemed at nil value, as are non-vested shares. Upon the occurrence of certain events, including liquidation, dissolution or winding-up of the Company, and a sale of the majority of the equity of the Company, the unvested shares would be deemed to be vested for managers in good standing.

Under certain circumstances, including a manager's departure or bankruptcy, the Company has the right to repurchase vested shares at fair market value (or the lower of US$0.0001 and fair market value in case the manager is dismissed for cause).

The shares were non-transferable, except under the following cases:

- Under certain circumstances, as described above, the Company could repurchase the shares
- In case of a change of control of the Company, the ultimate holding company had the right to require transfer of the performance shares, and the holders of the performance shares had the right to sell their shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Share-based payment (Continued)

(a) Employee Option Plan (Continued)

The movement in the number of shares are as follow:

	Number of shares 2014	2013
At beginning of year	11,796,875	10,859,375
Granted in 2013	–	937,500
Granted on 28 February 2013	468,750	–
Granted on 31 October 2013	234,375	–
Granted on 28 February 2014	140,625	–
Granted on 2 June 2014	429,688	–
Fully vested upon IPO	(13,070,313)	–
At 31 December	–	11,796,875

Upon IPO on 12 August 2014, all performance shares which fully vested were converted into ordinary shares of SIL.

During the year, the Group recognised share-based payment expense of US$1,210,000 (2013: US$157,000) in the consolidated statement of profit or loss and other comprehensive income and a corresponding increase in share based payment reserve of the same amount in respect of the fair value of the shares granted by the Company to certain employees of the Group in connection with their services rendered to the Group for the period to 12 August 2014, being the date of IPO defined as a liquidation event. This includes an amount relating to shares formally issued in 2014 but which had a grant date in 2013.

Share options granted in 2013 but not accounted for until 2014 have an immaterial impact on the 2013 and 2014 profit and loss account and therefore no prior year adjustment has been made.

Fair value of shares and assumptions

The fair value of services received in return for shares granted is measured by reference to the fair value of shares granted. The estimate of the fair value of services received is measured based on the Monte Carlo Simulation. 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.

Holders of performance shares are entitled to specified variable returns upon the occurrence of liquidation events. Key assumptions adopted are set out below:

Grant date	28 February 2013	31 October 2013	28 February 2014	2 June 2014
Fair value	US$0.2713	US$0.5239	US$0.5985	US$1.4771
Exercise price	US$0.0001	US$0.0001	US$0.0001	US$0.0001
Expected volatility	37.79%	38.21%	36.86%	36.50%
Risk-free rate	0.92%	1.32%	1.36%	1.36%
Expected dividend yield	0%	0%	0%	0%

Since the performance shares vested on 12 August 2014, and converted to ordinary shares, the amount included in the share based payment reserve relating to these shares has been transferred to share capital of US$1,391,000.

(b) 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 four years from grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Share-based payment (Continued)

(b) Restricted Management Rights (Continued)

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:

(1) 25% of the RMR will vest 12 months after grant date; and

(2) following vesting of first tranche, at the end of each three month period another 6.25% of the RMR will vest if the participate remains 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 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 shares are as follow:

	Number of shares 2014
At 1 January	–
Granted 31 October 2013	533,650
Granted 28 February 2014	320,192
Granted 2 June 2014	266,832
At 31 December	1,120,674

The weighted average remaining contractual life of RMR outstanding as at 31 December 2014 was 3.6 years (2013: N/A).

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.

Key assumptions adopted are set out below:

Grant date	31 October 2013	28 February 2014	2 June 2014
Expected volatility	38.21%	36.86%	35.66%
Risk-free rate	1.32%	1.36%	3.24%
Fair value at grant date per share (AU$)	AU$0.5840	AU$0.6706	AU$1.3812

(c) Long term incentive plan

In 2014, SpeedCast International Limited 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;

(iii) restricted shares

Options are entitlement to receive a share upon 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.

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 comprises performance rights.

A performance right entities 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Share-based payment (Continued)

(c) Long term incentive plan (Continued)

Performance rights granted as part of the 2014 LTIP offer will vest subject to the satisfaction of performance conditions. The performance condition will be vested over a performance period of at least three years which commenced on 12 August 2014 and ending on 31 December 2017.

The performance condition must be satisfied in order for the performance right to vest. For the 2014 LTIP offer 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 vesting schedule 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 shares are as follows:

	Number of shares 2014
At 1 January	–
Granted on 12 August 2014	367,621
At 31 December	367,621

The weighted average remaining contractual life of the LTIP outstanding as at 31 December 2014 was 3 years (2013: N/A).

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 of AU$1.112 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.

Key assumptions adopted are set out below:

Grant date	12 August 2014
Vesting period	3 years
Expected volatility	25% to 30%
Risk-free rate	3.17%
Dividend yield	4%
Fair value at grant date per share (AU$)	AU$1.112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Share-based payment (Continued)

(c) 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 Number	Granted/ (forfeited) during the year Number	Vested during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2014							
	Employee Option Plan	September 2016 to June 2018	11,796,875	1,273,438	(13,070,313)	–	–
	RMR	July 2018	–	1,120,674	–	1,120,674	–
	LTIP	December 2017	–	367,621	–	367,621	–
			11,796,875	2,761,733	(13,070,313)	1,488,295	–
2013							
	Employee Option Plan	September 2016 to June 2018	10,859,375	937,500	–	11,796,875	–

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 2014 was AU$1.84.

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 Employee Option Plan, RMR and LTIP were US$1,442,000 (2013: US$157,000).

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 satellite network services in various geographic markets.

(a) Segment performance

	Satellite network services 2014 US$'000	2013 US$'000
Revenue		
Revenue from external customers	117,679	90,708
Adjusted EBITDA	**19,197**	**13,974**
IPO and transaction related costs	(7,662)	(2,560)
Depreciation of property, plant and equipment	(4,256)	(3,224)
Amortisation of intangible assets	(7,872)	(12,719)
Finance costs, net	(6,287)	(14,013)
Share of profits from interests in joint venture	45	–
Income tax (expense)/credit	(109)	2,909
Total net loss after tax	**(6,944)**	**(15,633)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Operating Segments (Continued)

Identification of reportable segments (Continued)

(b) Segment assets

	2014 US$'000	2013 US$'000
Segment assets – total assets other than deferred tax assets	104,327	104,423
Segment liabilities – total liabilities other than financial liabilities and deferred tax liabilities	73,429	76,648

(c) Geographical information

Under one operating segment, the table below presents geographical information of total revenue based on customers' geography.

Service revenue by customers' geography

	Maritime US$'000	Australia US$'000	Pacific Islands US$'000	EMEA and other (ex-Afghanistan) US$'000	Afghanistan US$'000	Inter segment elimination US$'000	Broadband services equipment revenue US$'000	Total US$'000
Year ended 31 December 2013	18,802	21,582	17,334	14,940	11,731	(3,151)	9,470	90,708
Year ended 31 December 2014	26,881	34,479	28,017	25,646	5,334	(12,670)	9,992	117,679

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

	Maritime US$'000	Australia US$'000	Pacific Islands US$'000	EMEA and other (ex-Afghanistan) US$'000	Afghanistan US$'000	Total US$'000
Year ended 31 December 2014						
Property plant and equipment	1,047	2,941	1,025	9,514	–	14,527
Goodwill and intangible assets	2,422	12,720	22,080	15,521	–	52,743
Interest in joint ventures	–	–	–	45	–	45
	3,469	15,661	23,105	25,080	–	67,315

	Maritime US$'000	Australia US$'000	Pacific Islands US$'000	EMEA and other (ex-Afghanistan) US$'000	Afghanistan US$'000	Total US$'000
Year ended 31 December 2013						
Property plant and equipment	885	1,913	1,021	7,664	–	11,483
Goodwill and intangible assets	1,780	14,645	25,649	19,620	–	61,694
	2,665	16,558	26,670	27,284	–	73,177

(d) Major customers

There is no individual customer contributed more than 10% of total revenue for both 2013 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Cash and cash equivalents

	2014 US$'000	2013 US$'000
Cash at banks and in hand	10,079	12,250

15 Trade and other receivables

	2014 US$'000	2013 US$'000
Trade receivables	21,777	13,502
Less: Provision for impairment of trade receivables	(1,621)	(1,517)
Trade receivables, net	20,156	11,985
Deposits and prepayments	1,538	3,470
Other receivables	1,986	1,480
Amount due from a shareholder	–	481
Amounts due from joint ventures	15	–
	23,695	17,416

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 2014, trade receivables of US$7,962,000 were past due (2013: US$4,097,000) and US$1,621,000 (2013: US$1,517,000) 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.

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

	2014 US$'000	2013 US$'000
At beginning of year/period	1,517	149
Acquisitions	–	382
Provision for impairment of trade receivables (note 9)	253	1,142
Amounts written off	(149)	(156)
At 31 December	1,621	1,517

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 2014, the other classes within trade and other receivables did not contain impaired assets (2013: Nil).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

16 Inventories

	2014 US$'000	2013 US$'000
Merchandise	3,238	1,580
Less: Provision for impairment	–	–
	3,238	1,580

The cost of inventories recognised as expense and included in cost of equipment amounted to US$5,263,000 (2013: US$6,135,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Property, plant and equipment

	Office equipment US$000	2-way 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	Total amount US$000
At 1 January 2013									
Cost	53	6,196	257	304	161	2,203	7	104	9,285
Accumulated depreciation	(4)	(392)	(12)	(15)	(25)	(114)	(1)	(1)	(564)
Net book amount	49	5,804	245	289	136	2,089	6	103	8,721
Year ended 31 December 2013									
Opening net book amount	49	5,804	245	289	136	2,089	6	103	8,721
Acquisition of Elektrikom	84	–	–	–	–	800	–	40	924
Acquisition of Pactel	104	–	–	212	6	814	–	23	1,159
Additions	113	2,728	–	214	39	1,210	12	–	4,316
Disposals	(3)	(22)	–	(3)	–	(19)	–	(4)	(51)
Depreciation	(57)	(1,764)	(31)	(132)	(80)	(1,107)	(4)	(49)	(3,224)
Exchange differences	(38)	–	(30)	(40)	–	(247)	–	(7)	(362)
Closing net book amount	252	6,746	184	540	101	3,540	14	106	11,483
At 31 December 2013									
Cost	490	13,083	749	1,922	838	7,590	617	167	25,456
Accumulated depreciation	(238)	(6,337)	(565)	(1,382)	(737)	(4,050)	(603)	(61)	(13,973)
Net book amount	252	6,746	184	540	101	3,540	14	106	11,483

	Office equipment US$000	2-way 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	Total amount US$000
Year ended 31 December 2014									
Opening net book amount	252	6,746	184	540	101	3,540	14	106	11,483
Acquisition of Satcomms (Note 26(a))	22	–	–	20	7	1,047	–	–	1,096
Acquisition of Oceanic (Note 26(b))	1	–	–	–	32	171	–	14	218
Additions	105	4,148	1	167	560	1,534	11	29	6,555
Disposals	(4)	(4)	–	(4)	–	(116)	–	–	(128)
Depreciation	(78)	(2,213)	(16)	(295)	(141)	(1,469)	(3)	(41)	(4,256)
Exchange differences	(20)	(27)	(16)	(71)	(14)	(282)	–	(11)	(441)
Closing net book amount	278	8,650	153	357	545	4,425	22	97	14,527
At 31 December 2014									
Cost	693	17,192	702	2,301	1,420	11,512	627	306	34,753
Accumulated depreciation	(415)	(8,542)	(549)	(1,944)	(875)	(7,087)	(605)	(209)	(20,226)
Net book amount	278	8,650	153	357	545	4,425	22	97	14,527

At 31 December 2014, the Group had US$129,000 (2013: US$102,000) office 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	Brand name US$'000	Total US$'000
Year ended 31 December 2013						
Opening net book amount	10,902	3,576	18,370	11,224	–	44,072
Acquisition	14,975	12,918	–	3,757	433	32,083
Amortisation charge	–	(1,119)	(3,810)	(7,445)	(345)	(12,719)
Exchange differences	–	(1,270)	–	(472)	–	(1,742)
Closing net book amount	25,877	14,105	14,560	7,064	88	61,694
As at 31 December 2013						
Cost	25,877	16,524	19,051	15,082	433	76,967
Accumulated amortisation	–	(2,419)	(4,491)	(8,018)	(345)	(15,273)
Net book amount	25,877	14,105	14,560	7,064	88	61,694
Year ended 31 December 2014						
Opening net book amount	25,877	14,105	14,560	7,064	88	61,694
Acquisition	4,117	1,778	–	296	146	6,337
Amortisation charge	–	(1,629)	(3,810)	(2,332)	(101)	(7,872)
Exchange differences	(5,973)	(1,394)	–	(28)	(21)	(7,416)
Closing net book amount	24,021	12,860	10,750	5,000	112	52,743
As at 31 December 2014						
Cost	29,994	18,302	19,051	15,378	579	83,304
Accumulated amortisation	(5,973)	(5,442)	(8,301)	(10,378)	(467)	(30,561)
Net book amount	24,021	12,860	10,750	5,000	112	52,743

Goodwill is allocated to the Group's cash generating units ("CGU") identified according to the operating segment. The Chief Executive Officer regards the Group's business as a single operating segment and reviews the financial information of the Group accordingly. The Group performs impairment tests on goodwill annually, or more frequently if there is any indication that it may be impaired, by comparing the recoverable amount to the carrying amount as at the balance sheet date.

As at 31 December 2014, the recoverable amount of the 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 11.3% and 3% respectively. The budgeted gross profit margin and net profit margin were determined by the 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:

	2014 US$'000	2013 US$'000
Deferred tax assets	1,504	1,322
Deferred tax liabilities	(3,793)	(6,410)
Net deferred tax liabilities	(2,289)	(5,088)

The balance comprises of temporary difference attributable to:

	Deferred tax assets		Deferred tax liabilities	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Intangible assets	–	–	(6,521)	(8,551)
IPO Costs	–	–	2,105	–
Accruals and provisions	225	–	888	1,756
Tax losses	1,124	1,270	–	–
Other	155	52	(265)	385
Deferred tax assets/(liabilities)	1,504	1,322	(3,793)	(6,410)

The following outlines the expected settlement deferred tax amounts:

	2014 US$'000	2013 US$'000
Settled within 12 months	(1,592)	(1,532)
Settled after more than 12 months	(697)	(3,556)
Net deferred tax liabilities	(2,289)	(5,088)

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

	2014 US$'000	2013 US$'000
Net deferred tax liabilities at beginning of year	(5,088)	(5,245)
Acquisitions – net deferred tax liabilities	(164)	(5,247)
Credited/(debited) to equity	907	(34)
Credited to the profit or loss	1,708	5,438
Net deferred tax liabilities at 31 December	(2,289)	(5,088)

The deferred tax balance includes an amount of $1,124,000 which relates to carried forward tax losses of subsidiaries in the SpeedCast International Group. For each subsidiary where the losses have been carried forward management estimate 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.

20 Trade and other payables

	2014 US$'000	2013 US$'000
Trade payables due to third parties	17,769	7,299
Other payables		
Accrued charges and other creditors	7,191	7,383
Advance receipts	3,166	3,606
Deferred revenue	3,814	4,169
Deferred consideration	–	4,506
	14,171	19,664
Total trade and other payables	31,940	26,963
Less: non-current portion	(66)	(26)
Current portion	31,874	26,937

The non-current portion represented provision for asset retirement obligation for the lease premises.

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

21 Obligations under finance leases

At 31 December 2014, the Group had obligations under finance lease repayable as follows:

	As at 31 December 2014		As at 31 December 2013	
	Minimum lease payments US$'000	Present value of minimum lease payments US$'000	Minimum lease payments US$'000	Present value of minimum lease payments US$'000
Within one year	70	67	36	34
Later than one year but not later than five years	55	50	70	68
Less: Future finance charges	(8)	–	(4)	–
Present value of lease obligations	117	117	102	102

The interest rates of the finance leases ranged from 4% to 21 % (2013: 1.75% to 8%) for office equipment and motor vehicles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Borrowings

(a) On 20 May 2013, the Group repaid the Notes due to ultimate holding company in full, together with accrued interest and a prepayment penalty of US$1,373,000. At 31 December 2013, no amounts were outstanding in respect of the Notes.

On 20 May 2013, the Group obtained loans from ING Bank to finance the acquisition of Pactel. On 28 May 2013, additional loans were obtained from Partners Group and Siemens to refinance the loans from the immediate holding company.

These loans were granted under a Senior Term and Revolving Facilities Agreement and InterCreditor Agreement. This comprised a term loan of US$50,000,000, and a revolving facility of US$5,000,000. At 31 December 2013, the term loan was fully drawn; US$300,000 had been drawn as bank guarantee with interest rate at 4% per annum under the revolving facility on 27 September 2013.

On 27 March 2014, the loan was amended. Under the terms of this agreement, the term loan was increased to $80 million, which was fully drawn, and the revolver to US$10 million. The term loan had a maturity of 5 years, repayable in installments.

Principal repayments were scheduled to occur in 2014 on the term loan on 30 May 2014, 29 August 2014, and 28 November 2014, for amounts of US$1,250,000 each. The costs of setting up the initial financing amounted to US$2,613,000 and were set off with the loan and amortised over the maturity of the term loan. At inception, the effective interest rate of the term loan was 6.46%, based on a LIBOR assumption of 0.28%.

The loan was fully settled on 15 August 2014.

(b) On 15 August 2014, the Group was refinanced with a revolving facilities of US$60 million with Westpac Banking Corporation, HSBC and Siemens Financial Services Inc.. The revolving facilities include US$35 million to be drawn in Australian dollars with a 3 year term, and US$25 million to be drawn in United States dollars with a 5 year term. As at 31 December 2014, US$41.5 million was drawn.

The cost of setting up the initial financing amount to US$376,000 and has been set off with the loan amount amortised over the maturity of the revolving loan.

At inception, the effective interest rate of the term loan with maturity of 3 years drawdown in Australian dollars is 4.39%, based on a Libor assumption of 2.69%; the effective interest rate of the term loan with maturity of 5 years drawdown in United States dollars is 2.16%, based on a LIBOR assumption of 0.16%.

The credit lines are subject to the completion of affirmative and negative covenants, including the commitment not to exceed certain financial ratios semiannually. As of 31 December 2014 the Group has met all its financial covenants. The covenants include the following ratios, which are contractually defined in the agreement: Interest Cover Ratio (pro forma EBITDA/pro forma net interest expense) and Net Leverage Ratio (net debt/pro forma EBITDA).

At 31 December 2014, interest-bearing bank loans and overdrafts were due for payment as follows:

	2014 US$'000	2013 US$'000
Portion of bank loans due for repayment within one year	–	3,315
After 1 year but within 2 years	–	4,525
After 2 years but within 5 years	41,278	40,062
	41,278	47,902

23 Derivative financial instruments

	2014 US$'000	2013 US$'000
Carried at fair value		
– Interest rate swap contracts	2	153
– Interest rate cap/floor/collar contracts	8	58
	10	211

During the year ended 31 December 2014, the Group obtained AUD and US dollar-denominated borrowings (note 22). Certain derivative contracts were entered into to partially hedge the cash flow interest rate risk. The balances shown above represented the fair values of these derivative contracts as at 31 December 2014. The Group recognised a net fair value gain of US$201,000 in relation to these financial instruments in the 'other gain/(loss)' in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 (2013: loss of US$211,000).

The total notional principal amount of the outstanding interest rate swap contracts as at 31 December 2014 was US$5,000,000 (2013: US$15,500,000).

The total notional principal amount of the outstanding interest rate cap/floor/collar contracts as at 31 December 2014 was US$19,000,000 (2013: US$10,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Equity

(a)(i) Contributed equity

	No. of Shares	As at 31 December 2013 US$
Preference shares	11,568,525	35,863
Performance shares	11,796,875	1

	No. of Shares	As at 31 December 2014 US$'000
Ordinary shares	120,168,355	84,126

(a)(ii) IPO and capital reconstruction

SpeedCast International Limited was incorporated on 14 July 2014 and undertook an initial public offering on 12 August 2014. In connection with the IPO, SpeedCast International Limited undertook a capital reconstruction. Under the reconstruction SpeedCast International acquired all of the issued capital of SpeedCast Acquisitions Limited.

SpeedCast International Limited determined that the acquisition of SpeedCast Acquisitions Limited and its wholly owned subsidiaries did not represent a business combination as defined by AASB3. The appropriate accounting treatment for recognising the new group structure has been determined on the basis that the transaction was a form of capital reconstruction and group reorganisation.

As a result, the consolidated financial statements of SpeedCast International Limited have been prepared as a continuation of the financial statements of the accounting acquiree, SpeedCast Acquisitions Limited. The impact of capital reorganisation on the capital of the consolidated entity is shown below.

	No. of Shares	US$'000
Contributed equity		
Share capital as at 31 December 2013 (SpeedCast Acquisitions Limited)*	23,365,400	35,864
Preference shares issued	152,805	991
Performance shares issued	1,273,438	–
Transfer from share-based payment reserve for vested performance shares	–	1,391
Conversion of preference shares to ordinary shares**	69,390,644	–
Conversion of performance shares to ordinary shares**	(317,347)	–
Issue of ordinary shares by SpeedCast International at IPO	26,303,415	48,327
Capital raising costs	–	(3,354)
Deferred tax recorded directly in equity	–	907
	120,168,355	84,126

* Share capital of SpeedCast Acquisitions Limited, is pre-reorganisation capital structure, which included Preference Shares, Performance Shares and Share Premium Reserve. All amounts in these accounts are transferred to Ordinary Share Capital as part of the reorganisation at the time of the IPO.

** The existing shares in SpeedCast Acquisitions Limited were converted to shares in SpeedCast International as part of the reorganisation, which had no impact on the total value of contributed equity.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

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

(a)(iii) Options

For information relating to share options the SpeedCast International Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to the Remuneration 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 2013	462	–	462
Currency translation differences	–	4,527	4,527
	462	4,527	4,989
Share-based payment expenses	3,029	–	3,029
Issue of preference shares	(3,310)	–	(3,310)
As at 31 December 2013	181	4,527	4,708
As at 1 January 2014	181	4,527	4,708
Currency translation differences	–	(5,246)	(5,246)
	181	(719)	(538)
Transactions with owners in their capacity as owners			
Share-based payment expenses	1,442	–	1,442
Transfer from share based payment reserve for vested performance shares	(1,391)	–	(1,391)
As at 31 December 2014	232	(719)	(487)

Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options 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 United States dollar against the Australian dollar during the year.

(c) Accumulated losses

	2014 US$'000	2013 US$'000
Balance as at 1 January	18,096	2,463
Net loss for the year	6,944	15,633
Dividend declared	30,000	–
Balance as at 31 December	55,040	18,096

The dividend was paid in April 2014 prior to the completion of the IPO and capital reconstruction.

25 Reconciliation of loss after income tax to net cash inflows from operating activities

	2014 US$'000	2013 US$'000
Loss before income tax	(6,835)	(18,542)
Adjustments for:		
Depreciation of property, plant and equipment	4,256	3,224
Amortisation of intangible assets	7,872	12,719
Loss on disposal of property, plant and equipment	25	1
Share-based payment expense	1,442	157
Fair value (gain)/loss on derivative financial instruments	(201)	211
Provision for impairment of trade receivables	253	1,142
Share of profits from interest in joint ventures	(45)	–
Finance costs	7,918	8,223
Exchange (gain)/loss from borrowings	(1,631)	5,789
Foreign exchange losses	622	430
IPO and transaction related costs	7,662	2,560
Changes in working capital:		
(Increase)/decrease in inventories	(1,442)	327
(Increase) in trade and other receivables	(4,423)	(1,592)
Increase in trade and other payables	5,254	2,192
Cash generated from operating activities	20,727	16,841

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2014 US$'000	2013 US$'000
Net book amount	129	51
Loss on disposal of property, plant and equipment	(25)	(1)
Proceeds from disposal of property, plant and equipment	104	50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Business combinations

As of the date of this report, verifications of individual assets or liabilities of the acquired businesses are in progress and the Group has not finalised the fair value assessments. The fair value of individual assets or liabilities stated below are based on the Director's best estimation. The fair values of the assets or liabilities acquired and the amounts of goodwill to be recorded will be adjusted in the consolidated financial statements for the year ending 31 December 2015 upon the finalisation of the purchase price allocation.

(a) Satcomms

On 8 May 2014, the Group entered into a share purchase agreement to purchase 100% of the share capital of Satellite Communications Australia Pty Ltd ("Satcomms"), a satellite service provider based in Queensland, Australia. The acquisition was completed on 2 June 2014.

Goodwill of US$1,097,000, intangible assets of US$1,178,000, net tangible liabilities of US$1,541,000, deferred tax assets of US$464,000 and deferred tax liabilities of US$353,000 were recognised in relation to this acquisition. The goodwill arises from a number of factors. The most significant amongst these is the premium attributable to a pre-existing, well-positioned business that is in operation in a competitive market. Other significant factors include synergies through accessing a highly skilled workforce and obtaining economies of scale.

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

	US$'000
Consideration:	
– Cash	845
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	83
Inventory	188
Trade and other receivables	1,291
Property, plant and equipment (Note 17)	1,096
Intangible assets (Note 18)	1,178
Deferred tax assets	464
Trade and other payables	(1,364)
Borrowings	(2,835)
Deferred tax liabilities	(353)
Total identified net liabilities	(252)
Goodwill	1,097

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.

(b) Oceanic

On 8 May 2014, the Group entered into a share purchase agreement to purchase 100% of the share capital of Oceanic Broadband Solutions Pty Ltd ("Oceanic"), a VSAT service provider based in Australia. The acquisition was completed on 1 July 2014.

Goodwill of US$1,958,000, intangible assets of US$1,042,000, net tangible liabilities of US$159,000, deferred tax assets of US$38,000 and deferred tax liabilities of US$313,000 were recognised in relation to this acquisition. The goodwill arises from a number of factors. The most significant amongst these is the premium attributable to a pre-existing, well-positioned business that is in operation in a competitive market. Other significant factors include synergies through accessing a highly skilled workforce and obtaining economies of scale.

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

	US$'000
Consideration:	
– Cash	2,566
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	45
Inventory	30
Trade and other receivables	820
Property, plant and equipment (note 17)	218
Intangible assets (note 18)	1,042
Deferred tax asset	38
Accrual and other payables	(1,043)
Borrowings	(229)
Deferred tax liabilities	(313)
Total identified net assets	608
Goodwill	1,958

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Business combinations (Continued)

(c) Additional information

Acquisition-related costs of US$543,000 (2013: US$2,560,000) 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 2014.

In the consolidated statement of cash flows, payment for acquisition of these businesses comprises:

	Satcomms US$'000 (Note 26(a))	Oceanic US$'000 (Note 26(b))	Total US$'000
Outflow of cash to acquire subsidiaries			
– Cash consideration paid	845	2,566	3,411
– Cash and cash equivalents of subsidiaries acquired	(83)	(45)	(128)
Cash outflow on acquisition of subsidiaries, net of cash acquired			3,283

The total revenue included in the consolidated income statement since the dates of acquisitions contributed by Satcomms and Oceanic was US$6,103,000. Satcomms and Oceanic also contributed a total profit of US$321,000 for the year ended 31 December 2014. Due to financial, legal and operational reorganisations, it is impracticable to disclose either the profit or loss of the combined entities as though the acquisitions dates had been 1 January 2014, 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 2014.

27 Dividends

	2014 US$'000	2013 US$'000
Dividends declared during the year		
Preference shares		
Interim dividend for the year ended 31 December 2014 of US$2.5932 per fully-paid preference share pre-IPO (2013: nil)	30,000	–
Dividends declared after the year end		
Ordinary shares		
Final dividend for the year ended 31 December 2014 of AUD3.36 cents per fully-paid share post-IPO (2013: nil)	3,150	–

On 24 February 2015, the Directors approved the payment of a dividend of AUD3.36 cents per share which will be fully franked.

28 Earnings per share

	2014 Cents	2013 Cents
a. Basic loss per share attributable to ordinary equity holder of the Group	7.3	19.6
b. Diluted loss per share attributable to ordinary equity holder of the Group	7.3	19.6

	2014 US$'000	2013 US$'000
c. Earnings used in calculating earnings per share		
Basic loss per share	(6,944)	(15,633)
Diluted loss per share	(6,944)	(15,633)

	2014 Number	2013 Number
d. Weighted average number of share used as denominator		
Number of ordinary shares used as the denominator in calculating basic earnings per share	95,391,242	79,637,536
Number of ordinary shares used as the denominator in calculating diluted earnings per share	95,391,242	79,637,536

The number of ordinary shares outstanding has been adjusted retrospectively back to 1 January 2013 for the capital reconstruction which occurred on 14 August 2014, as described in note 24(a)(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Commitments

(a) Capital commitments

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

	2014 US$'000	2013 US$'000
Purchase of property, plant and equipment	658	57

(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 one to three 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:

	2014 US$'000	2013 US$'000
No later than 1 year	1,376	1,250
Later than 1 year and no later than 5 years	2,403	2,503
	3,779	3,753

30 Related party transactions

The following transactions were carried out with related parties:

(a) Related party transactions

During the year ended 31 December 2013, the Group had paid interest expense of US$1,144,000 (note 10) to its ultimate holding company for the loan due to its ultimate holding company which bore interest at 12% per annum and was repayable on 30 November 2018. The loan was repaid in full on 20 May 2013.

(b) Key management personnel compensation

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

	2014 US$'000	2013 US$'000
Short-term employee benefit	1,799	1,988
Long-term benefit	–	171
Post-employment benefits	131	209
Share-based payments	997	157
	2,927	2,525

The Remuneration Report contained in 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 2014.

No termination payments were made in 2014 or 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Investments in subsidiaries

The following is the list of the principal subsidiaries at 31 December 2014:

Name	Place of incorporation and kind of legal entity	Principal activities and place of Operation	Particulars of issued share capital and debt securities	Interest Held
Directly held:				
SpeedCast Group Holdings Pty Ltd	Australia, limited liability company	Investment holding company	1 ordinary share of A$1 each	100%[1]
SpeedCast Limited	Hong Kong, limited liability company	Provision of satellite communication service and network solution in Asia-Pacific	10,000,000 ordinary share of HK$0.01 each (2013: HK$100,000)	100%[2]
SpeedCast Malaysia Sdn. Bhd.	Malaysia, limited liability company	Provision of satellite communication service in Malaysia	500,000 ordinary share of MYR 1.00 each (2013: MYR 500,000)	100%[3]
Indirectly held:				
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 (2013: 1 ordinary share of SG$1)	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 US$340,000 (2013: US$340,000)	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 (2013: A$1)	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 share of A$0.625 each (2013: 1,600 ordinary share of A$0.625 each)	100%[4]
Pactel PNG Limited	Papua New Guinea, limited liability company	Provision of satellite communications service provider in Papua New Guinea	100 ordinary share of PNG Kina $1 each (2013: 100 ordinary share of PNG Kina $1 each)	100%[5]
SpeedCast Europe B.V.	Netherlands, limited liability company	Provision of maritime and offshore satellite communication services	180 ordinary share of EUR 100 each (2013: 180 ordinary share of EUR 100 each)	100%[6]
SpeedCast Netherlands B.V.	Netherlands, limited liability company	Investment holding company	1 ordinary share of EUR 1 each (2013: 1 ordinary share of EUR 1 each)	100%[7]
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 (2013: 1,000 ordinary share of A$0.1 each)	100%[8]
Oceanic Broadband Solutions Pty Ltd	Australia, limited liability company	Provision of satellite communications service based in Queensland	100 ordinary share of A$1 each (2013: 100 ordinary share of A$1 each)	100%[9]
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 US$0.01 each (2013: N/A)	100%[10]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Investments in subsidiaries (Continued)

[1] SpeedCast Group Holdings Pty Ltd was first incorporated on 14 July 2014 as a wholly owned subsidiary of SpeedCast International Limited.

[2] SpeedCast Limited was a subsidiary of SpeedCast Acquisitions Limited and being sold to SpeedCast International Limited as a wholly owned subsidiary on 14 August 2014.

[3] SpeedCast Malaysia Sdn. Bhd was a wholly owned subsidiary of SpeedCast Holdings Limited and sold to SpeedCast International Limited as a wholly owned subsidiary on 14 August 2014.

[4] SpeedCast Pacific Pty. Ltd. Formerly was known as Pactel International Pty Limited was first incorporated on 25 July 2003 as and became a wholly owned subsidiary of ASC on 31 May 2013.

[5] Pactel PNG Limited was first incorporated on 18 October 2010 as a wholly owned subsidiary of Pactel International Pty Limited on 31 May 2013.

[6] SpeedCast Europe B.V., formerly known as Satfa B.V., was first incorporated on 6 November 2001 and became a wholly owned subsidiary of SpeedCast Netherlands BV on 16 January 2013.

[7] SpeedCast Netherlands BV was first incorporated on 10 January 2013 as a wholly owned subsidiary of SpeedCast Limited.

[8] Satellite Communications Australia Pty. Ltd was first incorporated on 26 November 2003 and became a wholly owned subsidiary of the Group on 2 June 2014.

[9] Oceanic Broadband Solutions Pty. Ltd. was first incorporated on 22 June 2007 and became a wholly owned subsidiary of the Group on 1 July 2014.

[10] SpeedCast Americas Inc. was incorporated on 15 October 2014 as a wholly owned subsidiary of SpeedCast Group Holdings Pty. Ltd.

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 (%) 2014	Percentage owned (%) 2013
Satcomms Limited	Joint Venture	British Virgin Islands	Provision of satellite communications service	50	–
Satellite Communications NZ Limited	Joint Venture	New Zealand	Provision of satellite communications service in New Zealand	50	–
Vcomms Limited	Joint Venture	Papua New Guinea	Dormant	50	–

33 Deed of Cross-Guarantee

The 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 a 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 balance sheet, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 Deed of Cross-Guarantee (Continued)

Consolidated statement of profit or loss and other comprehensive income

	2014 US$'000
Revenue from continuing operations	73,742
Cost of equipment and bandwidth services	(46,481)
Other gain	140
Staff costs	(7,784)
Depreciation of property, plant and equipment	(1,068)
Amortisation of intangible assets	(3,623)
IPO and transaction related costs	(7,282)
Other loss, net	(8,943)
Finance costs, net	(5,302)
Share of profit from interest in joint venture	5
Loss before income tax	(6,596)
Income tax credit	276
Loss for the year attributable to owners of the Company	(6,320)
Other comprehensive income	
Item that may be reclassified to profit and loss	
– Currency translation difference	(13,086)
Total comprehensive profit for the year attributable to members of the entity	(19,406)

Consolidated Statement of Financial Position

	2014 US$'000
ASSETS	
Current assets	
Cash and cash equivalents	8,056
Trade and other receivables	13,995
Inventories	891
Total current assets	**22,942**
Non-current assets	
Interests in joint ventures	5
Property, plant and equipment	3,966
Goodwill and intangible assets	34,800
Investment in subsidiaries	10,174
Total non-current assets	**48,945**
Total assets	**71,887**
LIABILITIES	
Current liabilities	
Trade and other payables	19,812
Income tax payable	110
Deferred tax liability	558
Amount due to related companies	2,871
Total current liabilities	**23,351**
Non-current liabilities	
Borrowings	29,478
Obligations under finance leases	51
Total non-current liabilities	**29,529**
Total liabilities	**52,880**
Net assets	**19,007**
EQUITY	
Equity attributable to owners of the Company	
Contributed equity	45,880
Other reserves	(12,855)
Retained earnings	(14,018)
Total equity	**19,007**

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, SpeedCast International Limited and has been prepared in accordance with Australian Accounting Standards.

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

Please note that 2013 represents the financial information of SpeedCast Acquisitions Limited.

Statement of Financial Position

	2014 US$'000	2013 US$'000
Assets		
Current assets	77,335	1,997
Non-current assets	42,659	32,241
Total assets	**119,994**	**34,238**
Liabilities		
Current liabilities	1,997	5,670
Non-current liabilities	4,236	–
Total liabilities	**6,233**	**5,670**
Equity attributable to owners of the Company		
Contributed equity	45,880	35,864
Other reserves	(11,074)	–
Retained earnings/(accumulated losses)	78,955	(7,296)
Total equity	**113,761**	**28,568**
Profit/(loss) for the year	**78,955**	**(4,411)**

Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2014 (2013: Nil).

35 Auditors' remuneration

	2014 US$	2013 US$
Remuneration of auditor of the parent entity – PricewaterhouseCoopers ("PwC") Australia		
Audit and review of financial statements	207,688	–
Audit and other assurance services	–	23,325
Taxation services	9,134	–
Total remuneration of PwC Australia	**216,822**	**23,325**
Remuneration to other related entities of PwC Australia		
Audit and review of financial statements	181,271	27,940
Audit and other assurance services	–	153,693
Transaction related services	1,246,224	–
Other services	109,912	–
Total remuneration of other related entities of PwC Australia	**1,537,407**	**181,633**
Remuneration to auditors other than PwC Australia or its related entities		
Audit and other assurance services	–	21,050
Taxation services	–	17,673
Total remuneration to auditors other than PwC Australia or its related entities	**–**	**38,723**

36 Events after the balance sheet date

On 24 February 2015, SpeedCast acquired Geolink Satellite Services for EUR7.4 million, subject to receiving regulatory approval.

On 13 March 2015, SpeedCast entered into a definitive agreement to acquire Hermes Datacomms for an initial consideration of US$25.5 million on a debt free, cash free basis. Further consideration of up to US$8.5 million is payable on the achievement of certain revenue targets in 2015. The transaction completed on 25 March 2015.

Acquisition accounting for both of these acquisitions had not been finalised at the time the financial statements were authorised for issue.

There have been no other material post balance sheet events since 31 December 2014.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 36 to 75 are in accordance with the Corporations Act 2001, including:

- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial year ended on that date, and

(b) 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

(c) 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 30 March 2015.

Pierre-Jean Beylier

Chief Executive Officer, Executive Director

30 March 2015

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report to the Members of SpeedCast International Limited

Report on the Financial Report

We have audited the accompanying financial report of SpeedCast International Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for SpeedCast International Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GP Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

pwc

Auditor's opinion

In our opinion, the financial report of SpeedCast International Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 24 to 33 of the directors' report for the year ended 31 December 2014. 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.

Auditor's opinion

In our opinion, the remuneration report of SpeedCast International Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Forman
Partner

Adelaide
30 March 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GP Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

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 31 March 2015.

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

	Shareholders	Number of shares	Percentage held%
1	TA ASSOCIATES	29,509,093	24.56%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	19,857,537	16.52%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,830,334	11.51%
4	CITICORP NOMINEES PTY LIMITED	9,423,969	7.84%
5	BRISPOT NOMINEES PTY LTD	9,359,034	7.79%
6	MR PIERRE-JEAN BEYLIER	7,093,859	5.90%
7	NATIONAL NOMINEES LIMITED	6,767,607	5.63%
		95,841,433	79.75%

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	115,972,173	32
10,001 to 100,000	2,695,629	117
5,001 to 10,000	890,799	110
1,001 to 5,000	578,660	186
1 to 1,000	31,094	55
Total	120,168,355	500
Unmarketable Parcels	185	5

Twenty largest shareholders			
1	TA ASSOCIATES	29,509,093	24.56%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	19,857,537	16.52%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,830,334	11.51%
4	CITICORP NOMINEES PTY LIMITED	9,423,969	7.84%
5	BRISPOT NOMINEES PTY LTD	9,359,034	7.79%
6	MR PIERRE-JEAN BEYLIER	7,093,859	5.90%
7	NATIONAL NOMINEES LIMITED	6,767,607	5.63%
8	UBS NOMINEES PTY LTD	5,578,753	4.64%
9	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	3,070,066	2.55%
10	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,480,775	2.06%
11	BNP PARIBAS NOMS PTY LTD	1,542,945	1.28%
12	MR MARK ELLISON	1,201,288	1.00%
13	MR ANDRE EERLAND	1,154,474	0.96%
14	MR MARK BORGAS	772,165	0.64%
15	MR PETER RADFORD	491,419	0.41%
16	CS FOURTH NOMINEES PTY LTD	488,798	0.41%
17	MR WAI KIT CHUNG	459,968	0.38%
18	MR ALLEN SCHOONMAKER	340,125	0.28%
19	MR GILBERT YAU	310,674	0.26%
20	MR GUILLAUME MAUFFREY	307,465	0.26%
	Total	114,040,348	94.88%
	Balance of register	6,128,007	5.12%
	Grand total	120,168,355	100.00%

Unissued equity securities

Options issued 1,488,295.

Voluntary escrow

Shares under voluntary escrow, until release of June 2015 Half-Year Annual Results:

Ordinary shares 42,459,214.

Securities exchange

The Company is listed on the Australian Securities Exchange.

CORPORATE DIRECTORY

Directors

John Mackay, AM – Chairman

PJ Beylier – Chief Executive Officer

Grant Ferguson

Peter Jackson

Edward 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:

Museum of Sydney

Phillip St & Bridge Street, Sydney NSW 2000, Australia

Time: 9am (Sydney local time)

Date: Friday, 15 May 2015

Registered Office

Level 2, 470 Collins Street

Melbourne, VIC, 3000, Australia

Principal Place of Business

SpeedCast Headquarters

9/F, Phase II, China Taiping Tower

8 Sunning Road, Causeway Bay, 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, GP Box 418,

Adelaide SA 5001

Stock Exchange Listing

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

Website

www.speedcast.com

SpeedCast

www.speedcast.com