SKY AND SPACE GLOBAL LTD AND CONTROLLED ENTITIES
ABN 73 117 770 475

APPENDIX 4E-PRELIMINARY FINAL FINANCIAL REPORT

1. REPORTING PERIOD
Financial period end 30 June 2017

PREVIOUS REPORTING PERIOD
Financial period end 30 June 2016

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2017	30 June 2016
Revenue	54,376	9,217
(Loss) after income tax attributable to members[1]	(14,859,991)	(5,764,534)
Net (Loss) for the period attributable to members[1]	(14,859,991)	(5,764,534)

[1]Includes one-off share based payment expense of $11,443,599 (2016: recapitalisation cost of $3,581,112 following the reverse acquisition transaction of Sky and Space Global (UK) Ltd and transaction costs of $800,000 (refer note 20 of the Financial Report).

Dividends Paid or Recommended
No dividends have been paid or declared for payment during the financial year.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Refer 'Consolidated Statement of Comprehensive Income' per the Financial Report.

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Refer 'Consolidated Statement of Financial Position' per the Financial Report.

5. CONSOLIDATED STATEMENT OF CASHFLOWS
Refer 'Consolidated Statement of Cashflows' per the Financial Report.

6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Refer 'Consolidated Statement of Changes in Equity' per the Financial Report.

7. DIVIDENDS AND DISTRIBUTIONS
N/A

8. DIVIDEND AND DISTRIBUTION PLANS
N/A

9. NET TANGIBLE ASSETS PER SHARE

	2017 cents/share	2016 cents/share
Net tangible assets per share	1.02	1.14

10. DETAILS OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD
Control was gained over a newly incorporated entity, Sky and Space Global (Israel) Ltd; refer to note 14 of the Financial Report for full details. There were no disposals during the year.

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

N/A

12. OTHER SIGNIFICANT INFORMATION

There were no other significant matters to report other than those disclosed in the Financial Report.

13. FOREIGN ENTITY REPORTING

Subsidiaries are incorporated in the UK, Poland and Israel where International Financial Reporting Standards are applied to compile local Financial Reports. Refer to note 14 for details on foreign entities controlled by the Company.

14. COMMENT ON RESULTS

Review of Operations

Refer to page 5 in the Financial Report.

Operating Results

	2017 cents/share	2016 cents/share
Earnings per share	(1.10)	(1.70)
Net (Loss) for the period attributable to members	(14,859,991)	(5,764,534)

The net loss after tax for the period includes significant one-off non-cash accounting adjustments relating to the recognition of share based payments in relation to performance rights and performance shares of $11,443,599 (2016: recapitalisation of $3.58m and transaction costs of $800,000). Further details relating to the recognition of these items are disclosed in note 20 of the Financial Report.

Segment Analysis

Refer to note 23 of the notes to the financial statements.

Discussion of Trends on Performance

Refer to the Review of Operations at page 5 of the Financial Report.

15. AUDIT STATUS

This report is based on Financial Statements that have been audited.

16. UNAUDITED FINANCIAL STATEMENTS

N/A

17. AUDIT OPINION

Not subject to a modified opinion, however an emphasis of matter has been raised in relation to the Group's going concern assessment (refer note 2b of the financial report for full details).

Sky and Space Global Ltd

ABN 73 117 770 475

FINANCIAL REPORT
30 JUNE 2017

Contents

Corporate Directory

Directors

Meir Moalem
CEO & Managing Director

Brett Mitchell
Executive Director

Peter Wall
Non-Executive Chairman

Maya Glickman-Pariente
Non-Executive Director

Yonatan Shrama
Non-Executive Director

Company Secretary

Rachel Kerr

Registered Office and Principal Place of Business

Level 7, 1008 Hay Street
Perth WA 6000
Tel: +61 8 9389 2000
Fax: +61 8 9389 2099

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditors

Bentleys Audit and Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
Perth WA 6000

Securities Exchange Listing

Sky and Space Global Ltd securities are listed on the Australian Securities Exchange (ASX)

ASX Code 'SAS' for ordinary shares

Share Registry

Boardroom Limited
Grosvenor Place, Level 12
225 George Street
Sydney, NSW 2000, Australia

Website

skyandspace.global

Directors' Report

The Directors present their report on Sky and Space Global Limited ("the Company") and its controlled entities ("group") for the financial period ended 30 June 2017.

Directors
The names of Directors in office at any time during or since the end of the period are:

Director	Title	Appointment Date	Resignation Date
Meir Moalem	Managing Director	12 May 2016	-
Brett Mitchell	Executive Director	12 May 2016	-
Peter Wall	Non-Executive Chairman	27 October 2015	-
Maya Glickman-Pariente	Non-Executive Director	12 May 2016	-
Yonatan Shrama	Non-Executive Director	12 May 2016	-

Directors have been in office since the start of the financial period to the date of this report.

Company Secretary
Rachel Kerr held the position of Company Secretary for the full financial year.

Principal Activities
Sky and Space Global Ltd is an ASX listed (SAS) satellite company with European and Israeli centres of Aerospace, Satellite and Software Industry Experts.

The Company's core business is to construct and operate a communications infrastructure based on nano-satellite technology and develop highly sophisticated software systems that will deploy, maintain orbit control and handle the communication network in space to provide a global coverage. The Company successfully launched its first three nano-satellites, the '3 Diamonds', into space in June 2017 and is preparing for the launch of a constellation of 200 more nano-satellites by 2020.

The Company's vision is to provide low cost, nano-satellite communication coverage to anyone, anywhere with relatively low maintenance costs. This will enable Sky and Space Global to deliver cost-effective communications infrastructure and services to the telecommunications and international transport industries. Sky and Space Global Ltd owns 100% of its operating subsidiary Sky and Space Global (UK) Limited.

Operating Results
The consolidated loss of the group amounted to $14,859,991 (2016: $5,764,534), which includes non-cash based one-off expense of $11,443,599 in relation to share based payments (2016: Recapitalisation and transaction expenditure incurred on the acquisition of Sky and Space Global (UK) Ltd of $3,581,112 and $800,000 respectively (as per note 20)).

Dividends Paid or Recommended
No dividends have been paid or declared for payment during, or since, the end of the financial period.

Directors' Report

Review of Operations

Highlights

- A number of key strategic partnerships were secured with those in the telecommunications and space industries. These will provide opportunities for collaboration between Sky and Space Global and other enterprises that are working to provide affordable communications services across the globe
- Significant progress was made operationally, highlighted by the 3 Diamonds nano-satellites being launched in June 2017 and the subsequent successful testing of operational capacity
- At the beginning of May 2017, Sky and Space Global's Placement was closed heavily oversubscribed. The Company had cash at bank of approximately $9.9m as at 30 June 2017
- Sky and Space Global was recognised as an industry leader, receiving the 2016 Frost & Sullivan Global Technology Innovation Award for Narrow-Band Nano-Satellite Connectivity Services
- More recently, SAS announced it had made global satellite industry history - first time ever that inter-satellite communication of nano-satellites has been performed with satellites spread hundreds of kilometres apart

Corporate

Capital Raising

Investment in Sky and Space Global has remained strong throughout the financial year. The Company had raised $5.1m in December 2016 and at the beginning of May 2017 was pleased to announce that its Placement had closed heavily oversubscribed. On 10 May 2017 it was confirmed that the Company had completed its share placement to institutional funds and sophisticated investors to raise $10m before costs.

The Company had cash at bank of approximately $9.9m as at 30 June 2017.

Corporate Rebranding

The Company underwent a corporate rebranding ahead of the 3 Diamonds launch, revealing a new website and logo, giving the Company's image a refresh and signalling its continuing success.

Operations

3 Diamonds Launch

The highlight of the financial year was the successful launch of the 3 Diamonds nano-satellites which took place on 23 June 2017. Following months of hard work and preparation, the 3 Diamonds were launched from the Indian Space Research Organisation's Polar Satellite Launch Vehicle, Campaign 38. This marked the most significant milestone for the Company to date and the first in-space commercial demonstration of SAS's technology and disruptive business model.

Prior to the launch, Sky and Space Global reached another important milestone, having been issued with key satellite operating licenses from the UK Space Agency.

Inter-satellite link testing - a global first

Following the end of the financial year, the Company announced Inter-satellite links between the 3 Diamonds were tested and verified with data rates of up to 2 Mega Symbols per Second. This marked a major achievement, not only for Sky and Space Global and its shareholders, but for the global telecommunications and satellite industries as it was the first time ever that inter-satellite communication of nano-satellites has been performed with satellites spread hundreds of kilometres apart.

Preliminary Design Review

The Company announced on 5 July 2017 it conducted a Preliminary Design Review (PDR) of its constellation, the next big step forward for the Company following the successful 3 Diamonds launch. The PDR is an assessment conducted on the overall design of Sky and Space Global's nano-satellite Equatorial constellation, to verify it meets specifications and requirements. As part of the PDR, GomSpace engineers and the SAS team analysed all mission aspects and all nano-satellite components, with special attention given to the expected performance at operational scenarios, as well as the Company's requirements for the production and delivery of the commercial in-space constellation.

Directors' Report

Strategic Partnerships

WeFarm

In May 2017, Sky and Space Global signed a Memorandum of Understand (MOU) with WeFarm Ltd, the world's largest knowledge and data network for small-scale farmers. The MOU was to explore the integration of the Company's nano-satellite communication platform into WeFarm's process of on-boarding users, who are small-scale farmers living in remote and isolated locations.

Under the terms of the MOU, SAS will help WeFarm to enhance mobile network coverage and connectivity for WeFarm's users, through integrating Sky and Space Global technology and equatorial nano-satellite constellation platform, together with the WeFarm data sharing services for its users.

RBC Signals

Sky and Space Global partnered with Seattle-based RBC Signals, a U.S. company that provides a global network of ground stations by using excess capacity from existing facilities. Following the 3 Diamonds launch, the Company used an RBC Signals ground station in Prudhoe Bay, Alaska, for initial communications with the nano-satellites. RBC Signals provides ongoing communications services for the nano-satellites, and part of the partnership involved working to set up regulatory approvals with the U.S. Federal Communications Commission.

Sky and Space's partner Sat-Space Africa secures new telco contracts

The Company's wholesale partner, Sat Space Africa, secured customers looking to access the bandwidth from the 3 Diamonds. The potential revenues from the new contracts range from around US$500,000 per year to potential future revenues of circa US$10 million to US$35 million annually once the Company's full constellation of nano-satellites is up and running. Following the end of the financial year, the Company announced it had executed a binding commercial contract with Sat-Space Africa.

Globalsat

In March 2017, Globalsat Group and Sky and Space Global announced a MOU. Under the agreement, Globalsat Group will take part in early trials of the Sky and Space Global satellite system. The non-binding deal also involves working towards establishing a commercial agreement for providing services to end-users across Globalsat Group's multi country footprint. This represents Sky and Space Global's first entry into the large equatorial South and Latin American market as well as providing strong customer validation from a leading American satellite communications provider.

US Department of Defence

In February 2017, Sky and Space Global signed a Cooperation Agreement for Sharing Space Situational Awareness Services with the Department of Defence (DoD) of the United States of America.

This marks the first contract of its kind for the Company and the DoD and recognises the mutual objectives of both parties to ensure safe and peaceful space flight operations. The United States Strategic Command (USSTRATCOM) has been delegated authority by the US Secretary of Defence to provide space situational awareness services and information to Sky and Space Global, representing a significant validation of the expertise of the Company's management team and their stature in the aerospace industry.

SocialEco

A MOU was signed with SocialEco, a London based IT company that produces a $1 smartphone, with the vision to bring affordable, universal connectivity. The MOU stipulates that SocialEco and Sky and Space Global will initially explore potential markets, products and commercial opportunities to bring together SocialEco's $1 smartphone and Sky and Space Global's network coverage.

A pilot scheme will see SocialEco's $1 smartphone integrated with the Sky and Space Global app. The companies will then collaborate on the development of a new satellite smartphone. This collaboration should help both parties to realise their aim of bringing coverage to billions of people in remote locations along the equatorial belt.

BeepTool

In January 2017, Sky and Space Global entered into an agreement with BeepTool Communications & Integrated Services Ltd (BeepTool) via a letter of intent for a portion of bandwidth of the 3 Diamonds.

BeepTool is a mobile payments, messaging and voice app which is used by over 800,000 customers across Africa and globally.

Directors' Report

According to the agreement, BeepTool will collaborate with Sky and Space on pilot program integrating BeepTool app with Sky and Space Global's communication bandwidth software systems.

Virgin Orbit

Sky and Space Global continues to work closely with Virgin Orbit, with the parties signing a MOU to investigate the technical and commercial potential of the Company's nano-satellite communications network providing connectivity to Virgin Orbit's LauncherOne carrier aircraft, Cosmic Girl.

The parties will collaborate to determine whether Virgin Orbit's modified 747-400 carrier aircraft can be made compatible with Sky and Space Global's space-based communication network.

This builds on the Company's previously announced plans to launch a portion of its full constellation of nano-satellites on Virgin Orbit's launch vehicle. SAS has already secured four dedicated missions on LauncherOne from mid-2018.

Industry Leadership

Sky and Space Global has made significant progress over the last financial year raising its profile within the industry and media, establishing itself as an industry leader.

This was demonstrated when the Company was the recipient of the 2016 Frost & Sullivan Global Technology Innovation Award for Narrow-Band Nano-Satellite Connectivity Services. This was part of the Frost & Sullivan Best Practice Awards which recognise companies for leadership, innovation and strategic product development.

International Space University Scholarship

Sky and Space Global was pleased to launch a full-tuition scholarship for a student at the Southern Hemisphere Space Studies Program at the University of South Australia at the start of 2017.

After Reporting Date Events

Following the end of the financial year, the Company confirmed the 3 Diamonds were continuing to function as expected and testing was continuing. On 17 July 2017, the 3 Diamonds successfully completed Inter-satellite Links between the nano-satellites, this marked a major achievement not only for the Company but for the global telecommunications and satellite industries as it is the first time ever that inter-satellite communication of nano-satellites has been performed with satellites spread hundreds of kilometres apart.

The Company converted 23,500,000 Performance Rights held by Directors into Ordinary Shares on 21 July 2017 with the conversion milestone being met.

On 24 August 2017, the Company announced it had signed a binding commercial contract with Sat-Space Africa for provision of narrow-band services, following the initial binding Letter of Intent from 2016.

Apart from these matters, no other matters or circumstances have arisen since 30 June 2017 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial periods other than those already disclosed by the Company.

Change in Nature and Scale of Operations

There was no change in the nature and scale of the Company during the financial year.

Environmental Issues

The group's operations are subject to various environmental laws and regulations under the relevant Governments' legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve. There have been no significant known breaches by the group during the financial period.

Directors' Report

Future Developments, Prospects and Business Strategies
The Company will continue to pursue its policy of enhancing the prospect of greater returns to its investors through further strategic investments during the next financial period. Further information about likely developments in the operations of the group and the expected results of those operations in future financial periods has not been included in this report, because disclosure of the information would be likely to result in unreasonable prejudice to the group.

Information on Directors and Secretary
Names, qualifications experience, and special responsibilities of current directors and company secretary

<u>Meir Moalem</u> CEO & Managing Director

Qualifications and Experience A jet fighter pilot, Lt. Col (Res.) of the IAF, has over 20 years of experience in management, R&D and operation of state-of-the-art projects in Space Systems and Unmanned Aerial Systems, among those acting as a deputy sq. commander and leading the MEIDEX experiment on Space Shuttle Columbia (STS-107) as the project manager for Israel's first astronaut flight, Managing Israel's satellite projects (such as Ofeq, Tecsar) and more.

Meir has a B.Sc. in Physics and computer sciences (with honours) and an M.A. from the Diplomacy and National Security executive program (with honours). Currently he is working on his PhD in national security and space programs in Tel Aviv University, Israel. Meir has also received the Israel National Defence award in 2009.

Interest in Shares and Options 270,000,000 Ordinary Shares escrowed until 31/05/2018
30,000,000 C Class Performance Shares escrowed until 31/05/2018

MultiModis M.M. Ltd. (IL).
12,666,666 Ordinary Shares
6,333,334 Performance Rights

Directorships held in other listed entities within the past three years None

<u>Brett Mitchell</u> Executive Director

Qualifications and Experience Mr Mitchell is a corporate finance executive with over 20 years of experience in the finance, technology and resources industries. He has been the co-founder of a number of ASX and private companies across these sectors, and holds executive and non-executive directorship roles with his key business interests. His executive management responsibilities cover capital markets, corporate finance, new business strategy and treasury for these companies.

Mr Mitchell holds a Bachelor of Economics from the University of Western Australia and is also a member of the Australian Institute of Company Directors (AICD).

Interest in Shares and Options Platypus Investments Limited
10,000,000 Ordinary Shares escrowed until 31/05/2018

Brett and Michelle Mitchell <Mitchell Spring Family A/C>
4,500,000 Ordinary Shares
2,250,000 Performance Rights

Brett and Michelle Mitchell <Lefthanders Super Fund A/C>
4,500,000 Ordinary Shares
2,250,000 Performance Rights

Directors' Report

Directorships held in other listed entities within the past three years

MGC Pharmaceuticals Limited (4 April 2013 – current)
Acacia Coal Limited (18 December 2015 – 2 August 2016)
Digital CC Limited (5 September 2014 – 24 July 2016)
Citation Resources Ltd (24 November 2011 – 1 December 2015)
Tamaska Oil and Gas Ltd (1 August 2011 – 1 February 2015)
Wildhorse Energy Ltd (22 April 2009 – 29 August 2014)

Peter Wall
LLB BComm MAppFin FFin

Non-Executive Chairman / Independent

Qualifications and Experience

Mr Wall is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.

Mr Wall has a wide range of experience in all forms of commercial and corporate law, with a particular focus on technology companies, resources (hard rock and oil/gas), equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions.

Interest in Shares and Options

Pheakes Pty Ltd <Senate A/C>
6,000,000 Ordinary Shares
1,000,000 Performance Rights

Directorships held in other listed entities within the past three years

Non-Executive Chairman of MMJ PhytoTech Ltd (appointed 14 August 2014)
Non-Executive Chairman of Minbos Resources Ltd (appointed 21 February 2014)
Non-Executive Chairman of Zyber Holdings Limited (appointed 9 January 2015)
Non-Executive Chairman of MyFiziq Ltd (appointed 25 May 2015)
Non-Executive Chairman of Activistic Ltd (appointed 15 June 2015)
Non-Executive Chairman of Transcendence Technologies Limited (appointed 6 October 2015)
Director of Ookami Limited (appointed 27 October 2015)
Non-Executive Chairman of Burrabulla Corporation Limited (appointed 13 January 2016)
Non-Executive Chairman of Bronson Group Ltd (appointed 2 June 2017)
Brainchip Holdings Ltd (resigned 3 August 2015)
TV2U International Limited (resigned 9 February 2016)
Cossack Investments Pty Ltd (resigned 11 March 2016)
Zinc of Ireland NL (resigned 21 July 2016)

Maya Glickman-Pariente

Non-Executive Director

Qualifications and Experience

Highly experienced and regarded as a global industry leader, Maya Glickman-Pariente is Sky and Space Global (UK) Ltd's Chief Operating Officer and will lead the team on satellite mission analysis, mission control software development, and operations management. Maya is MASTER STK certified and was a Senior Satellite Engineer of communications satellite with wide experience in satellite operations.

Maya was part of the AMOS-3 development team, LEOP and IOT missions as well as the AMOS-1 end of life mission team. She designed and optimized several large scale constellations for earth observation and communication use, and was involved in the assembly, integration and testing of "Duchifat-1", the first Israeli Nano-satellites. Maya has a B.Sc. in Aerospace Engineering and M.E in System Engineering, both from the Technion University, Aerospace faculty, and is also a graduate of the 2004 ISU summer session program in Adelaide, Australia. Recently, Maya was nominated Associate Chair of the space engineering department in the International Space University summer session program 2016.

Directors' Report

Interest in Shares and Options	Nil held beneficially Meidad Pariente (Husband) 270,000,000 Ordinary Shares escrowed until 31/05/2018 30,000,000 C Class Performance Shares escrowed until 31/05/2018 Spacecialist Ltd (Husband's Company) 12,000,000 Ordinary Shares 6,000,000 Performance Rights
Directorships held in other listed entities within the past three years	None
<u>Yonatan Shrama</u>	Non-Executive Director
Qualifications and Experience	Yonatan has over 13 years of experience in business development and entrepreneurship in automotive technology systems, medical equipment and high technology security equipment. Yonatan has extensive experience in managing teams and processes. Yonatan is currently the chairman of Enigmo, a Cyber company, and VP Bizdev at Spacecialist.
Interest in Shares and Options	270,000,000 Ordinary Shares escrowed until 31/05/2018 30,000,000 C Class Performance Shares escrowed until 31/05/2018 Yonatan Shanan Ltd 11,333,334 Ordinary Shares 5,666,666 Performance Rights
Directorships held in other listed entities within the past three years	None
<u>Rachel Kerr</u>	**Company Secretary**
Experience	Mrs Kerr has 8 years' experience as a Company Secretary on both private and public companies, working on acquisitions, capital raisings, listing of companies on ASX, due diligence reviews and compliance of public companies. Mrs Kerr is also Company Secretary of MGC Pharmaceuticals Ltd.

Directors' Report

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each key management person of Sky and Space Global Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Sky and Space Global Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Sky and Space Global Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The Board reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5% (2015: 9.5%) and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance-based Remuneration

As part of each member of the key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel are involved in and have a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Directors' Report

Remuneration Report (continued)

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following period.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. Any options not exercised before or on the date of termination lapse.

All directors had contracts in place with the Group during the financial period as detailed below:

Mr Meir Moalem, Managing Director

- Letter of Appointment dated 21 March 2016 effective from acquisition of Sky and Space Global (UK) Ltd
  - Fee is A$120,000 per annum with no payment on termination; this fee was increased to A$216,000 per annum from 1 January 2017
- Director Agreement with Sky and Space Global (UK) Ltd
  - Fee is US$1,500 per month with no payment on termination; this fee was increased to US$2,500 per month from 1 January 2017
- Consultancy Agreement dated 1 December 2015 with Sky and Space Global (UK) Ltd
  - Fee is US$11,000 per month; this fee was increased to US$13,000 per month from 1 January 2017
  - Upon termination by the Company US$132,000 will be paid

Mr Brett Mitchell, Executive Director

- Letter of Appointment dated 21 March 2016 effective from acquisition of Sky and Space Global (UK) Ltd
  - Fee is A$180,000 per annum; this fee was increased to A$216,000 per annum from 1 January 2017
  - Upon termination by the Company A$180,000 will be paid

Mr Peter Wall, Non-Executive Chairman

- Letter of Appointment dated 24 August 2016 effective from 27 October 2015
  - Fee is A$36,000 per annum; this fee was increased to A$48,000 per annum from 1 January 2017
  - No payment on termination

Mrs Maya Glickman-Pariente, Non-Executive Director

- Letter of Appointment dated 21 March 2016 effective from acquisition of Sky and Space Global (UK) Ltd
  - Fee is A$36,000 per annum with no payment on termination; this fee was increased to A$48,000 per annum from 1 January 2017
- Consultancy Agreement dated 1 December 2015 with Sky and Space Global (UK) Ltd
  - Fee is US$11,000 per month; this fee was increased to US$13,000 per month from 1 January 2017
  - Upon termination by the Company US$132,000 will be paid

Mr Yonatan Shrama, Non-Executive Director

- Letter of Appointment dated 21 March 2016 effective from acquisition of Sky and Space Global (UK) Ltd
  - Fee is A$36,000 per annum with no payment on termination; this fee was increased to A$48,000 per annum from 1 January 2017
- Director Agreement with Sky and Space Global (UK) Ltd
  - Fee is US$1,500 per month with no payment on termination; this fee was increased to US$2,500 per month from 1 January 2017
- Consultancy Agreement dated 1 December 2015 with Sky and Space Global (UK) Ltd
  - Fee is US$8,800 per month; this fee was increased to US$13,000 per month from 1 January 2017
  - Upon termination by the Company US$105,600 will be paid

Directors' Report

Remuneration Report (continued)

Details of Remuneration

2017 - Compensation of Key Management Personnel Remuneration

	Short-term Benefits				Post-employment benefits		
Directors	Cash, salary and commissions	Other	Super-annuation	Termination benefits	Equity	Share based Payments	Total
Meir Moalem	199,814	206,264	-	-	1,558,000	1,236,216	3,200,294
Brett Mitchell	198,000	133,333	-	-	387,000	547,143	1,265,476
Peter Wall	42,000	-	-	-	86,000	121,587	249,587
Yonatan Sharma	73,911	190,264	-	-	1,500,667	1,155,157	2,919,999
Maya Glickman-Pariente	42,000	206,510	-	-	-	-	248,510
KMP							
Meidad Pariente	31,804	206,696	-	-	2,063,333	1,699,727	4,001,560
Total	**587,529**	**943,067**	**-**	**-**	**5,595,000**	**4,759,830**	**11,885,426**

All Directors have contracts with the Company.

2016 - Compensation of Key Management Personnel Remuneration

	Short-term Benefits				Post-employment benefits		
Directors	Cash, salary and commissions	Other	Super-annuation	Termination benefits	Equity	Share based Payments	Total
Meir Moalem	24,331	31,759	-	-	1,304,144	98,482	1,458,716
Brett Mitchell	24,677	20,323	-	-	59,459	-	104,459
Peter Wall	17,000	-	-	-	-	-	17,000
Yonatan Sharma	10,373	25,362	-	-	1,304,144	98,482	1,438,361
Maya Glickman-Pariente	6,000	31,782	-	-	-	-	37,782
Michael Sandy	20,000	43,000	-	-	-	-	63,000
Andrew Kugler	8,000	-	-	-	-	-	8,000
Alexander Sundich	10,500	77,000	-	-	-	-	87,500
Andrew Bald	11,500	41,500	-	-	-	-	53,000
KMP			-	-	-	-	-
Meidad Pariente	4,334	31,782	-	-	1,304,144	98,482	1,438,742
Total	**136,715**	**302,508**	**-**	**-**	**3,971,891**	**295,446**	**4,706,560**

Shareholdings of Key Management Personnel

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by KMP and their parties are as follows.

2017

Directors	Opening Balance 1 July 16	Granted as Compensation	Performance Shares/Rights Converted	Net Other Changes[1]	Closing Balance 30 June 17
Meir Moalem	219,333,334	-	56,999,999	-	276,333,333
Brett Mitchell	10,000,000	-	4,500,000	-	14,500,000
Peter Wall	4,000,000	-	1,000,000	-	5,000,000
Yonatan Shrama	219,333,333	-	56,333,334	-	275,666,667
Maya Glickman-Pariente[i]	-	-	-	-	-
KMP					
Meidad Pariente	219,333,333	-	56,666,667	-	276,000,000
Total	**672,000,000**	**-**	**175,500,000**	**-**	**847,500,000**

[1] Net other changes are as a result of shares allotted on share issues and other movement due to changes in directors and directors' related entities.

[i] Maya Glickman-Pariente is the wife of Meidad Pariente.

Directors' Report

Remuneration Report (continued)

2016 – All shareholdings shown are shown on a post consolidation basis

Directors	Opening Balance 1 July 15	Granted as Compensation	Options Exercised	Net Other Changes[1]	Closing Balance 30 June 16
Meir Moalem	-	-	-	219,333,334[i]	219,333,334
Brett Mitchell	-	-	-	10,000,000[i]	10,000,000
Peter Wall	4,000,000	-	-	-	4,000,000
Maya Glickman-Pariente	-	-	-	-	-
Yonatan Shrama	-	-	-	219,333,333[i]	219,333,333
Michael Sandy	1,477,038	-	-	1,477,037	2,954,075[ii]
Andrew Kugler	904,667	-	-	888,667	1,793,334[ii]
Alexander Sundich	2,600,000	-	-	5,126,875	7,726,875[ii]
Andrew Bald	2,330,000	-	-		2,330,000[ii]
KMP					
Meidad Pariente	-	-	-	219,333,333[i]	219,333,333
Total	**11,311,705**	**-**	**-**	**675,492,579**	**686,804,284**

[1] Net other changes are as a result of shares allotted on share issues and other movement due to changes in directors and directors' related entities.
[i] The Shares were issued as part consideration for the acquisition of Sky and Space Global (UK) Ltd.
[ii] Holding as at resignation date.

Performance Shareholdings of Key Management Personnel

Details of performance shareholdings and rights held directly, indirectly or beneficially by KMP and their related parties are as follows:

2017

Directors	Opening Balance 1 July 16	Granted as Compensation	Performance Shares Converted	Net Other Changes	Closing Balance 30 June 17
Meir Moalem	80,666,666	-	50,666,666	-	30,000,000
Brett Mitchell	-	-	-	-	-
Peter Wall	-	-	-	-	-
Maya Glickman-Pariente	-	-	-	-	-
Yonatan Shrama	80,666,667	-	50,666,667	-	30,000,000
KMP					
Meidad Pariente	80,666,667	-	50,666,667	-	30,000,000
Total	**242,000,000**	**-**	**152,000,000**	**-**	**90,000,000**

2016

Directors	Opening Balance 1 July 15	Granted as Compensation	Options Exercised	Net Other Changes	Closing Balance 30 June 16
Meir Moalem	-	-	-	80,666,666[i]	80,666,666
Brett Mitchell				-	-
Peter Wall	-	-	-	-	-
Maya Glickman-Pariente	-	-	-	-	-
Yonatan Shrama	-	-	-	80,666,667[ii]	80,666,667
KMP					
Meidad Pariente	-	-	-	80,666,667[iii]	80,666,667
Total	**-**	**-**	**-**	**242,000,000**	**242,000,000**

[i] This includes 25,333,333 A Class Performance Shares, 25,333,333 B Class Performance Shares, 30,000,000 C Class Performance Shares
[ii] This includes 25,333,334 A Class Performance Shares, 25,333,333 B Class Performance Shares, 30,000,000 C Class Performance Shares
[iii] This includes 25,333,333 A Class Performance Shares, 25,333,334 B Class Performance Shares, 30,000,000 C Class Performance Shares

Directors' Report

Remuneration Report (continued)

Performance Rights of Key Management Personnel

Details of performance right and rights held directly, indirectly or beneficially by KMP and their related parties are as follows:

2017

Directors	Opening Balance 1 July 16	Granted as Compensation	Options Exercised	Net Other Changes	Closing Balance 30 June 17
Meir Moalem	-	-	-	12,666,667	12,666,667
Brett Mitchell	-	-	-	9,000,000	9,000,000
Peter Wall	-	-	-	2,000,000	2,000,000
Maya Glickman-Pariente	-	-	-	-	-
Yonatan Shrama	-	-	-	11,333,333	11,333,333
KMP					
Meidad Pariente	-	-	-	12,000,000	12,000,000
Total	**-**	**-**	**-**	**47,000,000**	**47,000,000**

Performance Rights holdings 2016

There were no Performance Rights held by the Board or Key Management Personnel during the 2016 financial year.

Options Holdings of Key Management Personnel

Details of options held directly, indirectly or beneficially by KMP and their related parties are as follows:

2017

There were no options held by the Board or Key Management Personnel during 2017 financial year.

2016

Directors	Opening Balance 1 July 15	Granted/Purchased	Expired	Closing Balance 30 June 16
Meir Moalem	-	-	-	-
Brett Mitchell	-	-	-	-
Peter Wall	-	-	-	-
Maya Glickman-Pariente	-	-	-	-
Yonatan Shrama	-	-	-	-
Michael Sandy	2,500,000	-	2,500,000	-
Andrew Kugler	2,500,000	-	2,500,000	-
Alexander Sundich	2,500,000	-	2,500,000	-
Andrew Bald	4,000,000	-	-	800,000[i]
KMP				
Meidad Pariente	-	-	-	-
Total	**11,500,000**	**-**	**7,500,000**	**800,000**

[i] Post 5 to 1 consolidation

End of Remuneration Report

Meetings of Directors

The Directors attendances at Board meetings held during the period were:

	Board Meetings	
	Number eligible to attend	Number attended
Meir Moalem	4	4
Brett Mitchell	4	4
Peter Wall	4	3
Maya Glickman-Pariente	4	2
Yonatan Shrama	4	3

The Company does not have any remuneration, nomination or audit committees, these functions are performed by the Board.

Directors' Report

Corporate Governance
In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Sky and Space Global Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines which are of importance to the commercial operation. During the financial period, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Corporate Governance Policies are available on the Company's website https://www.skyandspace.global/corporate/corporate-governance/

Options
At the date of this report the Company has no options on issue.

Indemnifying Officers or Auditor
During or since the end of the financial period, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure all of the Directors of the Company as named above, the Company secretary and all executive officers of the Company against any liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the notice of the liability and the amount of the premium.

The Company has not indemnified the auditor or paid any insurance premium on behalf of the auditor.

Proceedings on behalf of Company
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

Non-audit Services
The Board of Directors is satisfied that the provision of non-audit services during the period 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 Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the service 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 Standards Board.

During the period, there were no fees paid or payable for non-audit services by Bentleys and its related practices.

Auditor's Independence Declaration
The lead auditor's independence declaration for the period ended 30 June 2017 has been received and can be found on page 17 of the financial report.

This report is made in accordance with a resolution of Directors. These financial statements were authorised for issue on 24 August 2017 by the Directors of the Company.

Meir Moalem
Managing Director
Dated 25 August 2017

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Sky and Space Global Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Director

Dated at Perth this 25th day of August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2017

	Note	30 June 17 $	30 June 2016 $
Other income	*5*	54,376	9,217
Professional and consultancy fees	6	(1,313,023)	(658,331)
Marketing and travel expenses		(798,379)	(111,896)
Corporate expenses		(111,984)	(27,697)
Directors' fees		(721,618)	(103,855)
Employee benefits expense		(155,429)	(9,541)
Office and administration costs		(283,332)	(65,389)
Share based payments	*22c)*	(11,443,599)	(371,318)
Depreciation	*12*	(2,112)	(1,877)
Finance costs		14,051	88,726
Recapitalisation cost	*20*	-	(3,581,112)
Transaction cost	*20*	-	(800,000)
Other expenses		(98,942)	(131,461)
Loss before income tax		**(14,859,991)**	**(5,764,534)**
Income tax benefit		-	-
Loss after income tax		**(14,859,991)**	**(5,764,534)**
Loss after income tax for the year attributable to:			
Member of the parent entity		(14,859,991)	**(5,764,534)**
Non-controlling interest			-
		(14,859,991)	**(5,764,534)**
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on the translation of foreign operations		(79,768)	(98,733)
Other comprehensive income (net of tax) for the period		**(79,768)**	**(98,733)**
Total comprehensive loss for the period		**(14,939,759)**	**(5,863,267)**
Total comprehensive loss attributable to:			
Members of the parent entity		(14,939,800)	(5,863,267)
Non-controlling interest		41	-
		(14,939,759)	**(5,863,267)**
Earnings per share for loss attributable to the ordinary equity holders of the parent:			
From continuing and discontinued operations			
Basic loss per share (cents)	9	(1.10)	(1.70)
Diluted loss per share (cents)	9	(1.10)	(1.70)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	30 June 17 $	30 June 2016 $
CURRENT ASSETS			
Cash and cash equivalents	*10*	9,939,636	3,852,255
Other receivables	*11*	371,502	57,447
Total Current Assets		**10,311,138**	**3,909,702**
NON-CURRENT ASSETS			
Plant and equipment	*12*	4,089,749	137,876
Goodwill	*13a)*	7	7
Intangible asset – Development expenditure	*13b)*	1,100,905	125,997
Total Non-Current Assets		**5,190,661**	**263,880**
TOTAL ASSETS		**15,501,799**	**4,173,582**
CURRENT LIABILITIES			
Trade and other payables	*15*	601,772	174,175
Provision		38,222	-
Total Current Liabilities		**639,994**	**174,175**
TOTAL LIABILITIES		**639,994**	**174,175**
NET ASSETS		**14,861,805**	**3,999,407**
EQUITY			
Contributed equity	*16*	30,580,628	9,490,935
Performance shares	*17a)*	1,648,484	371,318
Share based payment reserve	*17b)*	3,435,257	-
Foreign currency translation reserve	*17c)*	(178,501)	(98,733)
Retained earnings		(20,624,525)	(5,764,534)
Equity attributable to equity holders of the parent		**14,861,343**	**3,998,986**
Non-controlling interest	*21*	462	421
TOTAL EQUITY		**14,861,805**	**3,999,407**

The accompanying notes form part of these financial statements

Directors' Report

Consolidated Statement of Changes in Equity

For the period ended 30 June 2017

CONSOLIDATED GROUP	Contributed Equity $	Performance Shares $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Retained Earnings $	Non-Controlling Interest $	Total $
Balance at 30 June 2016	**9,490,935**	**371,318**	**-**	**(98,733)**	**(5,764,534)**	**421**	**3,999,407**
Other comprehensive income for the year	-	-	-	(79,768)		41	(79,727)
Loss after income tax expense for the year	**-**	**-**	**-**	**-**	(14,859,991)	**-**	**(14,859,991)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(79,768)**	**(14,859,991)**	**41**	**(14,939,718)**
Shares issued during the period (net of share issue costs)	14,358,518	-	-	-	-	**-**	14,358,518
Issue of performance shares	-	5,277,166	-	-	-	**-**	5,277,166
Share based payment	-	-	6,166,432	-	-	**-**	6,166,432
Transfer to issued capital	6,731,175	(4,000,000)	(2,731,175)	-	-	**-**	-
Recognition of non-controlling interest	-	-	-	-	-	-	-
Balance at 30 June 2017	**30,580,628**	**1,648,484**	**3,435,257**	**(178,501)**	**(20,624,525)**	**462**	**14,861,805**
Balance at 25 November 2015	**20,781**	**-**	**-**	**-**	**-**	**-**	**20,781**
Other comprehensive income for the year	-	-	-	(98,733)	-	-	(98,733)
Loss after income tax expense for the year	**-**	**-**	**-**	**-**	**(5,764,534)**	**-**	**(5,764,534)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(98,733)**	**(5,764,534)**	**-**	**(5,863,267)**
Shares issued during the period (net of share issue costs)	9,470,154	-	-	-	-	**-**	9,470,154
Issue of performance shares	-	371,318	-	-	-	**-**	371,318
Recognition of non-controlling interest	-	-	-	-	-	421	421
Balance at 30 June 2016	**9,490,935**	**371,318**	**-**	**(98,733)**	**(5,764,534)**	**421**	**3,999,407**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the period ended 30 June 2017

	Note	30 June 17 $	30 June 2016 $
Cash flows from operating activities			
Interest received		53,591	9,217
Payments to suppliers and employees		(3,318,943)	(341,308)
Net cash used in operating activities	*24*	**(3,265,352)**	**(332,091)**
Cash flows from investing activities			
Cash acquired through business combinations		-	338,818
Purchase of plant and equipment		(3,965,202)	(154,767)
Payments for development expenditure		(974,907)	(114,852)
Cash advance to SAS (Poland) Software Ltd		-	(149,148)
Net cash used in investing activities		**(4,940,109)**	**(79,949)**
Cash flows from financing activities			
Proceeds from issue of shares and options		15,528,500	4,574,324
Capital raising costs		(1,169,982)	(340,065)
Net cash provided by financing activities		**14,358,518**	**4,234,259**
Net increase in cash and cash equivalents held		**6,153,057**	**3,822,219**
Cash and cash equivalents at beginning of period		3,852,255	-
Foreign exchange movement in cash		(65,676)	30,036
Cash and cash equivalents at end of period	*10*	**9,939,636**	**3,852,255**

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1. CORPORATE INFORMATION

The consolidated financial statements of Sky and Space Global Limited and its controlled entities (collectively, the "Group") for the period ended 30 June 2017 were authorised for issue in accordance with a resolution of Directors on 24 August 2017.

Sky and Space Global Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group's structure is provided in Note 14. Information on other related party relationships is provided in Note 19.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 as appropriate for 'for-profit' orientated entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). Material accounting policies adopted in the preparation of these financial statements are presented below and they have been consistently applied unless otherwise stated.

b) Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

On 13 May 2016, Sky and Space Global Limited ("SAS" (formerly Burleson Energy Limited)), the legal parent and legal acquirer, completed the acquisition of Sky and Space Global (UK) Ltd ("SSG UK") (the "Acquisition"). The Acquisition has been accounted for by analogy to the guidance for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of SSG UK (the legal subsidiary and legal acquiree) obtained accounting control of SAS (the legal parent). Accordingly, the application of the reverse acquisition guidance in AASB 3 by analogy results in SAS, the legal parent, being accounted for as the subsidiary, and SSG UK, the legal subsidiary, being accounted for as the accounting parent.

The Acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as SAS was deemed for accounting purposes not to be a business as at the time of the acquisition SAS was in the process of realising its remaining assets and therefore the transaction is not a business combination within the scope of AASB 3. Instead the Acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference in the fair value of the shares issued by the accounting acquirer (SSG UK) and the fair value of the accounting acquiree's (SAS) identifiable net assets represents a service received by SSG UK, including payment for a service of an ASX stock exchange listing. The accounting for the Acquisition resulted in a re-capitalisation cost recognised on acquisition of $3,581,112 as set out in Note 21, measured at the fair value of the equity instruments that would have been given by SSG UK to have the same percentage holding in the new structure as the date of the transaction.

As Sky and Space Global (UK) Ltd is considered to be the parent of the Group for accounting purposes the consolidated financial statements represent the continuation of the financial statements of SSG UK from its incorporation on 25 November 2015, with the exception of the capital structure, and present only the details for SAS from the date the Acquisition completed. The amount recognised as issued equity instruments in these consolidated financial statements represents the issued equity interests of SAS adjusted to reflect the equity issued by SAS on acquisition. Refer to Note 16 for information on issued capital and Note 20 for information on the accounting for the Acquisition. As SSG UK was only incorporated in November 2015 no comparative financial information is presented in these consolidated financial statements.

Notes to the Financial Statements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial report is presented in Australian dollars except where otherwise indicated.

Financial report prepared on a going concern basis

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company has incurred a loss for the year ended 30 June 2017 of $14,859,991 (attributed mainly by share based payments expense of $11,443,599) (2016: $5,764,534) and cash outflows from operating and investing activities of $8,205,461 (2016: $412,040). As at 30 June 2017, the Company has a cash at bank balance of $9,939,636 (2016: $3,852,255) and a positive working capital position of $9,671,144 (2016: $3,735,527).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets, and managing cashflow in line with available funds to enable the Group to meet its committed expenditure, as disclosed at note 18 to the financial report. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Based on the cash flow forecast prepared to 31 August 2018, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements of the Company do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Sky and Space Global Ltd ("the Company") and its subsidiaries as at 30 June 2017.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Financial Statements

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it: de-recognises the assets (including goodwill) and liabilities of the subsidiary; de-recognises the carrying amount of any non-controlling interests; de-recognises the cumulative translation differences recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any investment retained; recognises any surplus or deficit in profit or loss; and reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

d) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

e) Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence, or joint control, are similar to those necessary to determine control over subsidiaries.

Notes to the Financial Statements

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

f) Intangible Assets

Intangible assets acquired as part of a business combination or asset acquisition, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. The gains and losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset where the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

g) Current and Non-Current classification

The group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- A Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Notes to the Financial Statements

All other assets are classified as non-current. A liability is current when it is:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

h) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is provided on all temporary differences at the statement of financial position date, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and are recognised for all taxable temporary differences,

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future extent that it is probable that the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

i) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Notes to the Financial Statements

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (refer 2(w)). When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (refer 2(w)).

j) Employee Benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

k) Foreign Currency Translation

Functional and Presentation Currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Transaction differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

l) Segment Reporting

An operating segment is a component of the consolidated group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated group's other components.

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 Board of Directors.

Notes to the Financial Statements

m) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

n) Revenue

Revenue is measured at the fair value of the consideration received or receivable. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each type of revenue.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset, or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p) Rounding of Amounts

The Company is a kind referred to in class order 98/100 issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that class order to the nearest dollar.

q) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

r) Share Based Payments

Share based compensation relating to share options are recognised at fair value.

The fair value of the options is recognised as an employee benefit expense in the statement of profit or loss and other comprehensive income, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions, but excludes the impact of any service and non-market performance vesting conditions.

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.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

s) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial period, which remain unpaid at period end. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised at fair value on initial recognition and subsequently at amortised cost, using the effective interest rate method.

t) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less a provision for impairment. Trade receivables are generally due for settlement between thirty (30) and ninety (90) days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Notes to the Financial Statements

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

u) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Office equipment	3-5 periods
Nano-Satellite equipment	3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

v) Investments and Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through the statement of profit or loss. Fair value movements are recognised in the profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in the profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a
borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Notes to the Financial Statements

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

w) Fair value measurement

The group measures financial instruments and non-financial assets at fair value at each reporting date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

x) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit or loss after income tax attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

y) Parent entity financial information

The financial information for the parent entity, Sky and Space Global Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Notes to the Financial Statements

Investments in subsidiaries, associates and joint venture entities

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

a) Income Taxes

The group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

b) Share Based Payments

The assessed fair value at grant date of share based payments granted during the period was determined using a binomial option pricing model that takes into account the exercise price, the price of the underlying share at grant date, the life of the option, the volatility of the underlying share, the risk-free rate and expected dividend payout and any applicable vesting conditions.

Management are required to make assumptions and estimates in order to determine the inputs into the binomial option pricing model, where applicable.

c) Development expenditure

It was assessed by management that an estimated 50% of work performed by consultants were specifically for the development and design of the nano-satellite technology. Management will review and assess this estimate based on the future status of the development activities performed.

4. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

a) New or revised standards and interpretations that are first effective in the current reporting period

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

b) Accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ending 30 June 2017, are set out below.

Reference	Title	Summary	Application date for reporting periods beginning or after	Application date for Company in financial year end
AASB 9, AASB 2014-7, AASB 2014-8 Amendments arising to Australian Accounting Standards arising from AASB 9	Financial Instruments	The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The Group are currently undergoing an assessment of the adoption of AASB 9 and its impact on the Group's financial instruments.	1 January 2018	30 June 2019

Notes to the Financial Statements

Reference	Title	Summary	Application date for reporting periods beginning or after	Application date for Company in financial year end
AASB 15, AASB 2014-5 Amendments arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, AASB 2016-3 Clarifications to AASB 15	Revenue from Contracts with Customers	AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; and replaces AASB 111 Construction Contracts, AASB 118 Revenue, Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, and Interpretation 131 Revenue-Barter Transactions Involving Advertising Services. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group are currently undergoing an assessment of the adoption of AASB 15 and its impact on the Group's financial instruments.	1 January 2018	30 June 2019

The following new or amended standards, applicable for annual reporting periods beginning after 1 January 2017 (unless otherwise stated), are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 16 Leases – replace requirements under current AAS 17 Lease and related interpretations (applicable 1 January 2019)
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 (applicable 1 January 2018)
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based payment transactions
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were in issue but not yet effective:

- IFRS 2 (Amendments) 'Classification and Measurement of Share-based Payment Transactions – effective 1 January 2018, applicable for the year ending 30 June 2019

5. OTHER INCOME

	30 June 17 $	30 June 16 $
Interest received	54,376	9,217
	54,376	**9,217**

6. EXPENSES

PROFESSIONAL AND CONSULTANCY FEES	30 June 17 $	30 June 16 $
Professional fees	357,917	34,399
Legal fees	86,366	25,445
Consulting costs	868,740	598,487
	1,313,023	**658,331**

Notes to the Financial Statements

7. INCOME TAX EXPENSE

		30 June 17 $	30 June 16 $
a)	**The components of income tax expense comprise:**		
	Current tax	-	-
	Deferred tax	(355,286)	(11,777)
	DTA not recognised (losses)	352,073	6,689
	DTA not recognised (temporary)	3,213	5,088
b)	**The prima facie tax on (loss) from continuing operations and discontinued operations before income tax is reconciled to the income tax as follows:**		
	Prima facie tax payable on (loss) from continuing operations and discontinued operations before income tax at 27.5% (2016: 28.5%)	(9,880,014)	(165,302)
	Add: Tax effect of:		
	Other non-allowable items	9,524,728	153,525
	Other assessable items:		
	Less: Tax effect of:		
	Non-assessable items	-	-
	Loss of discontinued operations	-	-
	DTA not recognised (losses)	352,073	6,689
	DTA not recognised (temporary)	3,213	5,088
	Income tax expense/(benefit)	-	-

		30 June 17 $	30 June 16 $
c)	**The prima facie tax on (loss) from continuing operations and discontinued operations before income tax is reconciled to the income tax as follows:**		
	Deferred Tax Assets Not Brought to Account, the benefits of which will only be realised if the conditions for deductibility set out in Note (1h) occur		
	Tax Losses	358,762	6,689
	Temporary Differences	8,301	5,088
	Total	367,063	11,777

8. AUDITORS' REMUNERATION

	30 June 17 $	30 June 16 $
Remuneration of the auditors of the group:		
Audit fees and review of financial reports - Bentleys	33,402	16,500
	33,402	**16,500**

9. EARNINGS PER SHARE

	30 June 17 $	30 June 16 $
Basic loss per share (cents)	(1.10)	(1.70)
Diluted loss per share (cents)	(1.10)	(1.70)
Reconciliation of earnings to profit or loss		
(Loss) used in calculating basic and diluted EPS	(14,859,991)	(5,764,534)
	Number	**Number**
Weighted average number of ordinary shares and potential ordinary shares		
Weighted average number of ordinary shares used in calculating basic and diluted EPS	1,354,567,196	338,835,243

Notes to the Financial Statements

10. CASH AND CASH EQUIVALENTS

	30 June 17 $	30 June 16 $
Cash at bank	3,428,150	3,852,255
Term deposit	6,511,486	-
	9,939,636	**3,852,255**

11. TRADE AND OTHER RECEIVABLES

	30 June 17 $	30 June 16 $
Other receivables	30,385	18,444
Prepayments	241,182	-
GST receivable	99,485	39,003
	371,502	**57,447**

Other receivables are non-interest bearing and are generally on terms of 30 days.

12. PLANT AND EQUIPMENT

	30 June 17 $	30 June 16 $
Office equipment		
- at cost	57,408	14,816
- accumulated depreciation	(15,057)	(205)
- foreign currency translation	(853)	(1,435)
	41,498	**13,176**
Nano-Satellite equipment		
- at cost	4,062,171	139,950
- accumulated depreciation	(90)	(1,672)
- foreign currency translation	(13,830)	(13,578)
	4,048,251	**124,700**

Plant and equipment movement:	30 June 17 $	30 June 16 $
Opening balance	137,876	-
Additions	3,968,668	154,766
Depreciation	(2,112)	(1,877)
Foreign currency translation	(14,683)	(15,013)
	4,089,749	**137,876**

13. INTANGIBLE ASSETS

	30 June 17 $	30 June 16 $
a) Goodwill		
- opening balance	7	-
- at fair value on acquisition	-	8
- foreign exchange currency translations	-	(1)
	7	**7**
b) Intangible asset - Development expenditure		
- opening balance	125,997	-
- at fair value on acquisition	-	139,717
- additions	984,176	-
- foreign exchange currency translations	(9,268)	(13,720)
	1,100,905	**125,997**

Notes to the Financial Statements

On 30 June 2016 SSG UK completed acquisition of Sky and Space Global (Poland) Software Ltd (SAS Poland) for a 75% interest in its equity for a consideration of GBP£74,674 (USD$100,000), at which date the acquiree had a net asset position of GBP£74,670. This resulted in the recognition of Goodwill on consolidation, being the excess of the consideration over the net asset value.

During the period, consultancy services were performed for the design, construction and testing of the nano-satellites, the orbit systems and in-house software development for the eventual launch of the 3 Diamond nano-satellites. These development activities meet relevant accounting principles and it was assessed that 50% of the services performed be capitalised accordingly.

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned %* 30 June 17	Percentage Owned %* 30 June 16
Parent Entity:			
Sky and Space Global Limited	Australia		
Subsidiaries of Sky and Space Global Limited			
Sky and Space Global (UK) Limited[1]	UK	100	100
Burleson Energy Holding Inc	USA	100	100
Burleson Energy Inc	USA	100	100
Burleson Energy General LLC	USA	100	100
Burleson Energy Limited LLC	USA	100	100
Burleson Energy Limited Partnership	USA	100	100
Subsidiaries of Sky and Space Global (UK) Limited			
Sky and Space (Poland) Software Ltd[1]	Poland	75	75
Sky and Space (Israel) Ltd	Israel	100	-

** Percentage of voting power in proportion to ownership*

[1]Refer note 20 for further details

Sky and Space (Israel) Ltd was acquired, through its subsidiary Sky and Space Global (UK) Ltd as a newly incorporated entity for the recognition of local Israeli administrative expenditure. The financial transactions of this new entity have been consolidated.

15. TRADE AND OTHER PAYABLES

	30 June 17 $	30 June 16 $
Current		
Trade payables	314,549	35,212
Accruals	287,223	138,963
	601,772	**174,175**

Refer to note 25 for details on management of financial risk.

16. CONTRIBUTED EQUITY

	30 June 2017		30 June 2016	
	NUMBER	$	NUMBER	$
Ordinary shares on issue, fully paid	1,571,914,128	30,580,628	1,228,716,371	9,490,935
	1,571,914,128	**30,580,628**	**1,288,716,371**	**9,490,935**

Notes to the Financial Statements

a) Reconciliation of movement in share capital

Date		No. Of Shares	Issue Price $	Amount $
1-July-16	**Opening balance**	**1,228,716,371**		**9,490,935**
05-Dec-16	Placement	60,000,000	0.085	5,100,000
19-Dec-16	Conversion of Milestone 1 Performance Rights for the Board	17,500,000	0.086	1,505,000
24-Jan-17	Placement – Priority Offer	5,041,178	0.085	428,500
03-Feb-17	Conversion of Class A Performance Shares	100,000,000	0.020	2,000,000
10-Mar-17	Conversion of Class B Performance Shares	100,000,000	0.020	2,000,000
23-Mar-17	Conversion of Milestone 1 Performance Rights for Key Management Personnel	6,000,000	0.175	1,050,000
10-May-17	Placement to institutional and sophisticated investors	52,631,579	0.190	10,000,000
09-Jun-17	Conversion of Milestone 1 Performance Rights for Employees	2,025,000	0.087	176,175
	Less: Costs of issue			(1,169,982)
30-Jun-17	**Closing balance**	**1,571,914,128**		**30,580,628**
25-Nov-15	**Opening balance**	**1,000,000**		**20,871**
12-May-16	**Closing balance**	**1,000,000**		**20,871**
13-May-16	**Opening balance**	**1,000,000**		**20,781**
	Acquisition of Sky and Space Global Ltd			
	- Elimination of SAS UK shares	(1,000,000)		-
	- Existing Sky and Space Global Ltd shares on acquisition	220,000,186		-
	- Issue of Sky and Space Global Ltd shares on acquisition of SAS UK shares	740,000,000		4,400,000
	- Issue of shares under prospectus	228,716,185		4,574,324
18-May-16	- Facilitator shares issued	40,000,000		800,000
	Less: Costs of issue	-		(304,170)
30-Jun-16	**Closing balance**	**1,228,716,371**		**9,490,935**

Note: Securities quoted are post consolidation and based on a rate of 0.48120 AUD/GBP as at 13 May 2016 where applicable.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value.

b) Capital risk management

The group's objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to 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 manages its capital by assessing the group's financial risk and adjusts its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior period.

The group is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

17. RESERVES

	30 June 17 $	30 June 2016 $
a) Performance shares		
Opening balance	371,318	-
Performance share movement during the period (note 22a)	1,277,166	371,318
	1,648,484	**371,318**

b) Share based payment reserve		
Opening balance	-	-
Share based payments in the year (note 22)	3,435,257	-
	3,435,257	**-**

c) Foreign currency translation		
Opening balance	(98,733)	-
Currency translation differences arising during the period	(79,768)	(98,733)
	(178,501)	**(98,733)**

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve as described in note 2k). The reserve is recognised in profit and loss when the net investment is disposed of.

18. COMMITMENTS AND CONTINGENT LIABILITIES

30 June 2017
Commitments for which no provisions were included in the financial statements are as follows:

	30 June 17 $
> 1 year	13,774,738
1 - 5 years	66,424,004
< 5 years	-
	80,198,742

The above commitments relate to the supply of Nano-satellites and the launch of the Spacecraft using the LauncherOne Vehicle.

30 June 2016
On 31 March 2016 the Company entered into a Procurement contract with GomSpace ApS for the supply of Nano-Satellites and Ground Station equipment. Contingent on meeting certain milestones the Company are required to complete obligated payments as per announcement dated 7 March 2016.

On 1 June 2016, the Company entered into an Agreement for Launch Subscription and Launch Services with ISL – Innovative Space Logistics B.V. for the launch reservation and launch service for three 3U type CubeSats ("the Payload"). On signing of the agreement the parties have agreed payment arrangements contingent on certain milestones to be set out in a final Arrangement of Launch Agreement ("ALA").

As per announcement dated 30 June 2016, the Company entered into an insurance contract with Brit Insurance Services Limited over the Satellite Launch and Pre-Launch for the period 1 July 2016 to 1 January 2018, for a committed amount due on the commencement of the packing operations for the purposes of transit to the Launch Service Provider's facility.

Other than disclosed there are no further commitments or contingent liabilities to disclose.

Notes to the Financial Statements

19. RELATED PARTY TRANSACTIONS

a) Key Management Personnel Remuneration

Disclosures relating to key management personnel are out in the Directors Report.

b) Transactions with Director related entities

Directors and officers, or their personally-related entities, hold positions in other entities that result in them having controls or significant influence over the financial or operating policies of those entities.

Details of the transactions including amounts accrued but unpaid at the end of the period are as follows:

Entity	Relationship	Nature of transactions	Transactions Full Period 30 June 17 $	Balances Full Period 30 June 17 $	Transactions Full Period 30 June 16 $	Balances Full Period 30 June 16 $
Sibella Capital Pty Ltd	(i)	Charges reimbursed /(owed) to Sibella for corporate administration costs	-	-	52,795	-
MGC Pharmaceuticals Ltd	(ii)	(Charges reimbursed /(owed) to MXC for corporate administration costs	44,743	(2,571)	41,763	4,008
Steinepreis Paganin Lawyers and Consultants	(iii)	Charges reimbursed /(owed) to Steinepreis Paganin for corporate legal costs	54,329	(11,596)	177,124	-
Multimodis M.M. Ltd	(iv)	Charges reimbursed /(owed) to Multimodis for corporate travel costs	21,244	-	16,345	(3,755)
Spacecialist Ltd	(v)	Charges reimbursed /(owed) to Spacecialist for corporate administration and travel costs	8,940	-	12,057	-
Chieftain Securities Pty Ltd	(vi)	Charges reimbursed /(owed) to Chieftain Securities for corporate advisory services	23,980	-	-	-

i) Sibella Capital Pty Ltd is a company associated with Mr Brett Mitchell.
ii) MGC Pharmaceuticals ('MXC') is a company associated with Mr Brett Mitchell.
iii) Steinepreis Paganin is a company associated with Mr Peter Wall.
iv) Multimodis M.M. Ltd is a company associated with Mr Meir Moalem.
v) Spacecialist Ltd is a company associated with Ms Maya Glickman-Pariente.
vi) Chieftain Securities Pty Ltd is a company associated with Mr Brett Mitchell.

c) Transactions with related subsidiaries

At the end of the period the following loans were owed by wholly owned subsidiaries of the Company:

Entity	Relationship	Amount owed 30 June 17 $	Amount owed 30 June 16 $
Subsidiaries of Sky and Space Global Limited:			
Sky and Space Global (UK) Ltd	A wholly owned subsidiary	8,873,171	1,951,559
Burleson Energy Holding Inc	A wholly owned subsidiary	13,932,483	14,005,671
Subsidiaries of Sky and Space Global (UK) Limited:			
Sky and Space (Poland) Software Ltd	A 75% owned subsidiary	1,648	73,930
Sky and Space (Israel) Ltd[1]	A wholly owned subsidiary	275,665	

Details of interests in wholly owned controlled entities are set out in note 14.

Notes to the Financial Statements

Loans between entities in the wholly owned group are denominated in USD ($); they are non-interest bearing, unsecured and are repayable upon reasonable notice having regard to the financial stability of the Company.

d) Other related party transactions

There were no other related party transactions during the period.

20. ACQUISITION OF CONTROLLED ENTITY

30 June 2017

Acquisition of Sky and Space Global (Israel) Ltd

With reference to note 14, the Company wholly acquired a newly incorporated entity, Sky and Space (Israel) Ltd for the purposes of recognising local Israeli administrative costs. There were limited transactions in the entity from incorporation date to 30 June 2017.

30 June 2016

Acquisition of Sky and Space Global (UK) Ltd

On 13 May 2016, Sky and Space Global Limited (formerly Burleson Energy Limited, "SAS"), the legal parent and legal acquirer, completed the acquisition of Sky and Space Global (UK) Ltd ("SSG UK") (the legal acquiree) through the issue of 740,000,000 shares in SAS as well as facilitator.

The Acquisition has been accounted for by analogy to the guidance for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of SSG UK (the legal subsidiary) obtained accounting control of Sky and Space Global Limited (the legal parent). Accordingly, the application of the reverse acquisition guidance in AASB 3 results in SAS being accounted for as the subsidiary and SSG UK, the legal subsidiary, being accounted for as the accounting parent.

The Acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as SAS was deemed for accounting purposes not to be a business following its sale of its oil and gas assets and therefore the transaction is not a business combination within the scope of AASB 3. Instead the acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference in the fair value of the shares issued by the accounting acquirer (SSG UK) and the fair value of the accounting acquiree's identifiable net assets represent a service received by SSG UK, including payment for a service of an ASX stock exchange listing.

By analogy to reverse acquisition accounting principles the consideration is deemed to have been incurred by SSG UK Ltd in the form of equity instruments issued to Sky and Space Global Limited shareholders. The acquisition date fair value of the consideration has been determined with reference to the fair value of:

- the issued shares (220,000,000 shares) of Sky and Space Global Ltd immediately prior to the acquisition, determined to be $4,400,000.

As Sky and Space Global Limited is deemed to be the acquiree for accounting purposes, the carrying values of its assets and liabilities are recorded at fair value at Acquisition date. No adjustments were required to the historical book values.

The principal terms of the acquisition are as follows:

Consideration

The securities issued as consideration for the acquisition are as follows:

	CONSIDERATION $
Fair value of ordinary shares on issue in SAS, prior to acquisition	
- 220,000,000 shares at $0.02 per share	4,400,000
Total consideration	**4,400,000**

Notes to the Financial Statements

Fair value of net assets acquired	**AT ACQUISITION**
	13 May 16
Identifiable assets acquired	**$**
Cash and cash equivalents	204,256
Trade and other receivables	16,156
Investment	138,220
Loans to Sky and Space Global (UK) Ltd	717,697
	1,076,329
Identifiable liabilities acquired	
Trade and other payables	(119,221)
Total net assets acquired	**957,108**
Cost on reverse acquisition transaction	**138,220**
Recapitalisation cost recognised on acquisition	**(3,581,112)**

The Company issued 40,000,000 facilitator shares as part of the reverse acquisition. These shares were fair valued at $0.02 per share and were issued to certain parties that assisted with the facilitation of the reverse acquisition. The $800,000 is recognised as a transaction cost.

There were no disposals during the year.

21. NON-CONTROLLING INTEREST

	30 June 17 $	30 June 16 $
Opening balance	421	-
Non-controlling interest arising on the acquisition of SAS Poland	-	421
Share of loss for the year	41	-
	462	**421**

22. SHARE BASED PAYMENTS

a) Performance Shares

The Company issued 300,000,000 performance shares to the SSG vendors as per the Heads of Agreement dated 30 November 2015 for its acquisition. The performance shares are divided into three classes of 100,000,000 shares each, where each class will convert into one ordinary share upon satisfaction of the relevant milestone as set out below and in accordance with the terms and conditions. Where the relevant milestone is not met, the performance shares on issue will convert into one share.

Class of Performance Share	Number of Performance Shares issued	Performance conditions	Milestone Date
Class A[2]	100,000,000	SSG UK executes a launch contract for at least two nano-satellites within 18 months of Settlement[1]	13/11/2017
Class B[2]	100,000,000	SSG UK completes the design and manufacture of a working nano-satellite together with the integration of requisites systems and communication capability, including a Launch Readiness Review and of the nano-satellite by its manufacturer to prove that the nano-satellite is fully validated and tested for launch within 24 months of Settlement[1]	13/05/2018
Class C	100,000,000	SSG UK successfully launches at least 2 nano-satellites and completes successful full-service testing of operating system to confirm delivery of voice and messaging data, including an In-Orbit Acceptance Review (IOAR) conducted by the nano-satellite manufacturer or a qualified independent third party to demonstrate that a communication payload is operating according to specifications, within 30 months of Settlement[1]	13/11/2018

[1]Settlement being the date that the acquisition completed, on 13 May 2016 (note 20).

[2]The Class A and Class B Performance shares converted to ordinary shares on 3 February 2017 and 10 March 2017 respectively (note 16a).

Notes to the Financial Statements

Reconciliation of Performance Shares to the SSG vendors

Class of Performance Share	Issue date	Vesting date	Fair Value $	Share Based Payment Expense at 30 June 2017 $	Performance Share Based Payment Reserve at 30 June 2017 $
Class A	18-May-16	03-Feb-17[1]	0.02	1,841,912	-
Class B	18-May-16	10-Mar-17[1]	0.02	1,881,379	-
Class C	18-May-16	25-Sep-17[1]	0.02	1,553,875	1,648,484
Total Share Based Payment reserve				**5,277,166**	**1,648,484**

[1]Re-assessed expected vesting date during the year.

Class of Performance Share	Issue date	Vesting date	Fair Value $	Share Based Payment Expense at 30 June 2016 $	Performance Share Based Payment Reserve at 30 June 2016 $
Class A	18-May-16	13-Nov-17	0.02	158,088	158,088
Class B	18-May-16	13-May-18	0.02	118,621	118,621
Class C	18-May-16	13-Nov-18	0.02	94,609	94,609
Total Share Based Payment reserve				**371,318**	**371,318**

b) Performance Rights

Issued to Board of Directors

The Company issued 52,500,000 performance rights on 19 December 2016, following shareholder approval at the Annual General Meeting on 30 November 2016.

The principal terms and conditions of the performance rights include, continuous service in their capacity as Director or Executive of the Company, within set milestones as follows:

Milestone	Number of Performance Rights issued	Performance conditions	Milestone Date
1[1]	17,500,000	To vest on continuous service of the Related Party Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company from the date the Company successfully re-listed on the ASX to 15 December 2016	15/12/2016
2	17,500,000	To vest upon successful launch and operation of the Company's initial 3 nano-satellites the "3 Diamonds"	30/04/2017
3	17,500,000	To vest on continuous service of the Related Party Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Related Party Performance Rights to 31 December 2017	31/12/2017

Reconciliation of Performance Rights to Board of Directors

Milestone	Issue date	Vesting date	Fair Value $	Share Based Payment Expense at 30 June 17 $	Share Based Payment Reserve at 30 June 17 $
1[1]	19-Dec-16	15-Dec-16	0.0086	1,505,000	-
2	19-Dec-16	21 Jul-17	0.0086	1,357,313	1,357,313
3	19-Dec-16	31-Dec-17	0.0086	770,464	770,464
				3,632,777	**2,127,777**

[1]Milestone 1 completed on 23 March 2017 and 6,000,000 performance rights were issued and converted to ordinary shares.

Notes to the Financial Statements

Issued to Key Management Personnel

As detailed in the Company's Notice of General Meeting on 15 February 2017, 18,000,000 performance rights were issued to key management personnel.

The principal terms and conditions of the performance rights include, continuous service as Director or Executive of the Company, within set milestones as follows,

Milestone	Number of Performance Rights issued	Performance Conditions	Milestone Date
1[1]	6,000,000	To vest on continuous service of the Related Party Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company from the date the Company successfully re-listed on the ASX to 15 December 2016	19/12/2016
2	6,000,000	To vest upon successful launch and operation of the Company's initial 3 nano-satellites the "3 Diamonds"	21/07/2017
3	6,000,000	To vest on continuous service of the Related Party Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Related Party Performance Rights to 31 December 2017	31/12/2017

Reconciliation of Performance Rights to Key Management Personnel

Milestone	Issue date	Vesting date	Fair Value $	Share Based Payment Expense at 30 June 17 $	Share Based Payment Reserve at 30 June 17 $
1[1]	17-Feb-17	19-Dec-16	0.175	1,050,000	-
2	17-Feb-17	21-July-17	0.175	866,250	866,250
3	17-Feb-17	31-Dec-17	0.175	367,314	367,314
				2,283,564	**1,233,564**

[1]Milestone 1 completed on 23 March 2017 and 6,000,000 performance rights were issued and converted to ordinary shares.

Issued to Key Employees

As approved by shareholders on 1 April 2016, 4,050,000 performance rights were issued to key employees on 17 February 2017.

The principal terms and conditions of the performance rights include, continuous service of the holder in their capacity as an eligible employee of the Company, or in a role otherwise agreed by the Board of the Company, within set timeframes as follows:

Milestone	Number of Performance Rights issued	Performance Conditions	Milestone Date
1[1]	2,025,000	To vest on continuous service of the holder in their capacity as an eligible employee of the Company, or in a role otherwise agreed by the Board of the Company to 1June 2017	01/06/2017
2	2,025,000	To vest on continuous service of the holder in their capacity as an eligible employee of the Company, or in a role otherwise agreed by the Board of the Company to 31 December 2017	31/12/2017

Reconciliation of Performance Rights to Key Employees

Milestone	Issue date	Vesting date	Fair Value $	Share Based Payment Expense at 30 June 17 $	Share Based Payment Reserve at 30 June 17 $
1[1]	17-Feb-17	01-Jun-17	0.087	176,175	-
2	17-Feb-17	31-Dec-17	0.087	73,917	73,916
				250,092	**73,916**

[1]Milestone 1 completed on 1 June 2017 and 2,025,000 performance rights were issued and converted to ordinary shares.

Notes to the Financial Statements

c) Summary of Performance Shares and Rights	Share Based Payments Expense at 30 June 2017 $	Performance Share and Share Based Payments Reserves at 30 June 2017 $
Total Performance Share expense/reserve (22a)	5,277,166	**1,648,484**
Total Performance Rights expense/reserve (22b)	6,166,433	**3,435,257**
Total Share Based Payments Expense/Reserves	**11,443,599**	**5,083,741**

23. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on its products and services, and it has been determined that for the year ended 30 June 2017 the Group has one reportable segment, being that of the deployment of nano-satellite constellations for global communication infrastructure as carried out by the Sky and Space Global UK Group.

24. CASH FLOW INFORMATION

	30 June 17 $	30 June 16 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
(Loss) after income tax	(14,859,991)	(5,764,534)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Depreciation and amortisation	2,112	1,877
Share based payment expense	11,443,599	371,318
Foreign currency translation expense	(14,051)	(88,726)
Recapitalisation cost	-	3,581,112
Transaction costs	-	800,000
Reclassification of plant equipment	11,217	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/Decrease in trade and other receivables	(314,055)	73,611
Increase in trade payables and accruals	465,817	693,251
Cash flow from operations	**(3,265,352)**	**(332,091)**

25. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of cash at bank, payables and receivables.

The group has not formulated any specific management objectives and policies in respect to debt financing, derivatives or hedging activity. As a result the group has not formulated any specific management objectives and policies in respect to these types of financial instruments. Should the group change its position in the future, a considered summary of these policies will be disclosed at that time.

The Company's current exposure to the risk of changes in the market is managed by the Board of Directors.

Market risks

The group is exposed to a variety of financial risks through its financial instruments for example, interest rate risk, liquidity risk and credit risk, as well as foreign currency risk.

Interest rate risk

At reporting date, the group does not have long term borrowings and its exposure to interest rate risk is assessed as low. The risk monitors its interest rate risk through sensitivity analysis, as outlined below.

The consolidated group's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets of the group are summarised in the following tables:

Notes to the Financial Statements

	Floating interest rate	1 Period or less	Over 1 to 5 periods	Non-interest bearing	Remaining contractual maturities	Weighted average interest rate
30 June 2017	**$**	**$**	**$**	**$**	**$**	**%**
Financial assets						
Cash and cash equivalents	8,886,545	8,886,545	-	1,053,091	9,939,636	**0.55%**
	8,886,545	**8,886,545**	**-**	**1,053,091**	**9,939,636**	
Financial liabilities						
Other payables and sundry accruals	**-**	**-**	-	639,994	639,994	
	-	**-**	**-**	**639,994**	**639,994**	
30 June 2016						
Financial assets						
Cash and cash equivalents	2,835,984	2,835,984	-	1,016,271	3,852,255	**0.24%**
	2,835,984	**2,835,984**	**-**	**1,016,271**	**3,852,255**	
Financial liabilities						
Other payables and sundry accruals	-	-	-	174,175	174,175	
	-	**-**	**-**	**174,175**	**174,175**	

At 30 June 2017, if interest rates had changed by -/+100 basis points from the period-end rates with all other variables held constant, post-tax profit for the period would have been $8,886 (2016: $2,835) lower/higher.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group monitors forecast cash flows on regular basis to manage its liquidity risk.

Credit risk

Management has assessed the credit risk exposure as minimal at reporting date. Credit risk arises from exposure to customers and deposits with banks. Management monitors its exposure to ensure recovery and repayment of outstanding amounts. Cash deposits are only made with reputable banking institutions.

Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the British Pound (GBP £), the United States Dollars (USD $), the Polish Zloty (PLN zt) and the Israeli Shekel (ILS₪) .

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

The consolidated entity has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency. The board manages the purchase of foreign currency to meet operational requirements.

The consolidate entity's exposure to foreign currency risk at the reporting date was as follows:

	30 June 17 $	30 June 16 $
Trade payables in denomination currency		
Trade payables – GBP	68,833	21,545
Trade payables – USD	2,942	13,667
Trade payables – PLN	26,756	-
Trade payables – ILS	885	-

Notes to the Financial Statements

	30 June 17 $	30 June 16 $
Cash and cash equivalents held in denomination currency		
Cash and cash equivalents – GBP	241,986	57,889
Cash and cash equivalents – USD	613,579	956,982
Cash and cash equivalents – PLN	29,119	-
Cash and cash equivalents – ILS	180,943	-
Consolidated entity sensitivity		
Exchange rates per AUD as at 30 June		
GBP	0.5911	0.5549
USD	0.7686	0.7426
PLN	2.8488	-
ILS	2.6832	-

A 10% increase or decrease in value of Australia dollar against the above currencies at 30 June would have the following effect:

	30 June 2017		30 June 2016	
	Profit/(loss) 10% increase	**Profit/(loss)** 10% decrease	**Profit/(loss)** 10% increase	**Profit/(loss)** 10% decrease
Great British Pound (GBP £)	(31,082)	31,082	(7,943)	7,943
United States Dollar (USD $)	(61,652)	61,652	(97,065)	97,065
Polish Zloty (PLN zt)	(5,588)	5,588	-	-
Israeli New Shekel (ILS ₪)	(18,183)	18,183	-	-
	(116,505)	**116,505**	**(105,008)**	**105,008**

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

26. PARENT COMPANY DISCLOSURES

a) Summary of financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 17 $	30 June 16 $
Current assets	8,920,405	2,870,792
Non-current assets	5,338,220	21,295,450
Total Assets	**14,258,625**	**24,166,242**
Current liabilities	244,701	59,030
Total Liabilities	**244,701**	**59,030**
Contributed equity	61,902,481	40,812,788
Share based payment reserve	5,718,187	2,282,930
Performance shares	1,648,485	371,318
Accumulated losses	(55,255,229)	(19,359,824)
Total Equity	**14,013,924**	**24,107,212**
Loss for the period	**(35,895,405)**	**(1,228,347)**
Total comprehensive loss for the period	**(35,895,405)**	**(1,228,347)**

b) Commitments and Contingent Liabilities of the parent

The parent entity did not have any contingent liabilities or commitments, as at 30 June 2017 other than as already disclosed in the financial report (30 June 2016: nil).

c) Guarantees entered into the parent entity

There were no guarantees entered into by the parent entity.

Notes to the Financial Statements

27. EVENTS AFTER THE REPORTING DATE

Following the end of the financial year, the Company confirmed the 3 Diamonds were continuing to function as expected and testing was continuing. On 17 July 2017, the 3 Diamonds successfully completed Inter-satellite Links between the nano-satellites, this marked a major achievement not only for the Company but for the global telecommunications and satellite industries as it is the first time ever that inter-satellite communication of nano-satellites has been performed with satellites spread hundreds of kilometres apart.

The Company converted 23,500,000 Performance Rights held by Directors into Ordinary Shares on 21 July 2017 with the conversion milestone being met.

On 24 August 2017, the Company announced it had signed a binding commercial contract with Sat-Space Africa for provision of narrow-band services, following the initial binding Letter of Intent from 2016.

Apart from these matters, no other matters or circumstances have arisen since 30 June 2017 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial periods other than those already disclosed by the Company.

28. DIVIDENDS

No dividends have been paid or provided during the period.

Directors' Declaration

The Directors' of the Company declare that in their opinion:

1. The financial statements and notes, as set out in pages 18 to 46, are in accordance with the *Corporations Act 2001* and:

    a) comply with Accounting Standards and the Corporations Regulations 2001;
    b) are in accordance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
    c) give a true and fair view of the Company's and consolidated group's financial position as at 30 June 2017 and their performance for the period ended on that date.

2. The Directors have been given the declaration required by section 295A of the Corporations Act 2001.

3. The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.

4. In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Meir Moalem
Managing Director
Dated 25 August 2017

Independent Auditor's Report

To the Members of Sky and Space Global Limited

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sky and Space Global Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2(b) of the financial report which indicates that the Consolidated Entity incurred a net loss of $14,859,991 during the year ended 30 June 2017. This condition, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis for Opinion

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 about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Intangible Asset – Development Expenditure - $1,100,905 (refer to Note 13(b)) The capitalized development costs of $1,100,905 as disclosed in Note 13(b) of the consolidated financial statements is considered to be a key audit matter due to the significance to the consolidated statement of financial position and the specific criteria that are required to be met for capitalization. This involves significant management judgement with respect to technical feasibility, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future benefits and the ability to measure the costs reliably. In addition, management judgement is also required to estimate the useful lives of the completed satellites.	Our procedures amongst others included: • Assessing the recognition criteria for development costs • Evaluating the key assumptions used for estimates made in capitalizing development costs, including whether capitalized costs related to the development of the nano-satellites, the generation of probable future economic benefits and the useful economic life attributed to the asset. • We performed substantive test of detail on a sample basis on costs capitalised during the period; • We considered whether there were any impairment triggers during the year or subsequent to year end. • We assessed the adequacy of the disclosures in Notes 13(b).
Capital commitments and contingencies (refer to Notes 18) The Group has a number of significant supplier and service contracts in relation to the construction and launch of its nano-satellites. We have identified this as a key audit matter as these are material contracts that the Group has entered in to and present significant capital commitments the Group is required to meet.	Our procedures amongst others included: • Assessing the contracts and agreeing calculation of the total commitment amount over the term of the contract. • Agreeing the calculation and ensuring amounts payable for the year ended 30 June 2017 were accounted for appropriately at the reporting date. • Ensuring no breaches of the contracts occurred during the period. Based on procedures performed no termination fee's or penalties are payable as at 30 June 2017

Key audit matter	How our audit addressed the key audit matter
	• Assessed the disclosure requirements with respect to these contracts are in accordance with the requirements with the relevant Accounting Standards.
Share Based Payments - $11,443,599 (Refer to Note 22) As disclosed in Note 22, the Group has various performance rights on issue to related parties which are subject to various performance and service conditions. These are subject to the measurement and recognition criteria of *AASB 2 "Share-based payments.* We have identified this as a key audit matter as it involves significant assumptions made by Management in determining the probability of certain performance conditions being met and the significant amount of share based payments during the year.	Our procedures included amongst others: • Reconciliation of Performance Shares and Rights obtained; • Assessing the underlying terms and conditions of the Performance Shares and Rights on issue; • Ascertain whether Performance Shares and Rights have been valued correctly in accordance with *AASB 2* based on the terms and conditions of the Performance Shares and Rights; • Assessed Management's assumptions made on the probabilities of the performance conditions being satisfied to ensure that they are reasonable; • For new Performance Shares issued, we assessed the inputs used in the valuation to ascertain whether they are reasonable. • We assessed the adequacy of the disclosure in Note 22.

Key audit matter	How our audit addressed the key audit matter
Carrying value of property, plant and equipment - $4,089,749 (Refer to Note 12) Property, plant and equipment totaling $4,089,749 as disclosed in Note 12 represents significant balances recorded in the consolidated statement of financial position. Given the significant nature of the balance and the nature of the property plant and equipment, being predominantly costs recognised in relation to the Group's nano-satellites. These are subject to the measurement and recognition criteria of *AASB 116 - "Property, Plant and Equipment".* We have identified this as a key audit matter due to the significant costs that have been capitalized under *AASB 116* in relation to the nano-satellites.	Our procedures included amongst others: • Obtained a schedule of property, plant and equipment capitalised as at balance date; • Performing mathematical checks on the schedule to ensure it has been accurately prepared; • We performed substantive test of detail on a sample basis on costs capitalised during the period; • We assessed the recognition, measurement and subsequent measurement criteria under *AASB 116;* • We confirmed existence of the nano-satellites; • We considered whether there were any impairment triggers during the year or subsequent to year end. • We assessed the adequacy of the disclosures in Note 12.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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 Sky and Space Global Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

Chris Nicoloff

CHRIS NICOLOFF CA
Director

Dated at Perth this 25th day of August 2017