SpeedCast International Limited

ACN 600 699 241

Appendix 4D and Financial Statements for the

Half Year Ended 30 June 2016

Appendix 4D

For the half year ended 30 June 2016

Results for Announcement to the Market

All comparisons are to the half year ended 30 June 2015 unless otherwise stated.

All amounts are in US$ million unless otherwise specified.

	2016 $million	Up/Down	Movement %
Revenue from ordinary activities	101.5	Up	41%
Profit after tax from ordinary activities attributable to the owners of the Company	5.62	Up	111%
Net profit after tax attributable to the owners of the Company	5.62	Up	111%

Dividend Information

	Amount per share (AUD cents)	Franked % per share
Final dividend for 2015 (paid on 4 April 2016)	3.65	100
Proposed interim dividend for 2016	3.20	100

On 24 August 2016, the Board approved an interim dividend of AUD3.20 cents per share for the six months ended 30 June 2016. The dividend will be paid on 7 October 2016 to all shareholders registered on the record date of 6 September 2016. The ex-dividend date for dividend entitlement will be 5 September 2016. The dividend will be fully franked for Australian taxation purpose.

No dividend reinvestment plan was in operation during the half year ended 30 June 2016.

Appendix 4D (continued)

Net Tangible Asset Backing

	30 June 2016 (USD cents)	31 December 2015 (USD cents)
Net tangible asset backing per security	(69)	(58)

Net tangible assets are defined as the net assets of the SpeedCast group excluding goodwill and intangibles. The number of shares on issue at 30 June 2016 was 121,570,995 (2015: 120,301,295).

A net tangible liability position exists as the SpeedCast group has significant acquired goodwill and intangible assets through acquisitions. These acquisitions have been partially funded through external bank debt.

Details of entities where control has been gained during the half year

On 28 December 2015, the Group entered into a definitive agreement to acquire 100% of the shares of NewCom International Limited, a leading global satellite and network service provider, for an initial consideration of USD13.9 million (comprising USD11.8 million in cash and USD2.1 million in SpeedCast International Limited shares). Further consideration of up to USD19 million (75% cash / 25% SpeedCast International shares) is potentially payable if ambitious EBITDA growth targets are achieved in 2016. The Group gained control with effect from 31 March 2016.

On 12 November 2015, the Group entered into a definitive agreement to acquire 100% of the shares of ST Teleport Pte. Ltd., a leading satellite communications services provider based in Singapore for consideration of SGD18.5 million. The Group gained control on 10 May 2016, being the date approval for the transaction was received from the Info-Communications Development Authority of Singapore. Completion of the transaction occurred on 1 July 2016.

As at the date of this report, verifications of individual assets or liabilities of the acquired businesses are in progress and the Group has not finalised the fair value assessments.

This information should be read in conjunction with the 2015 Annual Financial Report of SpeedCast International Limited and its controlled entities and any public announcements made in the period by SpeedCast International Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half year ended 30 June 2016.

This report is based on the consolidated financial statements for the half year ended 30 June 2016 of SpeedCast International Limited and its controlled entities, which have been reviewed by PricewaterhouseCoopers. The Independent Auditor's Review Report provided by PricewaterhouseCoopers is included in the consolidated financial statements for the half year ended 30 June 2016.

Contents

Directors' Report

The Directors present their report together with the consolidated financial statements of SpeedCast International Limited (SpeedCast or the Company) and its subsidiaries (together referred to as the Group), for the half year ended 30 June 2016 and the auditor's report thereon.

Information on Directors

The names of each person who has been a director during the half year and to the date of this report are:

John Mackay
Pierre-Jean Beylier
Michael Berk
Grant Ferguson
Peter Jackson
Michael Malone
Edward Sippel

Review of operations

Highlights:

- Total revenues grew 41% to USD101.5 million (1HFY15: USD71.7 million). Core service revenues (excluding Afghanistan) grew 54% to USD85.7 million (1HFY15: USD55.6 million);
- Underlying EBITDA grew 34% to USD17.0 million (1HFY15: USD12.7 million). EBITDA margins were 16.8% (1HFY15: 17.7%) and included the initial dilutionary impact of the acquisition margins from the six acquisitions announced in 2015 and the continued investment in the necessary operational costs to grow the business in the medium term;
- Underlying NPATA grew 21% to USD8.2 million (1HFY15: USD6.8 million) and NPATA per share grew 20% to 6.77 cents (1HFY15: 5.66 cents);
- Completed the acquisition of NewCom International Inc., a leading global satellite and network service provider with major infrastructure, establishing a SpeedCast presence in South and Central America;
- On 1 July 2016 the acquisition of ST Teleport Pte Ltd was completed, adding a world class teleport and infrastructure in the important communications hub of Singapore; and
- On 8 August 2016 entered into a definitive agreement to acquire WINS Limited for EUR60 million, a satellite communications company 100% focused on the maritime sector. The WINS acquisition adds a strong geographic presence in Germany, the second largest merchant shipping market in Europe, and adds new capabilities to the SpeedCast group to service passenger carrying vessels, such as cruise ships and ferries, in markets around the world.

In 1H FY2016, SpeedCast continued to execute on its strategy of delivering long-term sustainable growth through a combination of both organic and M&A growth. Revenue for the six months ended 30 June 2016 was USD 101.5 million with underlying EBITDA of USD 17.0 million, delivering growth (both organic and acquisitive) of 41% and 34% respectively on the prior corresponding period, despite headwinds in the Oil & Gas sector.

Directors' Report (continued)

The growing scale of SpeedCast enabled favourable renegotiation of terms on a number of the group's bandwidth contracts during 1H FY2016. As a large buyer of satellite capacity, SpeedCast is well positioned in a market characterised by strong supply and is confident in the group's long term gross profit margins and earnings.

SpeedCast has continued to focus on the integration of new acquisitions during 1H FY2016, and has invested in building out the systems and capabilities necessary to support its expanding global operations and long-term growth prospects. These integration activities continue to generate cost synergies for the group, which is expected to deliver earnings growth in 2H FY2016 and beyond.

In Maritime, strong underlying market fundamentals have enabled SpeedCast to continue to add good numbers of VSAT vessels to the group's global network as well as deliver strong growth in L-band revenues. As it gains in scale, SpeedCast continues to strengthen its ability to compete and win new business in markets where it has not traditionally had a presence.

The diversified Enterprise and Emerging Markets business, representing approximately half of the group's core service revenues, has continued to deliver steady growth, in particular in the government and cellular backhaul sectors. Further opportunities exist to grow this business in the medium term as SpeedCast looks to leverage the collective capabilities of the enlarged group and push into new sub-verticals. New opportunities in the government sector are materialising, and it remains an attractive short-term growth market for the group.

Macroeconomic headwinds in the Oil & Gas sector impacted the Energy business unit in late FY2015 and early FY2016, including delays in the roll out of a material new contract, negatively impacting EBITDA by USD0.5 million in 1H FY2016. However, SpeedCast continued to demonstrate its ability to win market share in a declining market. Wins in market share in 1H FY2016 are expected to positively impact growth in the second half. Conditions in the Oil & Gas sector have also impacted a segment of the Maritime business, offshore supply vessels, which experienced greater levels of churn and temporary suspensions than in previous periods. The Energy division represents approximately 15% of the Group's core service revenues.

Overall, core service revenues remained flat in Q1 FY2016 compared with Q4 FY2015, with organic growth returning in Q2 FY2016 as churn decreased and new projects came on line. Service gross margins continued to improve in the period, reflecting the impact of operational optimisation initiatives and bandwidth cost synergies.

Despite the headwinds noted above, the sales pipeline is strong and delivered a number of meaningful new wins and partnerships in the first half which will underpin organic revenue growth in 2H FY2016. These include, but are not limited to:

- Maritime
  - MMA Offshore multi-year service agreement to provide high throughput connectivity across their global offshore vessel fleet
  - DHI (to be acquired as part of the WINS Ltd acquisition) has announced an agreement to provide VSAT services together with SpeedCast to a fleet of 50 German vessels
  - Inmarsat & SpeedCast strategic partnership agreement to deliver FleetXpress to the global Maritime market and to leverage SpeedCast's Ku-band network
  - KT SAT (Korea) & SpeedCast partnership to provide Maritime communication services to up to 150 vessels

Directors' Report (continued)

- Enterprise & Emerging Markets
    - New contracts in a number of Pacific Island countries - Solomon Islands, Republic of Kiribati, Papua New Guinea and Christmas Island
    - Multinet Pakistan has selected SpeedCast to provide new satellite services
    - NEDA Telecommunications has appointed SpeedCast to build a network for the Afghanistan government
    - Airbus Defence & Space agreement for government services in the Asia-Pacific region
- Energy
    - SpeedCast to provide satellite services to energy sector in China
    - New contracts as SpeedCast provides VSAT services to global energy companies in Africa
    - New Middle East contract with major oilfield service provider
    - Communications services provided to a global Oil & Gas company in Malaysia
    - Expansion of relationship with Schlumberger, the world's leading provider of technology for reservoir characterisation, drilling, production and processing to the oil and gas industry.

Overview of Financial Performance

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

Reconciliation of statutory to underlying NPAT:

US$'million	2016	2015
Statutory Net Profit after tax	**5.6**	**2.7**
Transaction related costs	0.6	1.4
Fair value gain on deferred consideration	(1.9)	-
ST Teleport consideration – finance costs	0.3	-
Underlying NPAT	**4.6**	**4.1**

There was no difference between underlying and statutory revenue.

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

- *EBITDA* is defined as earnings before interest, tax, depreciation and amortisation and is used to measure the underlying performance of the group, excluding non-cash items such as depreciation and amortisation;

- *NPATA* is defined as net profit after tax but prior to the amortisation of intangibles, net of tax effect.

Directors' Report (continued)

Overview of Financial Performance (continued)

A summary of the Group's underlying revenue and results for the half year is set out below:

US$'million	2016	2015
Total revenue	101.5	71.7
EBITDA	**17.0**	**12.7**
Depreciation	(4.3)	(3.4)
Amortisation	(4.6)	(3.4)
EBIT	**8.1**	**5.9**
Finance costs, net	(2.2)	(1.1)
Share of profit from interest in joint ventures	-	0.1
Income tax expense	(1.3)	(0.8)
NPAT	**4.6**	**4.1**
Add back: Amortisation (net of tax)	3.6	2.7
NPATA	**8.2**	**6.8**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under the "ASIC Corporations (Rounding in Financial / Director's Reports) Instrument 2016/191", issued by the Australian Securities and Investments Commission. The company is an entity to which the Class Order applies.

This report is signed in accordance with a resolution of the Board of Directors.

Pierre-Jean Beylier
Chief Executive Officer, Executive Director
24 August 2016

pwc

Auditor's Independence Declaration

As lead auditor for the review of SpeedCast International Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Andrew Forman
Partner
PricewaterhouseCoopers

Adelaide
24 August 2016

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Half year 30 June 2016 US$'000	Half year 30 June 2015 US$'000
Revenue from continuing operations	101,513	71,747
Cost of equipment and bandwidth services	(62,783)	(44,220)
Staff costs	(14,963)	(10,311)
Depreciation of property, plant and equipment	(4,369)	(3,394)
Amortisation of intangible assets	(4,569)	(3,387)
Transaction related costs	(585)	(1,386)
Other expenses	(6,749)	(4,508)
Finance costs, net	(2,456)	(1,164)
Fair value gain on deferred consideration	1,916	-
Share of profit from interest in joint ventures	-	145
Profit before income tax	6,955	3,522
Income tax expense	(1,338)	(854)
Profit for the year attributable to owners of the Company	5,617	2,668
Other comprehensive income		
Item that may be reclassified to profit and loss: Currency translation difference	160	76
Total comprehensive income for the year attributable to members of the entity	5,777	2,744
Earnings per share		
- Basic profit per share (cents)	4.64	2.22
- Diluted profit per share (cents)	4.58	2.19

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

Consolidated Statement of Financial Position

	Note	30 June 2016 US$'000	31 December 2015 US$'000
ASSETS			
Current assets			
Cash and cash equivalents		26,139	15,114
Trade and other receivables		49,971	43,288
Inventories		6,355	5,171
Total current assets		82,465	63,573
Non-current assets			
Interests in joint ventures		190	190
Property, plant and equipment		36,578	26,238
Goodwill and intangible assets		116,093	96,723
Deferred tax assets		5,211	3,088
Total non-current assets		158,072	126,239
Total assets		240,537	189,812
LIABILITIES			
Current liabilities			
Trade and other payables		74,892	50,692
Borrowings	4	1,601	-
Obligations under finance leases		115	46
Derivative financial instruments		6	6
Income tax payable		4,397	2,691
Total current liabilities		81,011	53,435
Non-current liabilities			
Borrowings	4	120,277	99,354
Deferred tax liabilities		7,215	6,164
Obligations under finance leases		58	21
Other payables		-	3,595
Total non-current liabilities		127,550	109,134
Total liabilities		208,561	162,569
Net assets		31,976	27,243

Consolidated Statement of Financial Position (continued)

	Note	30 June 2016 US$'000	31 December 2015 US$'000
EQUITY			
Equity attributable to owners of the Company			
Contributed equity	5	87,046	84,892
Other reserves		(917)	(1,171)
Accumulated losses		(54,153)	(56,478)
Total equity		31,976	27,243

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

Consolidated Statement of Changes in Equity

	Attributable to owners of SpeedCast International Limited			
	Contributed equity US$'000	Accumulated losses US$'000	Other reserves US$'000	Total US$'000
Balance at 1 January 2015	**84,126**	**(55,040)**	**(487)**	**28,599**
Profit for the half year	-	2,668	-	2,668
Other comprehensive income	-	-	76	76
Total comprehensive income/(loss) for the year	**84,126**	**(52,372)**	**(411)**	**31,343**
Transactions with owners in their capacity as owners				
Dividend	-	(3,127)	-	(3,127)
Issue of ordinary shares	204	-	-	204
Employee share scheme – value of employee services	-	-	191	191
	204	(3,127)	191	(2,732)
Balance at 30 June 2015	**84,330**	**(55,499)**	**(220)**	**28,611**
Balance at 1 January 2016	**84,892**	**(56,478)**	**(1,171)**	**27,243**
Profit for the half year	-	5,617	-	5,617
Other comprehensive income	-	-	160	160
Total comprehensive income/(loss) for the year	**84,892**	**(50,861)**	**(1,011)**	**33,020**
Transactions with owners in their capacity as owners				
Dividend (note 3)	-	(3,292)	-	(3,292)
Issue of ordinary shares	2,081	-	-	2,081
Transfer from share based payment reserve for vested performance rights	73		(73)	-
Employee share scheme – value of employee services	-	-	167	167
	2,154	(3,292)	94	(1,044)
Balance at 30 June 2016	**87,046**	**(54,153)**	**(917)**	**31,976**

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

Consolidated Statement of Cash Flows

	Note	Half year 30 June 2016 US$'000	Half year 30 June 2015 US$'000
Cash flows from operating activities			
Cash generated from operations		16,402	13,561
Net interest paid		(1,971)	(935)
Taxes paid		(947)	(173)
Net cash inflows from operating activities		13,484	12,453
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		(11,674)	(34,740)
Payment for transaction related costs		(1,215)	(1,367)
Payments for property, plant and equipment		(5,352)	(3,850)
Payments for intangible assets		(982)	-
Net cash outflows from investing activities		(19,223)	(39,957)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		19,950	45,206
Repayment of borrowings		-	(1,500)
Dividend paid	3	(3,292)	(3,127)
Repayments of obligations under finance leases		(25)	(6)
Net cash inflows from financing activities		16,633	40,573
Net increase in cash and cash equivalents		10,894	13,069
Cash and cash equivalents at beginning of the half year		15,114	10,079
Effects of exchange rate changes on cash and cash equivalents		131	(415)
Cash and cash equivalents at the end of the half year		26,139	22,733

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

Notes to the Financial Statements

1. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by SpeedCast International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

SpeedCast International Limited (the Company) is a company domiciled and incorporated in Australia. The half year financial statements are for the consolidated entity consisting of the Company and its subsidiaries (together referred to as the Group).

The half year financial statements were authorised for issuance by the Board of Directors on 24 August 2016.

New and amended standards and interpretations adopted by the Group

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

AASB 2014-3: Accounting for Acquisitions of Interests in Joint Operations

AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation

AASB 2014-9: Equity Method in Separate Financial Statements

AASB 2015-1: Annual improvements 2012-14

AASB 2015-2: Disclosure Initiative: Amendments to AASB 101

AASB 2015-9: Application of Australian Accounting Standards

Notes to the Financial Statements (continued)

1. Basis of preparation (continued)

Impact of standards issued but not yet applied by the entity

IFRS 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118, which covers contracts for goods and services, and AASB 111, which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard is effective from reporting periods commencing from 1 January 2018. The Company has not assessed the impact at this time.

AASB 16 Leases

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

2. Segment reporting

(a) Identification of reportable segments

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

(b) Segment performance

	Half year ended 30 June 2016 US$'000	Half year ended 30 June 2015 US'000
Revenue from external customers	101,513	71,747
Underlying EBITDA	17,018	12,708
IPO and transaction related costs	(585)	(1,386)
Depreciation of property, plant and equipment	(4,369)	(3,394)
Amortisation of intangible assets	(4,569)	(3,387)
Finance costs, net(1)	(2,456)	(1,164)
Fair value gain on deferred consideration	1,916	-
Share of profits from interests in joint venture	-	145
Income tax expense	(1,338)	(854)
Total net profit/(loss) after tax	5,617	2,668

(1) includes USD268,000 of finance costs included in the consideration payable to the vendor for the acquisition of ST Teleport.

Notes to the Financial Statements (continued)

2. Segment reporting (continued)

(c) Segment assets and liabilities

	30 June 2016 US$'000	31 December 2015 US$'000
Segment assets – total assets other than deferred tax assets	235,326	158,541
Segment liabilities – total liabilities other than financial liabilities and deferred tax liabilities	201,346	125,765

(d) Revenue by customers' geography

	Maritime	Australia	Pacific Islands	EMEA and other (ex-Afghanistan)	Afghanistan	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Half year ended 30 June 2016	29,422	23,429	18,425	28,410	1,827	101,513
Half year ended 30 June 2015	17,395	18,480	15,980	18,028	1,864	71,747

Notes to the Financial Statements (continued)

2. Segment reporting (continued)

(e) Geographical information of the Group's non-current assets

As at 30 June 2016	Maritime US$'000	Australia US$'000	Pacific Islands US$'000	EMEA and other (ex-Afghanistan) US$'000	Afghanistan US$'000	Total US$'000
Property plant and equipment	871	9,015	2,275	24,417	-	36,578
Goodwill and intangible assets	20,086	14,729	18,556	62,722	-	116,093
Interest in joint ventures	-	-	-	190	-	190
	20,957	23,744	20,831	87,329	-	152,861

As at 31 December 2015	Maritime US$'000	Australia US$'000	Pacific Islands US$'000	EMEA and other (ex-Afghanistan) US$'000	Afghanistan US$'000	Total US$'000
Property plant and equipment	901	8,935	2,303	14,099	-	26,238
Goodwill and intangible assets	20,648	13,855	18,701	43,519	-	96,723
Interest in joint ventures	-	-	-	190	-	190
	21,549	22,790	21,004	57,808	-	123,151

Notes to the Financial Statements (continued)

3. Dividends

	Cents per share	Total amount US$'000
Interim dividend declared for the half year ended 30 June 2016	AUD 3.20 cents	3,235
Final dividend provided for and paid for the year ended 31 December 2015	AUD 3.65 cents	3,292
Interim dividend paid for the half year ended 30 June 2015	AUD 3.00 cents	2,644

On 24 August 2016, the Board approved an interim dividend of AUD 3.20 cents per share for the six months ended 30 June 2016. The dividend will be paid on 7 October 2016 to all shareholders registered on the record date of 6 September 2016. The ex-dividend date for dividend entitlement will be 5 September 2016. The dividend will be fully franked for Australian taxation purpose.

No dividend reinvestment plan was in operation during the half year ended 30 June 2016.

4. Borrowings

	30 June 2016 US$'000	31 December 2015 US$'000
Portion of bank loans due for repayment within one year	1,601	-
After 1 year but within 2 years	34,097	33,450
After 2 years but within 5 years	86,180	65,904
	121,878	99,354

As at 1 January 2016, the Group had revolving facilities of USD102 million with Westpac Banking Corporation, HSBC and Siemens Financial Services Inc. On 12 February, the multi-currency facilities were increased by USD20 million by adding a further lender, ING, to the debt syndicate, increasing the total facility to USD122 million as at 30 June 2016. Following the increase, the revolving facilities comprised USD35 million with a 3 year term, and USD87 million with a 5 year term. All other terms remain unchanged.

Further to this, an additional USD2.0 million was added to the bank guarantee facility on the 12 February 2016, increasing the facility to USD4.0 million as at 30 June 2016, of which USD1.6 million was utilised at this date.

Notes to the Financial Statements (continued)

4. Borrowings (continued)

As at 30 June 2016, USD120.3 million of the revolving facilities was drawn of which USD48.3 million was drawn in AUD and USD72.0 million in USD. USD34.1 million of the drawn amount relates to the 3 year facility and USD86.2 million relates to the 5 year facility.

The credit lines are subject to the completion of affirmative and negative covenants, including the commitment not to exceed certain financial ratios semiannually. As of 30 June 2016 the Group had met all of its financial covenants. The covenants include the following ratios, which are defined in the group's debt facility agreement: Interest Cover Ratio (underlying EBITDA[1] / underlying net interest expense) and Net Leverage Ratio (net debt/underlying EBITDA[1]).

The Group gained control of ST Teleport on 10 May 2016, and in the process acquired ST Telport's USD1.6 million of short term bank debt. This bank debt was repaid from Group funds when the transaction was completed on 1 July 2016.

5. Contributed equity

Movement in ordinary share capital in the half year ended 30 June 2016 is set out below.

	No. of Shares	US$'000
Share capital as at 31 December 2015	120,819,213	84,892
Ordinary shares issued	751,782	2,154
Share capital as at 30 June 2016	121,570,995	87,046

On 3 March 2016, 66,469 restricted management rights were converted to 66,469 new ordinary fully paid shares.

On 31 March 2016, 618,844 new ordinary fully paid shares were issued in accordance with the Share Purchase Agreement to acquire Newcom International Inc.

On 1 June 2016, 66,469 restricted management rights were converted to 66,469 new ordinary fully paid shares.

(1) On a Last Twelve Months basis, as if acquisitions were controlled for the full twelve months prior to the covenant assessment date.

Notes to the Financial Statements (continued)

6. Contingencies

SAIT Communications earn-out

Additional potential consideration comprising an earn-out of up to USD7.5 million is payable in relation to the acquisition of SAIT if certain revenue growth targets are reached in 2016, starting at USD1.5 million (split between cash of USD0.5 million and SpeedCast ordinary shares of USD1.0 million) for the achievement of USD23 million of revenue in 2016 and increasing progressively with revenue growth. The total amount potentially payable is capped at an amount of USD7.5 million for significant outperformance split into cash consideration of USD4.5 million and SpeedCast ordinary shares of USD3.0 million.

The potential consideration is required to be re-measured to fair value at each balance date. At 31 December the fair value of the potential consideration was USD3.5 million. Between 31 December 2015 and 30 June 2016 the fair value of the potential consideration has reduced to USD1.6 million. This change in fair value has been charged to the income statement in accordance with Accounting Standards.

Newcom International earn-out

Additional potential consideration of up to USD19 million (75% cash / 25% SpeedCast International shares) is payable in relation to the acquisition of Newcom International Inc. if ambitious EBITDA growth targets are achieved in 2016. Management's assessment is that these growth targets will not be met and no liability has been recognised.

Other than as noted above the Group did not have any material contingent liabilities as at 30 June 2016.

7. Events after the balance sheet date

On 1 July 2016, the Group completed the acquisition of ST Teleport Pte. Ltd. in accordance with the terms of the Share Purchase Agreement signed on 12 November 2015 for consideration of SGD18.5 million (USD13.7 million) in cash.

On 8 August 2016, the Group entered into a definitive agreement to acquire WINS Limited, a Europe-based provider of innovative broadband satellite communications and IT solutions for the Maritime sector, for EUR60.0 million (USD66.6 million). The transaction is expected to settle by 31 August 2016.

The purchase price allocation accounting for both of these acquisitions has not been finalised at the date of this report.

On 9 August 2016, SpeedCast International Limited completed an equity placement of AUD61.2 million through the issue of 17.3 million new shares at an issue price of AUD 3.54 per share. Settlement occurred on 11 August 2016 and the new shares were issued on 12 August 2016. The proceeds of this equity raise will be used to partially fund the acquisition of WINS Limited.

Notes to the Financial Statements (continued)

7. Events after the balance sheet date (continued)

On 1 July the Group increased its committed bank debt facilities by USD10 million through existing lenders, of which USD7.0 million was drawn down to partially fund the ST Teleport acquisition.

On 8 August 2016 the Group obtained the necessary credit approvals to increase the Group's debt facilities by a further USD30.0 million to partially fund the WINS acquisition, through a combination of existing lenders and the addition of one new lender to the syndicate, subject to suitable documentation. In conjunction with this increase the term of the 3 year facility will be extended until August 2019.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 10 to 22 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Pierre-Jean Beylier
Chief Executive Officer, Executive Director
24 August 2016

Independent auditor's review report to the members of SpeedCast International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of SpeedCast International Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for SpeedCast International Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of SpeedCast International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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

pwc

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of SpeedCast International Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Forman
Partner

Adelaide
24 August 2016