

# **The Utah Division of Purchasing and General Services**

On behalf of the

**STATE OF UTAH**

and the



*Request for Proposals*

**DG7520**

## **WSCA Contract for SATELLITE PHONE EQUIPMENT & SERVICES**

February 20, 2007



Monday, February 20, 2007

Ms. Debra Gunderson  
State of Utah  
Division of Purchasing and General Services  
State Office Building, Capitol Hill  
Room 3150  
Salt Lake City, UT 84114-1061

Dear Ms. Gunderson:

World Communication Center, Inc. (WCC) is pleased to have the opportunity to propose the following satellite voice and data solutions for the State of Utah. Working with top-quality manufacturers and systems, our team provides end-to-end, redundant satellite communication solutions anywhere in the world.

As a leading provider of satellite communication solutions, WCC has supplied solutions-based services, equipment and rentals for satellite voice and data, mobile asset tracking devices, and satellite broadband Internet for five years. WCC provides telephone and Internet solutions to a customer base that spans the globe, including individuals, corporations, governments, heavy industry, marine, and aviation.

When choosing WCC, our customers gain a unique customer service offering. For example, WCC is a premier Iridium Service Provider; one of only a few service providers to qualify as a Value-Added Manufacturer (VAM) and a Value-Added Reseller (VAR) – as distinguished by Iridium. This combination enables WCC to often be the first to deliver solutions by building products and systems to meet customers' demands as well as resolve equipment issues on a case-by-case basis. In addition, **WCC is the only US based SP with a Service Level Agreement (SLA) with Iridium.**

With Inmarsat and VSAT applications, WCC works with multiple providers to make sure our customers get the best pricing as well as a unique product array to meet a wide variety of communication requirements. With this diversity in product lines and services, WCC can easily work with customers to match their application and pricing prerequisites to the most appropriate product.

WCC has a unique combination of creativity, passion, and a solution-based focus that keeps us surging ahead. Much of this is due to a few core values:

- *Creativity.* WCC is one of the very few satellite providers who not only offers satellite services and product, but also works with manufacturers to develop proprietary hardware and advanced data systems to meet unique satellite needs.
- *Passion.* As true believers in satellite communication technology, we believe in building strong relationships with our providers of equipment and service.
- *Customer Centric.* We are most proud of our reputation for outstanding customer service. We offer live Iridium technical customer care 24/7, every day of the year. As a global service provider, we want to make sure that customers can stay connected no matter where they are on the earth.

WCC will commit to the following proposal costs and project scope for a 90-day period from date of receipt of RFP. We look forward to the opportunity to build a strong relationship with Raytheon during the scope of this project.

Best regards,

Sam Romey  
President of WCC, Inc.

World Communication Center, Inc.  
1347 N. Alma School Road #150  
Chandler, AZ 85224  
TF: 480-857-6656  
FX: 480-857-6898  
sam.romey@wcclp.com

**[www.wcclp.com](http://www.wcclp.com)**

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## **2.0 – General Proposal Requirements and Information**

### **2.1 Proposal Content and Format Requirements**

Proposals must be detailed and concise. Unless otherwise stated in your proposal as an “exception”, offerors agree to comply with every section, subsection, attachment and addendum of this RFP. Each proposal must include:

**A. Letter of Transmittal—Mandatory**

Must include the name(s), position title(s), office address (es) and contact information of the person(s) authorized as the POC for the offeror; the letter must be signed by the offeror’s authorized representative(s).

**B. Executive Summary**

Summarize the services and equipment offered in your proposal.

**C. Proposal Content and Format—Mandatory**

Offerors must format their proposal in a point-by-point response format to each section or subsection, using the same numbering and formatting of this RFP. If the section or subsection does not require a specific response, offerors are to respond with the response, “Understood” or “Comply”. If the section or subsection requires a specific response, or if offerors wish to convey information or take exception, offerors must provide the information at that juncture.

### **2.2 RFP Revisions**

Revisions, if any, and all written questions and the State’s answers, will be transmitted to all potential offerors in the form of an addendum, via mail; all addenda will also be posted to the Division of Purchasing and General Services’ Web site (see section 1.7 for web address).

**2.3** The State of Utah reserves the right to waive any informality or technicality in any proposal.

### **2.4 Proposals Become Property of the State of Utah**

All proposal contents become the property of the State of Utah. All proposal content is proprietary during the proposal evaluation process. Upon contract award, the successful offerors’ proposals will be open to public inspection, by request, for a period of 90-days, with the exception of any proposal content that is marked as “proprietary” by the offeror. All content designated as “proprietary” must be supported by documentation as to the rationale for the proprietary nature of the information.

## **2.5 Multiple Offers**

Offerors may submit multiple proposal offerings. Offerors choosing to submit alternate proposals must treat each offering separately, under separate cover, responding completely for each separate offering.

## **2.6 News Releases**

News releases or other public disclosure of information pertaining to this RFP or the statewide contracts may not be published without the prior written permission of the State of Utah.

## **2.7 Subcontractors**

Offerors proposing the use of a subcontractor(s) must detail the subcontractor(s) arrangement and include complete subcontractor identification information to each WSCA participating states.

## **2.8 References**

Offerors must provide references for their three (3) largest customers (excluding the State of Utah governmental agencies) that use their wireless services. Each reference must include:

- Company Name
- POC name and position title
- Contact information (voice, fax, email, postal service mailing address)

State of Alaska  
Julie Pannone – Admin. Manager I, Enterprise Technology Services  
5900 E. Tudor Rd.  
Anchorage AK 99507  
907-269-5748  
[julie\\_pannone@admin.state.ak.us](mailto:julie_pannone@admin.state.ak.us)

Boeing – Shared Services Group  
Gordon McKelvey – Procurement Agent  
425-865-6776  
[gordon.l.mckelvey@boeing.com](mailto:gordon.l.mckelvey@boeing.com)

Church of Latter Day Saints  
Lyman Hammon – Senior Project Manager  
801-240-1225  
[hammonlb@ldschurch.org](mailto:hammonlb@ldschurch.org)

### 3.0 – Detailed Scope of Work

#### Current Environment - Understood

**3.1.1** The State of Utah and other States currently utilizes various types of wireless communications to provide communications over private state systems as well as over the public network, as follows:

**3.1.1.1 Two-way Radio**—VHF/UHF/800MHz mobile radio for Public Safety, Transportation, Natural Resources, and various other governmental agencies. These systems provide communications between mobile, portable base and dispatch centers utilizing simplex or repeater operation. Over 5,000 radio units are currently in use.

**3.1.1.2 Wireless Telephone**—The State of Utah has statewide contracts for public wireless telephone services statewide. Current statewide contractors are Wireless LLC, Verizon Wireless (VAW) LLC, Uintah Basin Electronic Telecommunications, Sprint PCS, Cingular Wireless, and Alltel.

**3.1.1.3 Paging Services and Equipment**—The State of Utah has a statewide contract, with Metrocall (PD624), and American Messaging (MA1485). **Standalone paging services and equipment are not a part of this RFP.**

**3.1.1.4 Data**—the State is currently deploying a statewide slow speed mobile data network (MDN) for Public Safety and Governmental entities in a mobile environment. In conjunction with this, 802.11 hot spots in strategic locations providing high speed data connections to the network for uploading or downloading files vital to the Public Safety operational needs.

### 4.0 – Specifications

#### 4.1 Wireless Satellite Phone Equipment

- All phones must have numbers based in the United States of America and not have any international numbers.
  - As Iridium satellite phones are designed to work anywhere in the world, they are assigned an international Iridium telephone number. However, WCC has several customers that are unable to make international calls in attempts to reach the satellite phone user. Thus, WCC provides a two-stage dialing platform which allows people to contact the satellite phone through a US (Arizona based) telephone number. Calls to the satellite phone using the two-stage platform are billed to the holder of the

satellite phone at their designated Iridium rate.

- All phones must be dedicated voice phones with an option to adapt faxing capability.
  - Understood
- All phones must be bid with a pelican case, car charger, wall charger and spare battery with options to delete specific items to meet the user's operational needs.
  - Understood
- Offerors must quote an emergency docking installation kit. This kit must include: satellite phone, an external speaker, external antenna with 80' of coaxial cable, AC power operation, fax/data cable kit for faxing ability and a privacy handset for voice communication that does not require the satellite phone to be removed from the docking station.
  - Understood
- Offerors must provide detailed information on the equipment, phone, accessories etc. offered by manufacturers name, model number etc.
  - Understood: See Attachments
- If satellite phone can be used with cellular based technologies, Offerors must describe what cellular services will work with the phones.
  - The Iridium satellite system works independently from any cellular services, thus any cellular outages would not affect the quality of the Iridium service. Calls can be made to and from a cell phone to an Iridium satellite phone.

## 4.2 Satellite Rate Plan

- Offerors must include satellite carrier service rate plan for emergency use, monthly and annual usage. This should be a rate plan for each WSCA participating State as well as States that may participate. International calling or roaming capability is not a requirement identified by State users but should be included in the event any State agencies have need for this service in the future.
  - Understood; See Pricing Proposal for Detailed Rates

## 5.0 – Network and User Device Maintenance

### 5.1 General Maintenance Information

#### 5.1.1 Maintenance / Warranty Work Requirements

- 5.1.1.1 **Mandatory:** Offerors must provide the names, titles, addresses and contact information of the primary and backup contacts for service problems on satellite phones based on 24 hours /day, 365 days / year. This information should be included for all WSCA participating States.
  - Support is provided 24 hours a day, 365 days a year by WCC's trained technical support team. Technical support is available by dialing 800-211-2575, 480-857-6656, or by dialing 6111 from the satellite phone. WCC's technical support is provided from our home



base at 1347 N. Alma School Road, Suite 150, Chandler AZ 85224 by our technical support manager, Janelle Serrano, and by our technical support representative, Chris Johnson.

## 5.2 Service and Maintenance of User Devices

**5.2.1** If any contract equipment should require more than 24 hours for repair, the customer may request loaner equipment of like kind be provided at no additional charge.

- Loaner equipment will be available as long as supply permits. Shipping charges for replacement units will fall on the customer.

**5.2.2** The offeror must detail the procedure for obtaining service when a unit is inoperable. This must include the locations users (for the State of Utah and all other WSCA participating States) would use to exchange equipment and the operating hours of service. The statewide contractors must provide maintenance on all equipment leased, purchased or rented under contract.

- Customers with inoperable units must contact a WCC technical representative and complete an RMA, returned material authorization.

Technical support is available 24/7 via phone at the following numbers:  
800-211-2575, 480-857-6656, 6111 (directly from the satellite phone)

All non-functioning equipment needing repair should be sent to:  
WCC – Technical Dept.  
1347 N. Alma School. Rd., Ste. 150  
Chandler AZ 85224

**5.2.3** Offerors selling the satellite phone must have a service center located in Utah and in the other WSCA States to service, install and perform warranty services. The offeror shall specify indicate the number of technical staff available (in the State of Utah and all WSCA participating States), and those providing system installation, warranty related service and emergency repairs. Offerors must also provide local contact numbers of personnel available for emergency technical support on a 24 hours/365days a year basis.

- WCC's satellite service center is located in Chandler, AZ. All repairs and replacements will occur from this location.

Technical Staff Contacts:

Janelle Serrano – Technical Dept. Manager  
Chris Johnston – Technical Dept. Representative

Email: [support@wccip.com](mailto:support@wccip.com)  
Phone: 800-211-2575, 480-857-6656, 6111 (directly from the satellite phone)  
Mail: WCC – Technical Dept.  
1347 N. Alma School. Rd., Ste. 150  
Chandler AZ 85224

**5.2.4** Indicate the locations and operating hours of all repair facilities in the

State of Utah and all WSCA states.

- WCC's technical department is available 24/7 for technical support and assistance. WCC is open for repairs from 6am to 6pm Monday through Friday

**5.2.5** Indicate if an insurance policy and cost for equipment that is beyond repair or lost is available.

- No insurance policy is available on purchased equipment.

### **5.3 Additional Maintenance Information and Requirements**

**5.3.1** Offerors must establish and provide information on the procedure(s) used to notify statewide contract customers when Satellite outages or other service problems occur. Detail the circumstances that would occur to meet the threshold for notification, how the State of Utah and other WSCA participating States, would be notified, and the timeframe for notification after discovery.

- In order to provide timely notification of satellite outages or other service problems, WCC will need names, telephone numbers, and emails of the main point of contact for each state.

**5.3.2** Offerors must detail their escalation procedure for network service problems.

- In the case of network service problems, customers should call WCC's technical support line. If WCC's technical team is unable to assist the customer and determines the problem to be a network situation, WCC will contact Iridium directly for further assistance. WCC will be the customer's main point of contact throughout the tiered troubleshooting process.

**5.3.3** Offerors must indicate their standards for response and repair time.

- WCC has a returned material authorization (RMA) process designed to offer end-users a simple and expeditious support solution for products under warranty and out of warranty.

When the customer suspects malfunction of equipment, they must first call WCC's technical support for initial troubleshooting procedures. If troubleshooting is unsuccessful, there will be an initial assignment of returned materials and the customer will ship the unit directly to WCC for inspection. All products sold to end-users and returned to WCC for repair or replacement must be accompanied by a signed copy of the RMA Form, and the RMA number referenced on the outside of the box.

Turn around time for repairs are 7-10 business days from receipt of the phone. If we have to send the phone back to the manufacturer for repair we can't guarantee turn around time.

**5.3.4** Offerors must describe service guarantees offered for the network and individual user devices.

- As a provider of the Iridium service, WCC has no control over the underlying service and thus cannot guarantee coverage availability or the grade of service provisioned.

- **Iridium Service Guarantee**

The Iridium satellite system has demonstrated year upon year of highly reliable handheld voice communications service to customers all over the world. The integrity of the system is bolstered with significant levels of redundancy within the operational satellites, with on-orbit spare satellites which are available to restore service in the event of a failure of an operational satellite and with redundancy in the ground facilities used to control and communicate with the satellites. Iridium continues to build additional reliability into the system as evidenced by the recent completion of an additional communications gateway in Fairbanks, Alaska, and a planned new facility in Svalbard, Norway. These facilities augment the command and control functions supporting the operation of the constellation, increasing the overall communications capacity of the system and adding an additional level of redundancy to the overall Iridium ground facilities.

In light of the demonstrated performance of the system, Iridium is pleased to offer a guarantee of customer satisfaction with the reliability of its mobile handheld airtime voice service. Upon receipt of a customer's written expression of dissatisfaction with the reliability of Iridium's airtime voice service, in the form and format specified in the attached Special Customer Agreement, Iridium will issue airtime and monthly fee credits, at the wholesale price level, to customer's Service Provider which activated customer's airtime account. Further, this offer is extended only to participating SP's approved by Iridium.

Specifics of this offer:

- 1) Applies only to new subscribers during the first three months following activation of their new airtime account when using a new Iridium handset; the subscriber can file his claim at any time within the first three months, at which time airtime charges and monthly fees paid until that time will be eligible for refund.
- 2) Credits to the customer's SP of up to three months of subscription fees and up to a total of 100 minutes of airtime usage from activation to the time of the claim, but not more than three months. Credits from Iridium to SP are computed at wholesale prices.
- 3) To apply for credit, SP must submit to Iridium an original copy of customer's complaint on a Customer Feedback Form to be provided by Iridium in which reason for dissatisfaction with service, time and place of service usage and request for credit are specified.
- 4) Credits to SP account will be made by Iridium no later than the second billing cycle following submission by the SP of the request for credit.
- 5) Iridium reserves the right to discontinue this Offer at any time. In the event of such discontinuation, Iridium's total obligation will be limited to crediting Service Provider's accounts with amounts due based on customer complaints which have been properly submitted prior to discontinuance and determined by Iridium to be valid.

### **5.3.5 Satellite carrier must have redundant gateways located in the United States and all gateways must be available to users in the State of Utah and all WSCA participating States.**

- The Iridium satellite network functions via cross-link satellite technology meaning it functions independently from land-based terrestrial networks. The network is completely redundant with 66 low earth orbiting satellites with 12 spares in orbit as well as (3) Iridium gateway stations. The main gateway is located in Tempe, Arizona, the backup gateway is located in Fairbanks, Alaska, and one additional gateway is run by the Department of Defense located in

Hawaii.

## 6.0 – Customer Service

**6.1 Order and Support Process**—Offerors must provide a description of the process that State agencies will follow in order to add, delete or change service. Offerors, must provide an electronic (email) order process or on-line support processes, with confirmation.

- State agencies will be able to order and / or change service through an online or email based order system. Agencies will need to complete there requests via an online order form or via email / fax to the account manager. Both options will result in written order confirmations.

**6.2 Customer Support** – Offerors must provide a description and the availability of support staff, times support is accessible, contact information, electronic on-line and telephone support and services provided through support staff.

- WCC offerors all customers technical support 24 hours a day, 7 days a week. Our technical support department includes the following employees:

Janelle Serrano – Technical Dept. Manager  
Chris Johnston – Technical Dept. Representative

Contact Methods:

Email: [support@wccpl.com](mailto:support@wccpl.com)  
Phone: 800-211-2575, 480-857-6656, 6111 (from the satellite phone)  
Mail: WCC – Technical Dept.  
1347 N. Alma School. Rd., Ste. 150  
Chandler AZ 85224

**6.3 Billing Questions and Disputes**—Offerors must provide a description of the process which they will follow to resolve billing questions and disputes with customers. This description must include an escalation process and/or procedure which the customers will follow. Offerors must indicate by name and phone number the individuals who will dealing with billing questions and disputes. Offerors must be willing to respond with either problem resolution or telephone acknowledgment or electronic response (email) within two (2) working days of problem receipt.

- To resolve billing questions and disputes, the WCC staff is available Monday through Friday 7:30am to 5:00pm. Naomi Ingram is the Billing Account Manager assigned to your account. Ms. Ingram can be reached at: 480-857-6656, 800-211-2575 or [billing@wccpl.com](mailto:billing@wccpl.com). WCC will respond to all inquiries within two (2) working days of problem receipt. If a question or dispute needs to be escalated, Gina Martinez, Controller will handle the issue. Ms. Martinez can be reached at the same telephone numbers or by email ([gina.martinez@wccpl.com](mailto:gina.martinez@wccpl.com)). She will coordinate with Naomi Ingram regarding the question or dispute. Ms. Martinez has the authority to make a final decision regarding any Billing matters.

**6.4 Response Time for Equipment Replacement**—Offerors must state their standards for response time for equipment replacement due to loss, theft or damage. Offerors must state any costs associated with this service.

- WCC has a returned material authorization (RMA) process designed to offer end-users a simple and expeditious support solution for products under warranty and out of warranty. All products sold to end-users and returned to WCC for repair or replacement must be accompanied by a signed copy of the RMA Form, and the RMA number referenced on the outside of the box.
  - For theft or loss, WCC can turn around equipment in a matter of 48 hours or less depending on supply and shipping requirements.
  - Turn around time for repairs are 7-10 business days from receipt of the phone. If we have to send the phone back to the manufacturer for repair we can't guarantee turn around time.
  - All manufacturer defects that need repair or replacement while the equipment is under warranty will be at WCC's expense. All repairs due to physical abuse or misuse are not covered under warranty.
  - WCC will pay all outgoing freight charges involved with returning repaired or replaced units that are under warranty. For out of warranty repairs, the customer is responsible for inbound and outbound shipping, part replacements, and an hourly repair charge rate of \$130.00.
  - No initial "loaner" stock is provided by WCC to customer. However, failed units still under warranty and returned by customer with appropriate RMA will be replaced by WCC at no cost, except for shipping charges as described above.
  - If a customer sends a product or a non-repairable accessory in for replacement, and the unit is found to be non-defective, the customer is liable for an evaluation fee of at least one-hour repair charge spent on project. WCC shall return the non-defective product to the customer with an indication that the product was mistakenly identified as defective. The customer is responsible for return shipping charges.

**6.5 Warranties**—Offerors must state their warranty terms for both new and refurbished (if available) equipment (including all accessories).

- New equipment receives a standard one year warranty. Warranties for used or refurbished equipment are determined at point of sale.

**6.6 Equipment Recalls**—Offerors must state their policies and procedures for equipment recalls (if such should occur). These policies must address service continuity including but not limited to the arrangements for loaner equipment.

- In the case of an equipment recall, WCC would contact all customers via mail, email, phone, and / or direct message to the satellite phone. Loaner equipment will be available on a case by case basis depending on the nature and magnitude of the recall.

**6.7 Contractor Staffing**—Offerors must provide names, phone numbers or other contact information (email for example) of any and all staff dedicated to customer problem resolution (billing; equipment failure; etc.) for the State of Utah and all WSCA participating States. The list of vendor contacts must be kept current and distributed within three (3) working days of any changes.

- Main POCs for order, billing, and technical questions are below:

Orders: Doris Santiago  
800 211 2575  
[doris.santiago@wccp.com](mailto:doris.santiago@wccp.com)

Billing: Naomi Ingram  
800 211 2575  
[naomi.ingram@wccp.com](mailto:naomi.ingram@wccp.com) or [billing@wccp.com](mailto:billing@wccp.com)

Technical Support: Janelle Serrano  
800 211 2575  
[janelle.serrano@wccpl.com](mailto:janelle.serrano@wccpl.com) or [support@wccpl.com](mailto:support@wccpl.com)

**6.8 Internet Web Site Information Link**—Contractors will be required to develop Internet web sites (if not currently available) must be up and running 30 days after receipt of award, where all current customer service information will be displayed. The Web site will be linked to the Division of Purchasing and General Services', and all other WSCA participating States Web sites containing contract information. The vendor Web site must be updated within five (5) working days of any changes. Any changes to URL information must be handled in as transparent a way as possible (automatic links, etc.). The vendor web site is not intended to contain all the information of the vendor-State contract only that information that will assist customers in managing their wireless resources (i.e., new equipment; new services; customer service contacts; new prices; etc.).

- Understood

## **6.9 User Device Information**

**6.9.1 Trade-in/Trade Up Policy**—Offerors must provide a description of their policy regarding equipment trade-in or trade-up. This description must include wireless devices and accessories (if applicable).

- WCC provides an Equipment Buy Back Program for all customers wishing to sell or upgrade from old equipment.

Customer will pack and ship used equipment in accordance with good Uniform Commercial Code practices and will pay for shipping charges to WCC's corporate office.

Customer represents equipment is in good working condition and fully functional prior to shipment and includes all parts/accessories checked off on the Equipment Buy-back form.

Value assigned to used-equipment is at the discretion of WCC and is determined by physical inspection and testing of equipment within ten business days after receipt of equipment. Customer may elect to accept or decline offer of purchase made by WCC, but such election must be finalized within 72 hours of receipt of offer of purchase by WCC.

WCC is not obligated to purchase equipment that is physically damaged or not in good working order.

Customer will be contacted if equipment is determined not acceptable by WCC (physically damaged or not in good working order). Customer may request equipment be returned to their possession. Customer is responsible for return shipping charges by providing WCC with a valid Federal Express or UPS account number or credit card.

Customer will receive payment for used equipment within 10 business days of WCC's acceptance of used-equipment. Acceptance is determined after physical inspection and testing of equipment has been completed.

Unless caused solely by the negligence of WCC, Customer shall indemnify and hold WCC's officers, employees, and agents harmless against any and all claims, demands, judgments, cause of action, losses, expenses, fees (including attorney's fees), liability or damages including without limitation for any personal injury or death arising in any way directly or indirectly in connection with this Program.

Customer represents that he/she is the legal owner of the equipment to be sold and that customer has the right to sell the equipment and that there are no liens or other claims by third parties upon the equipment. Customer also represents equipment is not blacklisted or permanently suspended by original manufacturer.

At any time, the Buy-back Program or any portion may be cancelled or modified at WCC's discretion, upon written notice.

- 6.10 **Vendor Responsibility Under Section 6 Network and User Device Maintenance**— Contractors must agree to, and adhere to, all conditions outlined in Section 6 of this RFP as they relate to and are integral with Customer Service activities.
- Understood
- 6.11 Vendor shall provide service or coverage maps for the entire USA by State.
- Understood – The Iridium satellite service is completely global, thus coverage is available anywhere in the world; the only requirement is a clear line-of-sight to the sky.
- 6.12 Vendor shall describe areas that users can expect to not receive service.
- There is no area in the continental United States that does not receive Iridium service, thus the customer can always expect to have coverage. Service only depends on a clear line of sight to the sky.

Note: The only place in the world that service cannot be expected is N. Korea and this is due to a political block of the service, not the functionality and capabilities of the satellite network.

## 7.0 – Offeror Profile

### 7.1 Offeror Profile

- 7.1.1 Provide a brief history of your company, emphasizing your experience as a wireless communications provider of service and equipment. (Limit 2 pages)

- World Communication Center, Inc. (WCC) is a subsidiary of [SatCom Group](#) and a leading provider of global satellite communication solutions, offering unparalleled satellite service and equipment for satellite telephones, mobile asset tracking devices and satellite broadband Internet.

Satellite equipment is vital in areas where cell service and landlines are non-existent, which currently accounts for more than 80 percent of the earth. WCC customers, including global travelers and corporations, find WCC's products and services useful across multiple industries including government, maritime, aviation and transportation. WCC's satellite communications also play a critical

role in global disaster response and homeland security efforts.

As one of Iridium's select service providers, WCC has gained the distinction of being one of few to qualify as a Value-Added Manufacturer (VAM) and Value-Added Reseller (VAR) of Iridium satellite telephones. This combination, along with an Iridium service level agreement, enables WCC to deliver customized satellite phone solutions and first-rate customer service.

WCC expanded these same types of features into our Inmarsat line. We provide airtime and equipment via several of the market's leading Inmarsat providers to ensure reliability and redundancy. With additional value adds such as billing solutions and e-mail, WCC provides the ultimate one-stop-shop.

By partnering with an array of satellite broadband companies nationwide, WCC also offers fixed high-speed satellite Internet solutions as a simplified way to connect businesses without access to T1 or DSL lines. WCC also offers customers wireless connectivity, multi-state networking with one bill, and high-end value-added business features such as POS systems and multimedia opportunities..

#### ***World-Class Service & Support***

Corporations around the globe rely on WCC's dependable satellite services to provide critical communications as well as back-up and disaster recovery. Setting the standard in satellite communications for excellent customer service, WCC offers personalized, live 24/7 Inmarsat and Iridium technical support for customers anywhere on the planet.

#### ***Rental Offerings***

WCC offers a unique rental program that allows occasional travelers to rent Iridium and Inmarsat satellite equipment weekly with low per-minute rates that is often a fraction of an international cell phone call. This program is also ideal for anyone who prefers to try out satellite equipment before purchasing.

#### ***Global Dealers & Distributors***

With a rich network of dealers and distributors, WCC's global satellite experts offer high-quality global satellite communications equipment nationally and worldwide. Search WCC's network at [www.wcclp.com](http://www.wcclp.com) today for the closest dealer to you. Companies interested in becoming a WCC satellite communication dealer can also apply on our website.

### **7.1.2 Provide a copy of your most recent annual report.**

- WCC is a subsidiary of SatCom Group, Inc., a UK-based satellite communications company. As SatCom Group is the parent company, WCC is willing to provide their most recent annual report:
- WCC Customers:  
Boeing, State of Alaska, LDS Church, Sempra Energy, University of Washington, Delta

### **7.1.3 Provide the total number of customers to whom you provide wireless satellite communications services, in the State of Utah and for all WSCA participating States.**

- Due to the nature of our business and the mobility of our customer base, both with the US and internationally, it is nearly impossible to quantify the number of customers using our service in the Utah and other WSCA areas.



## 8.0 – Pricing

### 8.1 Proposed Costs

#### 8.1.1 Proposed Service Rates

For purposes of this RFP, offerors must offer their complete current range of existing rate plans based on emergency, monthly and annual usage. The offeror shall include, if available, cellular based services and describe areas that users can expect to not receive services and will work in conjunction with the satellite services.

Please list and detail your discounted rate plan and detail the specific features, functions and user threshold information. For each rate plan indicate the current rate pricing and list the discount to the State of Utah for each rate plan. The offeror will provide pricing for individual WSCA participating States. **Please clearly indicate on your bid sheets the States you are including in your bid. Write each state you are including at the top of your bid sheet.**

##### 8.1.1.1 Detail one-time charges, if any.

- One-time activation fee for each unit in the amount of \$25.00.

##### 8.1.1.2 Detail any fixed recurring charges and access charges.

- Monthly service / access fee for each unit in the amount of \$33.00 per month.

##### 8.1.1.3 Detail any minimum charge, if any.

- No minimum usage or purchase requirement.

##### 8.1.1.4 Detail any discount plans, i.e., for quantity purchases, etc.

- The prices quoted on the Iridium equipment and service tables are the lowest available, regardless of quantity.

##### 8.1.1.5 Detail any and all “other” charges or costs associated with usage of the wireless satellite phone service.

- Airtime Charges:  
\$1.05 per minute from Iridium satellite phone to any landline and /or cell phone  
\$0.70 per minute from Iridium satellite phone to Iridium satellite phone

##### 8.1.1.6 The State of Utah and WSCA participating States will not accept any term agreements or any early termination fees.

- Understood

##### 8.1.1.7 Will the Offeror consider “Tiered Pricing,” as the number of phones increase the rates or costs decrease?

- The prices quoted on the Iridium equipment and service tables are the lowest available, regardless of quantity.

**WCC Equipment Price List—Utah Div. of Purchasing and General Services—WSCA Contract # MA249**

Category	Item #	Description	Retail Price (USD)	Discount %	State Price (USD)
<b>PHONES</b>	100608	NEW 9505A FULL KIT (Includes 1 high capacity battery, a/c wall charger w/international adapters, d/c auto charger, leather holster, antenna adapter, portable auxiliary antenna, earbud, users manual and a choice of a pre-paid or postpaid SIM card)	1495.00	13.4%	1295.00
	<b>FAX</b>	101123	Iridium Fax Adapter	550.00	0.0%
	101129	Iridium Fax Adapter + Data Cable (100383)	609.00	0.0%	609.00
<b>CASES &amp; HOLSTERS</b>	100138	Pelican 1300 (yellow) w/ foam	85.00	24.7%	63.98
	100894	Pelican 1400 (yellow) w/ foam	95.00	8.2%	87.22
	100139	Pelican 1450 (yellow) w/ foam	105.00	6.7%	97.99
	100537	iM0275 Storm Case w/ foam	80.00	6.9%	74.47
	100041	Canvas Bag w/ Shoulder Strap	28.95	7.2%	26.88
	100128	Waterproof Bag	29.00	7.3%	26.88
	100116	9505A Leather Holster w/ Lanyard	38.00	39.4%	23.03
<b>CHARGERS</b>	100091	9505A—AC Charger (international adapters required)	114.95	39.9%	69.12
	100089	9505A—International Adapter Kit	39.95	38.2%	24.69
	100109	9505A—DC Charger	49.95	29.4%	35.24
	101109	Solio Solar Charger	99.00	6.0%	93.09
<b>BATTERIES</b>	100099	9505A Li-Ion Battery	90.95	7.7%	83.93
	100094	9505A Battery Door	15.95	77.0%	3.67
<b>SPECIALTY PRODUCTS</b>	101002	9505A Docking Station*	1800.00	11.2%	1598.62
	101213	9505A Docking Station—Military Version*	2450.00	11.3%	2172.17
	100716	9505A Docking Station—BUNDLE (Includes (1) 9505A full phone kit, docking station, A/C and D/C power supply, (1) fixed mast antenna, up to 10 meters of cabling, and a prepaid or post paid SIM card) [Additional costs apply for cables greater than 10 meters]	3390.00	2.9%	3292.79
	100050	COM Center*	3000.00	10.0%	2700.00
	100136	COM Center with Tracking*	3450.00	6.2%	3236.04
	100319	COMCENTER BUNDLE (Includes A/C and D/C power supply, fixed mast antenna, up to 10 meters of cabling, and a post paid SIM card) [Additional costs apply for cables greater than 10 meters]	3250.00	2.6%	3165.39
	100072	HSK	6500.00	2.4%	6345.50
	100786	Payphone w/ 30' cable, power supply (not solar) and antenna	3500.00	0.0%	3500.00
	TBD	Payphone w/ internal back-up battery, 30' cable, power supply (not solar) and antenna	4000.00	0.0%	4000.00
	101143	SBD Pro Unit* (one year service contract required)	999.00	5.9%	939.82
	101351	SBD Pro—BUNDLE (Includes (1) SBD Pro unit* and (1) year Iridium SBD service) [Includes 12,000 bytes per month, overages will be charged at the standard rate per byte, 30 byte min]	1357.00	0.0%	1357.00
	101350	SBD Pro—TRACKING BUNDLE (Includes (1) SBD Pro unit*, (1) year Ontec Tracking Service, and (1) year Iridium SBD service) [Includes 12,000 bytes per month, overages will be charged at the standard rate per byte, 30 byte min]	1499.00	0.0%	1499.00

**WCC Equipment Price List—Utah Div. of Purchasing and General Services—WSCA Contract # MA249**

<b>Category</b>	<b>Item #</b>	<b>Description</b>	<b>Retail Price (USD)</b>	<b>Discount %</b>	<b>State Price (USD)</b>
<b>ANTENNAS</b>	100005	Antenna Adapter	47.95	26.5%	35.24
	100032	Antenna—Portable Auxiliary (magnetic)	102.95	25.2%	77.03
	100028	Antenna—Fixed Mount	187.95	7.1%	174.54
	100027	Antenna—Mobile Magnetic Mount	187.95	7.1%	174.54
	100020	Antenna—Fixed Mast (Aero)	219.95	7.1%	204.26
	100036	Antenna—9505A (replacement)	202.95	7.1%	188.47
	100362	Antenna—Aviation, 2.6" diameter patch	200.00	6.9%	186.20
	100023	Antenna—Aviation, Single	1049.99	11.8%	926.10
	100022	Antenna—Aviation, Dual	1799.99	7.5%	1665.02
<b>CUSTOM CABLE</b>	100360	LMR 195 cable (up to 5')	50.00	21.6%	39.20
	100408	LMR 240 cable (min 15' up to 28')....per foot	5.50	10.9%	4.90
	100424	LMR 240 pigtail, 3'	50.00	21.6%	39.20
	100426	LMR 400 cable (min 29' up to 58')....per foot	6.50	9.5%	5.88
	100010	LMR 600 cable (min 58' up to 90')....per foot	7.50	8.5%	6.86
	100039	LMR 900 cable (min 91' up to 133')....per foot	11.00	10.9%	9.80
	100857	LMR 1200 cable (min 134' up to 176')....per foot	12.00	14.3%	10.29
<b>DATA</b>	100106	9505A Data Kit 2.0	175.00	53.0%	82.32
	100004	9505A RS232 Data Adapter	90.00	16.7%	75.00
	100383	9505A Adapter Port (Data Cable/Serial Port)	69.00	0.0%	69.00
	100747	Data CD (Direct 2.0)	113.00	6.9%	105.19
<b>SIM CARD</b>	100607	8816 World Satellite SIM Card—214/414 Post Paid	49.99	7.1%	46.43
	100122	8816 World Satellite SIM Card—315 Pre Paid [Global, Africa, Northern Lights]	49.99	7.1%	46.43
	100103	8816 World Satellite SIM Card—318 Post Paid Captains Card	49.99	7.1%	46.43
<b>USERS GUIDE</b>	100119	9505A Users Guide	19.95	6.2%	18.71
<b>LBT</b>	100108	9522A Daytona LBT	1500.00	8.8%	1368.57
	100724	9601 SBD LBT	450.00	11.1%	400.00
<b>VAD</b>	100176	WCC—VAD2000 w/ handset	1849.00	9.3%	1677.51
<b>HANDSET</b>	100112	External Handset DPLS0401	250.00	6.9%	232.75
<b>HEADSET</b>	100443	9505A Headset	22.50	7.1%	20.90
<b>AVIATION</b>	100001	Aviation Box / Single Stand alone AVCOMM phone adapter	110.00	10.9%	97.99
<b>RAM MOUNTS</b>	100369	RAM mount w/ socket arm, base ball and cradle (pipe or yoke mount bracket sold separately)	79.95	36.4%	50.83
	100033	Yoke RAM Mount Bracket	71.99	10.2%	64.67
	100505	Pipe RAM Mount Bracket	124.99	11.8%	110.25

WCC Iridium Service Fees—Utah Div. of Purchasing and General Services—WSCA Contract #MA249

Category	Item #	Description	Retail Price (USD)	Discount %	State Price (USD)
Iridium Satellite Service	101792	Monthly Access Fee	33.95	2.8%	33.00
	101793	Cost Per Min (Iridium to Landline)	1.68	37.5%	1.05
	101794	Cost Per Min (Iridium to Iridium)	0.85	17.6%	0.70
	101791	One Time Activation Fee	50.00	50.0%	25.00

# IRIDIUM 9505A



## WORLD COMMUNICATION CENTER GLOBAL SATELLITE COMMUNICATIONS

**World Communication Center, (WCC), a US-based official world provider, manufacturer and reseller of Iridium equipment and services, presents the Iridium 9505A satellite phone.**

With the 9505A portable handheld satellite phone, you can stay in touch across seas and time zones, in remote locations and on-the-go with one telephone number. Small, light and resistant to water, dust and shock, this phone is ideal for any explorer, ship captain, business traveler or emergency management team.



The 9505A allows its users to stay in touch virtually anywhere in the world, especially in places where landlines and cellular are nonexistent. In conjunction with WCC's 24/7 live Iridium technical support and competitive pricing plans, you stay connected anytime, anywhere, for business, adventure or pleasure.

### KEY FEATURES

Once you select a service plan, you enjoy the convenience of one phone number world-wide. No roaming. No long-distance fees. No coverage maps. Simplified dialing, hands-free capability, two-way text messaging and optional Windows-based data capabilities, make this a tool users can rely on.

### FLEXIBILITY

An array of optional accessories provides users with the flexibility to operate at maximum efficiency. Handsets, SIM card readers, Docking Stations and data kits can expand the voice and data functionality to multiple users.



# IRIDIUM 9505A

## SPECIFICATIONS

- » Dimensions — 158L x 62W x 59D mm
- » Volume — Under 375cc (22.9 ci)
- » Weight — Under 375g (13.2 ounces)
- » Continuous Talk Time — 3.2 hours
- » Standby Time — 30 hours
- » Two-way SMS Capability
- » Unanswered Call Indicator
- » Volume Adjustment (earpiece or ringer)
- » Quick Access Interface
- » 21 Language Choices for Prompts
- » Phone Book Capacity — Up to 32-Digit Numbers
- » Name Tag — Up to 16-Digits
- » Alpha and Numeric Memory Storage
- » Stores 100 Names and Numbers
- » Memory Scroll by Location
- » Last 10 Numbers Dialed
- » One-Touch Dialing
- » Keypad Disable
- » Automatic Lock
- » Call Restriction
- » Subscriber Identity Module (SIM) Card
- » Call Barring/Blocking
- » Call Forwarding
- » Fixed Dialing
- » International Access Key Sequence (+ key)
- » Mailbox for Numeric & Text Messages (Up to 160 characters)
- » Selection of Keypad and Ringer Tones
- » 4 x 16 mm Character Illuminated Graphic Display
- » Illuminated Keypad
- » Subscriber Identity Module (SIM) PIN Availability
- » Signal Strength Meter
- » Battery Meter
- » Low Battery Warning
- » Display Call Timers (last call/total calls)
- » Automatic Display Call Timer
- » Programmable Audible Call Timer
- » IrDA Port (infrared data port)

## 9505A KIT INCLUDES:

- » High Capacity Lithium Ion Battery
- » AC Wall Adaptor
- » International Plug Set
- » DC Cigarette Lighter Adaptor
- » Leather Holster
- » Antenna Adaptor
- » Portable Auxiliary Antenna
- » Hands Free Headset
- » User Guide

## OPTIONAL ACCESSORIES

- » Docking Station
- » Data Kit
- » Solar Charger
- » Pelican Case



# IRIDIUM DOCKING STATION

## For the 9505 and 9505A



**WORLD COMMUNICATION CENTER**  
GLOBAL SATELLITE COMMUNICATIONS

**WCC, a leader in the satellite communication business, is offering the **Docking Station** so you can easily use your 9505 or 9505A Iridium satellite phone inside, without having to endure the harsh weather outdoors. Disconnecting your phone is easy so you can take your Iridium satellite phone with you!**



### FEATURES OF EQUIPMENT

- » **RJ11 Connect.** Connects to an analog phone (single or PBX) – including multi-handset wireless phones. Use of cordless phone with expandable handsets can provide up to 8 units (configured to match your needs) and have a range of up to 2 miles of unobstructed range from the base station.
- » **Web Connect.** Remote configuration and management using Ontec Web Services provides unparalleled enterprise-wide communication and data management services.
- » **Data-port Connect.** RS232 port for data connections including Internet connection with the Apollo Emulator.
- » **Hands-free Connect** with headset/microphone jack using audio enhancement circuitry to provide excellent audio quality!
- » Can be used with many other antennas; i.e. Fixed-mast Antenna, Mobile Fixed-mount Antenna, Mobile Magnetic-mount Antenna.
- » **Employee/Crew Calling-Log**  
Can be configured for pre-assigned 7-digit calling ID required to activate call. Crew calling can be automatically logged without requiring calling cards. Configuration and call log accessed via Ontec Web Services.
- » **Features “Smart Dialing”** The Docking Station knows the correct format for the country that is being dialed and places the call once the number is entered. Plus, Smart Dialing eliminates the superfluous ‘00’ IDD code (no more international dialing sequence).
- » Includes a **Base Station ringer** so you know when someone is calling you.
- » **Simplified operation**, with ease of troubleshooting and setup
- » **Versatile Power Input**  
10-32VDC Input range supports power systems on most vehicles and vessels. Optional Power Adapter (ISU-VADAC) for 100-240VAC, 47-63Hz operation.



- » **RJ11 Analog Phone Jack**
- » **RJ45 for switch inputs & external I/O**
- » **RJ45 DSC Bus (for Handset/SIM Reader)**
- » **2.5 mm Headset Jack**
- » **DB9 Data Port**
- » **DC Inlet Jack**

# IRIDIUM DOCKING STATION

## For the 9505 and 9505A

### INTERFACE PORTS

PORT	FUNCTION
» RJ11 SLIC . . . . .	Analog Phone, PBX Interface
» DB-9 Data . . . . .	RS-232C Computer Interface
» 2.5 mm Audio Jack . . . . .	Hands-Free Headset Operation
» RJ45 DPL Bus . . . . .	SIM Card Reader, Digital Handset
» RJ45 Expansion I/O . . . . .	(3) 5V Logic Level Inputs, (3) Outputs
» Power Input Jack . . . . .	DC Voltage Input

### ELECTRICAL SPECIFICATIONS

PARAMETER	VALUE
» Operating Voltage . . . . .	10-32VDC Unregulated
» Power Consumption. . . . .	12 Watts Maximum

### ENVIRONMENTAL SPECIFICATIONS

PARAMETER	VALUE
» Operating Temp . . . . .	-15° to +70°C
» Exposure . . . . .	Dry, protected per IEC 60945

### MECHANICAL SPECIFICATIONS

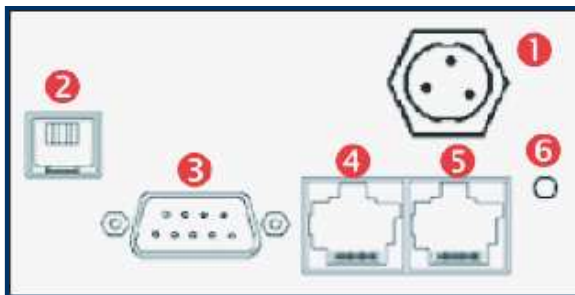
PARAMETER	VALUE
» Dimensions . . . . .	9.5 X 5.2 x 4.0 inches (LXWXH)
» Weight . . . . .	1.4 lbs
» Mounting . . . . .	Standard Bell Wall Mount with Additional Secure Anchors

### IRIDIUM ANTENNA SPECIFICATIONS

PARAMETER	VALUE
» Operating Temp . . . . .	-40° to +85°C (Without Loss of Function).
» Measurement Frequency Range. . . . .	1616 MHz to 1626.5 MHz
» Return Loss (min.) . . . . .	9.5 dB (<2:1 VSWR)
» Gain . . . . .	0.0 dBic (weighted average minimum)
» Minimum "Horizon" Gain	-2.0 dBic (82 degree conic avg)
» Nominal Impedance . . . . .	50
» Polarization . . . . .	Right Hand Circular (RHCP)
» Basic Pattern . . . . .	Omnidirectional and Hemispherical

Note: The antenna cable used must insure a loss of < 3 dB and the minimum link margin of 12.1 dB must be maintained

## Docking Station Ports



- 1 Power input Jack
- 2 RJ11 analog phone/PBX interface
- 3 DB-9 female RS-232C interface
- 4 RJ45 DPL bus for digital handset
- 5 RJ45 Reserved
- 6 2.5mm audio jack for hands-free headset



**WORLD COMMUNICATION CENTER**  
GLOBAL SATELLITE COMMUNICATIONS

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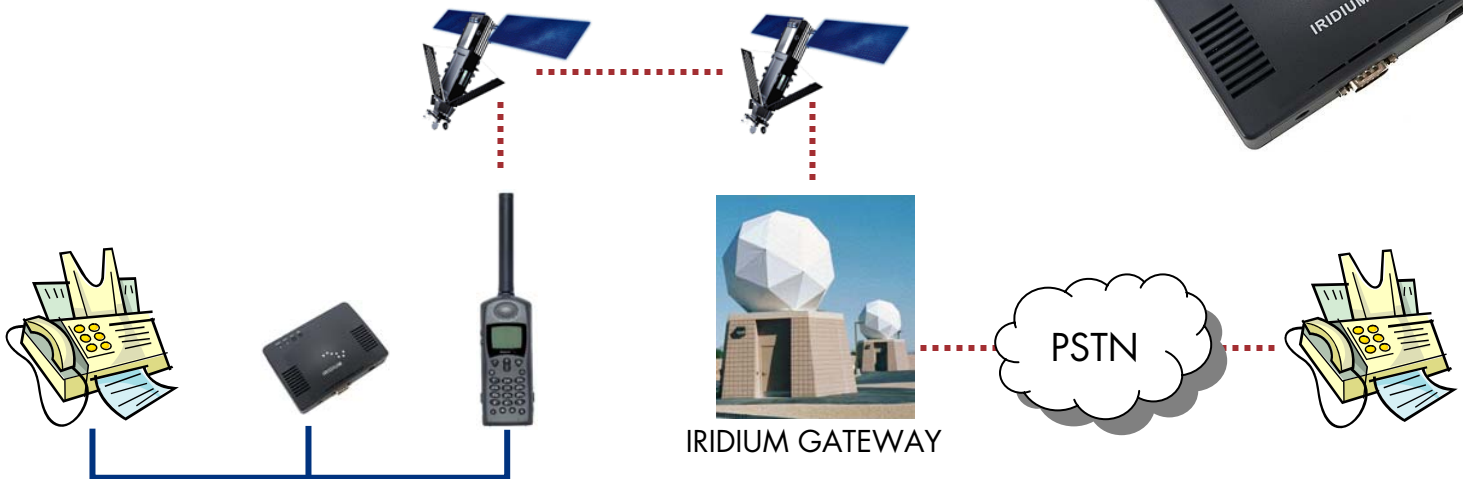
# IRIDIUM FAX ADAPTER



**WORLD COMMUNICATION CENTER**  
GLOBAL SATELLITE COMMUNICATIONS



The **Iridium Fax Adapter** is a small hardware device that operates as an intermediary between a Group 3 fax machine and an Iridium phone. This allows the Iridium fax service to operate via a Group 3 fax machine, located anywhere in the world, over the Iridium Network, to another Group 3 fax machine connected to a landline.



## KIT CONTENTS:

- » (1) fax adapter
- » (1) 2 Meter, RJ-11, 2 wire, phone cable
- » (1) RJ11 emergency plug - for updating firmware
- » (1) DB9(M) to DB9(F) cable
- » (1) 100VAC ~ 240VAC dual input power adapter
- » (3) mounting screws
- » (4) rubber feet
- » (1) DB9 null modem adapter
- » User guide - including warranty statement

## ADDITIONAL REQUIREMENTS:

- » A compatible Iridium phone (9505, 9505A or specialty products with a 9522 or 9522A LBT in it, the fax adapter will not work with the ASE ComCenter or Docking Station)
- » An active SIM card
- » A data adapter (if using a 9505 or 9505A) which provides a DB9 serial data connection to the phone
- » No additional Iridium fees for the fax service

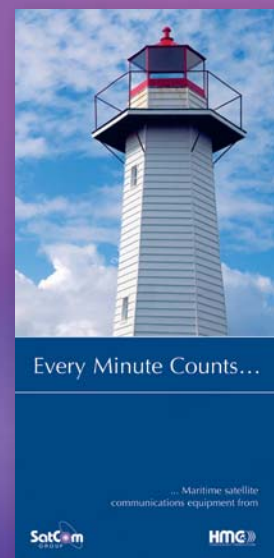
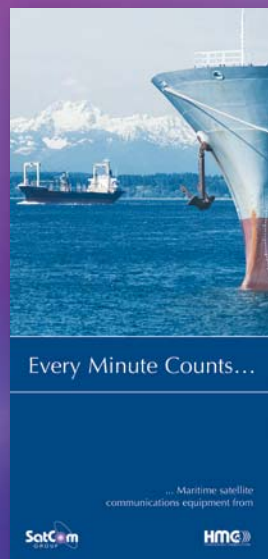
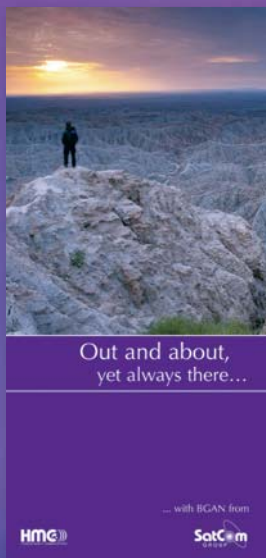


# Annual Report 30 June 2006



# SatCom Group

- Providing reliable satellite communications equipment and airtime for those working and travelling in remote areas.
- Global company with offices in the UK, US, Middle East and Asia, with an established dealer network covering additional areas around the world.
- Supplier of Thuraya, Iridium, Inmarsat, Globalstar and VSAT systems, as well as specialist applications such as video-conferencing.
- Providing all our customers with unsurpassed worldwide support, all day, every day.
- Our experienced staff offer advice to find the right product for each customer, at the right price, plus after-sales help where required.
- Extensive website, [www.satcomgroup.com](http://www.satcomgroup.com) features detailed information of products and accessories, specifications, news and Investor Relations. Product Finder feature helps with the search of finding the right product for you.
- Knowledge Base which is accessible through our website contains information on technical issues and support online.
- Additional website, [www.simreg.com](http://www.simreg.com) provides the online capability to sign up airtime agreements, activate phones, purchase additional scratch cards, and sign on for extended warranty contracts via the Internet.
- Experienced airtime billing department, providing 24x7 activation and support service, billing services, and fast, efficient response to all airtime queries.
- Truly one stop shopping, providing a single point of contact for all satellite hardware, airtime and software applications.



COMPANY REGISTRATION NUMBER 05066838

SATCOM GROUP HOLDINGS PLC  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2006

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## Directors, Officers and Advisers

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<b>Directors</b>	David Hickey FCA (Non-Executive Chairman) Mark White (Chief Executive Officer) Martin Ward FCA (Chief Financial Officer) Alexandra Johnson (Chief Operating Officer) Richard Vos ( <i>Non-Executive Director</i> )
<b>Secretary</b>	Martin Ward FCA
<b>Registered number</b>	5066838
<b>Registered office</b>	Fleming Court Leigh Road Eastleigh Southampton Hampshire SO50 9PD
<b>Principal trading address</b>	Unit 3, The Woodford Centre Old Sarum Park Lysander Way Old Sarum Salisbury Wiltshire SP4 6BU
<b>Nominated adviser and financial adviser</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Broker</b>	Teather & Greenwood Limited Beaufort House 15 St Botolph Street London EC3A 7QR
<b>Auditors</b>	Chantrey Vellacott DFK LLP Russell Square House 10 – 12 Russell Square London WC1B 5LF
<b>Principal bankers</b>	HSBC Bank Plc Southern Corporate Banking Centre Nelson Gate Commercial Road Southampton SO15 1GX
<b>Solicitors to the company (UK)</b>	Shoosmiths Russell House 1550 Parkway Solent Business Park Whiteley Fareham Hampshire PO15 7AG

## Directors, Officers and Advisers continued

---

**Attorneys to the company  
(US)** Farrell Fritz P.C.  
1320 Reckson Plaza  
West Tower  
Uniondale  
New York 11556

**Financial press relations** Abchurch Communications Limited  
100 Cannon St  
London EC4N 6EU

**Registrars** Capita IRG plc  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0LA

# Chief Executive's Statement

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## Highlights

The attached accounts of SatCom Group Holdings Plc ("SatCom" or the "Group"), for the year ended 30 June 2006, represent the second set of audited accounts since joining AIM in July 2005. The results show further growth in profits for the Group. The Group reports its financial statements in US dollars as the majority of its sales and cost of sales are denominated in this currency.

The Board stated at flotation that the Group needed to broaden its customer base from land based services, which are always more prone to fluctuations in demand. Accordingly the Group's first acquisition was the Horizon Mobile Communications Group ("HMC"), a strong maritime business based in the Asia region. This acquisition has performed well under SatCom with good management based in Bangkok providing the key to this success story.

In December 2005, SatCom acquired Net Africa Arabia Limited, an Inmarsat Regional BGAN Distribution Partner. On 1 October 2006, this Distribution Partner status was upgraded to cover the new high-speed data BGAN service. This is a very exciting opportunity for the Group and developing the BGAN business will be one of our main focuses this year.

In July 2006, the Group announced the acquisition of World Communication Center, Inc. ("WCC"), a satellite equipment and airtime reseller company, based in Phoenix, Arizona, USA. In the 12 months to December 2005, WCC had sales of \$10 million and pre tax profits of \$450,000. The Group anticipates being able to rationalise its US operations and bring increased buying power with this acquisition.

## Financial Performance

The Group's results show an increase in turnover of 7.6% to \$51.6 million, including \$9.6m arising from the acquisition of HMC. This takes account of a reduction in the land based business, much of which was at a lower margin. The Group had expected a reduction in the demand for land based services which fluctuates significantly in line with conflicts and large scale disasters. The year saw a lower level of conflict and disasters, and as such, the Group's business relied more heavily on its maritime sector, which remains more predictable.

The Board therefore focused on acquiring a major maritime business and was pleased to acquire HMC in September 2005. HMC's results continue to show growth and improved profits as the commercial shipping sector remains strong.

As a result of losing lower margin land based business and the gain of HMC's higher margin maritime business, the Group's gross margin has increased to 20% from 15% reported last year. As a result of the shift in our business to include maritime, our staffing numbers have increased to cover additional support requirements of that sector, and as a result our salary costs have increased by 89% to \$3.4 million.

Profit before tax increased by 7.7%. This includes additional annualised running costs relating to public company status of over \$240,000. Comparing "like for like" with 2005, the Group would have shown an increase of 18.6%.



## Chief Executive's Statement continued

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As stated in the admission document and in the December 2005 Interim Statement, SatCom has a progressive dividend policy and it is the Board's intention to propose a final dividend of 0.25 cents per share. This dividend when added to the interim dividend paid in April 2006 will provide a total income to shareholders of 0.4 cents per share for the first year.

### Strategy and Prospects

The Group has now made two large acquisitions in HMC and WCC, and given its new status as an Inmarsat Distribution Partner, will concentrate mainly on growing its business organically. The Board will of course continue to look at any strategic acquisition opportunities that may arise.

The Group's forecasts include demand for the new technology in the high-speed data capability of BGAN developed by Inmarsat. The roll out of this technology has been slightly slower than forecast by the industry but is now increasing considerably and our new status with Inmarsat, achieved as from 1 October 2006, will enable us to take advantage of this opportunity.

Accordingly, the Board remains confident of the outcome for the year.

### Chairmanship

David Hickey has tendered his resignation to take effect from the end of October 2006, due to pressures from other commercial interests. I am pleased to announce that Richard Vos has agreed to step up to Chairman. Richard has considerable experience of the satellite and international telecommunications world with over 35 years knowledge of working in the industry. He was previously Chairman of Inmarsat Ventures plc and Inmedia Communications Limited and has been a Non-Executive director of the Group since flotation.

The Group expects to appoint a replacement Non-Executive director in due course.

In the meantime, I would like to thank David for his significant contribution during his tenure as Group Chairman, covering the period through flotation and subsequent acquisitions.

Finally, I would like to take this opportunity to thank all SatCom Group employees around the world for their continuing hard work and dedication during the last year.

*Mark White*

**Chief Executive**

10 October 2006

## Board of Directors

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### **David Hickey, age 51, Non-Executive Chairman**

David qualified as a Chartered Accountant with KPMG in 1981 and subsequently joined HSBC James Capel where he became a director in corporate finance, specialising in international transactions. In 1992, he moved to the Guinness Mahon Group and took over as head of corporate finance. Between 1998 and 2000 he also served as a member of the corporate finance Committee of the London Investment Banking Association. Currently he holds a number of directorships including that of Executive Chairman of Lighthouse Group Plc and Chairman of Just Car Clinics Group Plc.

### **Mark White, age 46, Chief Executive Officer**

Mark is the CEO and founder of SatCom. He has been in the satellite communications business since 1995 and has been involved in the distribution of electronic equipment since 1990. Mark joined Cetrek Limited, a maritime autopilot manufacturer as sales manager, in 1984 and became sales director in 1988. In 1990 he left Cetrek to form Euro Marine Group Limited, a European distributor of US electronic marine equipment, including Garmin GPS products. In 1992, Mark was appointed Chief Executive of Garmin (Europe) Limited, bringing with him Euro Marine's distribution business. Having successfully established Garmin's distribution network, he then left Garmin to form Next Destination Limited, the European distributor of Magellen GPS and satellite communication products. In 1997 Mark sold Next Destination, but continued to work in the satellite communications industry and in 2001 established SatCom with Alexandra Johnson and Adam Thompson.

### **Martin Ward, age 49, Chief Financial Officer**

Martin qualified as a Chartered Accountant in 1983 before joining PricewaterhouseCoopers ("PwC") where he progressed to audit manager. In 1987, he left PwC to become a partner in Langdowns DFK a midsize professional firm based in Southampton. In 1990 he started acting for Mark White, advising him in the areas of business development and acquisition strategy. In 2004 Martin joined SatCom to oversee the financial aspects of running a global business and to assist with acquisitions.

### **Alexandra (Sandy) Johnson, age 51, Chief Operating Officer**

Sandy is a co-founder of SatCom with Mark White and has been in the industry since 1995 when she joined Next Destination Limited as finance and operations manager. Sandy's prior experience was in IT where she had senior positions in sales, training and support. At SatCom, Sandy has been responsible for the implementation of Satcom's proprietary billing system, the SIMREG™ website, as well as the online technical support system.

### **Richard Vos, age 61, Non-Executive Director**

Richard has extensive knowledge of the satellite and international telecommunications world with over 35 years experience of working in the industry. Current positions include Non-Executive Director of Avanti Screenmedia Plc, and of the National Space Science Centre Operations Ltd and Chairman of the British National Space Centre Telecommunications and Navigation Advisory Board. Previously Richard was Chairman of Inmarsat Ventures Plc and Inmedia Communications Limited.

# Report of the Directors

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The Directors present their report and the audited accounts of the Group and Company for the year ended 30 June 2006.

## Principal activity

The principal activity of the Company is that of a holding company, and the principal activity of the Group during the year was distributing satellite communication equipment and airtime.

## Results and dividends

The retained profit for the year of \$1,902,914 (2005: \$1,489,044) was transferred to reserves. During the year interim dividends of \$77,485 were paid (2005: \$181,679). A final dividend of 0.25 cents per share, payable to shareholders on the register on 20 October 2006, will be proposed at the forthcoming Annual General Meeting.

## Review of the business and future developments

A review of the business is included in the Chief Executive's Statement.

## Directors and their interests

The Directors of the Company who held office at the date of this report are shown on page 6. The following changes to the composition of the Board were made during the year:

Director	Date of resignation	Date of re-appointment
Alexandra Johnson	11 July 2005	4 October 2005
Adam Thompson	11 July 2005	–

The interests of the Directors in office, at 30 June 2006 in the issued share capital of the Company, were as follows:

	Number of shares		Number of shares	
	2006	2005	2006	2005
	Ordinary shares	Ordinary shares	Deferred shares	Deferred shares
David Hickey	166,667	0	0	0
Mark White	16,473,000	16,473,000	17,000	17,000
Martin Ward	10,659,000	10,659,000	11,000	11,000
Alexandra Johnson	10,659,000	10,659,000	11,000	11,000
Richard Vos	33,334	0	0	0

## Share options

No directors had interests in options over the share capital of the Company as at the year end.

## Political and charitable contributions

The amount paid by the Group to charitable bodies was \$Nil (2005: \$2,756). The Group made no political contributions during the year (2005: \$Nil).

## Third party indemnity provision for directors

Qualifying third party indemnity provision for all directors was in force during the year.

## Creditor payment policy

It is the Group's policy that payments to suppliers are made in accordance with all relevant terms and conditions. Creditor days for the Group have been calculated at 69 days (2005: 62 days).

## Substantial shareholdings

As at the date of these Accounts, the Company is aware of the following material interests, representing 3% or more of the issued ordinary and deferred share capital of the Company.

Shareholder	Number of shares	Percentage of issued share capital
Mark White	16,490,000	29.7%
Martin Ward	10,670,000	19.2%
Alexandra Johnson	10,670,000	19.2%
Adam Thompson	10,670,000	19.2%

## Going concern

The Board, after making suitable enquiries, is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

## Subsequent events

On 7 July 2006, SatCom acquired 100% of World Communication Center, Inc. ("WCC"), a satellite equipment and airtime reseller company, based in Phoenix, USA. In the 12 months to 31 December 2005, WCC had turnover of \$10 million and pre tax profits of \$0.45 million. The initial consideration of \$4.1 million was paid in cash, unsecured convertible bonds and SatCom ordinary shares. Additional consideration is payable in the event that WCC earns pre tax profit in excess of \$0.75 million and \$1.0 million in the years ended 30 June 2007 and 2008 respectively.

## Corporate governance

Although the Group is not obliged to comply with the revised Combined Code on Corporate Governance issued in July 2003 (the "Code"), the Board is committed to ensuring good standards of corporate governance and has taken steps to comply with the Code's principles in so far as practicable for a Group of this size.

## Board of directors

The Board meets regularly to determine the policy and business strategy of the Group and has adopted a schedule of those matters that are reserved as the responsibility of the Board. The Chief Executive Officer leads the development of business strategies within the Group's operations. The Board consists of three Executive Directors and two non-Executive Directors, including the non-Executive Chairman. Both non-executive directors are considered to be independent. The Board considers that there is an appropriate balance between the Executives and non-Executives, and that no individual or small Group dominates the Board's decision taking. The Board's members have a wide range of expertise and experience and it is felt that concerns may be addressed to any of the non-Executive Directors.

## Report of the Directors continued

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Notice of the Group's Annual General Meeting is to be sent to shareholders with a copy of this Report and Accounts.

### **Board committees**

The Board has delegated certain authorities to committees, each with formal terms of reference, which are available on written request to the Company's Registered Office.

### **Audit committee**

The Audit Committee consists of the two non-Executive Directors and meets at least twice a year to consider the scope of the annual audit, interim reviews, to assess the auditors, to assess effectiveness of the Group's systems of internal control and to review the requirement for internal audit (which the Committee believes is not currently justified, given the current size of the Group). The Committee has access to the Group's auditors. The Board believes it is appropriate for the Chairman to chair the Committee. The Chief Executive Officer and Finance Director may be invited to attend Committee meetings, but are not members.

### **Remuneration committee**

The Remuneration Committee consists of the two non-Executive Directors and meets at least twice a year to determine Company policy on senior executive remuneration, to make detailed recommendations to the Board regarding the remuneration packages of the Executive Directors and consider awards under the Group's option schemes. The Chief Executive Officer is consulted on remuneration packages and policy, but does not attend discussions regarding his own package. The remuneration and terms and conditions of appointment of the non-Executive Directors are determined by the Board.

### **Internal control and risk management**

The Board has implemented a formal system of controls which accords with the guidance given in the Turnbull Report and acknowledges its responsibility for reviewing the effectiveness of the systems in place to manage risk and provide reasonable, but not absolute, assurance with regard to the safeguarding of Group assets against misstatement or loss. The key elements of the system of internal control are:

- Clear definition of delegated authorities and preparation of annual budgets for Board approval.
- Close involvement by operating management in the day to day business of the Group, facilitating prompt identification of risks and action, both financial and operational.
- Regular reporting of individual business performance to the Board and the review of results against planned performance.
- Regular assessment and review of risks and controls and specific annual assessment by the Audit Committee of the effectiveness of the systems in place. The Audit Committee reports to the Board on its findings.

### Awareness of relevant audit information

At the time of this report the directors assert that:

- there is no relevant information of which the auditors are unaware; and
- that they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Statement of directors' responsibilities

The following statement, which should be read in conjunction with the auditors' report regarding the respective responsibilities of Directors and auditors, set out on pages 11 and 12, is made with a view to distinguishing for shareholders those respective responsibilities in relation to the accounts.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Report of the Directors continued

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### Auditors

A resolution to re-appoint Chantrey Vellacott DFK LLP, as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By order of the Board

Registered Office:

Fleming Court  
Leigh Road  
Eastleigh  
Southampton  
SO50 9PD

*Martin Ward*  
9 October 2006

# Independent Auditors' Report to the Shareholders of Satcom Group Holdings plc

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We have audited the financial statements of SatCom Group Holdings plc for the year ended 30 June 2006 which comprise the group profit and loss account, group and company balance sheets, group cash flow statement, and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985.

We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the financial statements and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors and the Chief Executive's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable



# Independent Auditors' Report to the Shareholders of Satcom Group Holdings plc continued

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assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and Group's affairs as at 30 June 2006 and of its results for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

## CHANTREY VELLACOTT DFK LLP

Chartered Accountants  
Registered Auditors  
London  
10 October 2006

## Group Profit and Loss Account

	Note	30 June 2006 \$000's	30 June 2005 \$000's
<b>TURNOVER</b>			
Continuing operations		41,426	47,532
Acquisitions		<u>9,592</u>	<u>473</u>
		51,018	48,005
Discontinued operations		<u>540</u>	<u>—</u>
		51,558	48,005
Less: share of joint venture turnover		<u>—</u>	<u>(75)</u>
<b>Group turnover</b>	2	<b>51,558</b>	47,930
Cost of sales	3	<u>(41,412)</u>	<u>(40,684)</u>
<b>GROSS PROFIT</b>		<b>10,146</b>	7,246
Net operating expenses	3	<u>(6,775)</u>	<u>(4,399)</u>
<b>OPERATING PROFIT</b>	4		
Continuing operations		2,512	2,847
Acquisitions		<u>979</u>	<u>—</u>
		3,491	2,847
Discontinued operations		<u>(120)</u>	<u>—</u>
<b>GROUP OPERATING PROFIT</b>		<b>3,371</b>	2,847
Share of joint venture operating loss		<u>—</u>	<u>(79)</u>
<b>OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURE</b>		<b>3,371</b>	2,768
Loss on disposal of fixed asset investments		<u>(10)</u>	<u>—</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>3,361</b>	2,768
Interest receivable		303	31
<b>Finance costs</b>	7		
Interest payable and similar charges		(748)	(197)
Amortisation of issue costs on convertible loan stock		<u>(114)</u>	<u>—</u>
		<u>(862)</u>	<u>(197)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>2,802</b>	2,602
Tax on profit on ordinary activities	9	<u>(890)</u>	<u>(967)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>1,912</b>	1,635
Minority interests		<u>69</u>	<u>35</u>
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	10	<b>1,981</b>	1,670
Dividends	11	<u>(78)</u>	<u>(181)</u>
<b>RETAINED PROFIT</b>		<u><u>1,903</u></u>	<u><u>1,489</u></u>
<b>Earnings per share</b>			
Basic earnings per ordinary share	8	<b>\$ 0.0387</b>	\$ 0.0345
Diluted earnings per ordinary share	8	<b>\$ 0.0385</b>	\$ 0.0344

The group has no recognised gains or losses other than the results for the period as set out above. There is no difference between the profits shown above and their historical cost equivalents.

The notes on pages 17 to 33 form part of these financial statements.

## Group Balance Sheet

	Note	30 June 2006 \$000's	30 June 2005 \$000's
<b>FIXED ASSETS</b>			
Intangible assets	12	5,869	1,172
Tangible assets	13	<u>746</u>	<u>399</u>
		<u>6,615</u>	<u>1,571</u>
<b>CURRENT ASSETS</b>			
Stocks	15	3,216	1,694
Debtors	16	11,357	10,789
Cash at bank and in hand		<u>1,901</u>	<u>5,161</u>
		16,474	17,644
<b>CREDITORS: Amounts falling due within one year</b>	17	<u>15,907</u>	<u>19,355</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<u>567</u>	(1,711)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,182	(140)
<b>CREDITORS: Amounts falling due after more than one year</b>	18	<u>5,141</u>	<u>1,538</u>
		2,041	(1,678)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	20	<u>–</u>	<u>19</u>
		2,041	(1,697)
<b>MINORITY INTERESTS</b>		<u>18</u>	<u>101</u>
		<u>2,059</u>	<u>(1,596)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	5,250	4,935
Share premium account	24	723	–
Merger reserve	24	(10,884)	(10,884)
Contingent share capital	25	714	–
Profit and loss account	24	<u>6,256</u>	<u>4,353</u>
<b>EQUITY SHAREHOLDERS' FUNDS (DEFICIT)</b>	26	<u>2,059</u>	<u>(1,596)</u>

Approved by the Board of Directors on 9 October 2006  
and signed on its behalf by:

*Mark White*  
Chief Executive Officer

*Martin Ward*  
Chief Financial Officer

The notes on pages 17 to 33 form part of these financial statements.

# Company Balance Sheet

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	Note	30 June 2006 \$000's	30 June 2005 \$000's
<b>FIXED ASSETS</b>			
Investments	14	17,641	11,345
<b>CURRENT ASSETS</b>			
Debtors	16	505	275
Cash at bank and in hand		<u>5,348</u>	<u>520</u>
		5,853	795
<b>CREDITORS: Amounts falling due within one year</b>	17	<u>8,291</u>	<u>2,956</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,438)</u>	<u>(2,161)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,203	9,184
<b>CREDITORS: Amounts falling due after more than one year</b>	18	<u>5,141</u>	<u>1,523</u>
		<u>10,062</u>	<u>7,661</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	5,250	4,935
Share premium account	24	723	–
Contingent share capital	25	714	–
Profit and loss account	24	<u>3,375</u>	<u>2,726</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>10,062</u>	<u>7,661</u>

Approved by the Board of Directors on 9 October 2006  
and signed on its behalf by:

*Mark White*  
**Chief Executive Officer**

*Martin Ward*  
**Chief Financial Officer**

The notes on pages 17 to 33 form part of these financial statements.

## Group Cash Flow Statements

	Note	30 June 2006 \$000's	30 June 2005 \$000's
<b>NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES</b>	27		
		(1,048)	6,019
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		303	31
Interest paid		(740)	(186)
Interest element of hire purchase		<u>(8)</u>	<u>(8)</u>
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(445)	(163)
<b>TAXATION</b>		(751)	(629)
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire intangible fixed assets		(657)	(18)
Payments to acquire tangible fixed assets		<u>(154)</u>	<u>(222)</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(811)	(240)
<b>ACQUISITIONS AND DISPOSALS</b>			
Cash paid to acquire subsidiary undertakings		(4,947)	(252)
Net cash acquired with subsidiary undertakings		867	104
Sale of subsidiary undertakings		120	–
Net cash disposed of with subsidiary undertakings		<u>(55)</u>	<u>–</u>
<b>NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS</b>		(4,015)	(148)
<b>EQUITY DIVIDENDS PAID</b>		<u>(78)</u>	<u>(181)</u>
<b>CASH (OUTFLOW) INFLOW BEFORE FINANCING</b>		(7,148)	4,658
<b>FINANCING</b>			
Decrease in short term borrowing		(2,243)	(1,107)
Issue of ordinary share capital (net of costs)		1,038	–
Issue of Convertible Unsecured Loan Stock (net of costs)		5,141	–
Capital element of hire purchase		<u>(48)</u>	<u>(51)</u>
<b>NET CASH INFLOW (OUTFLOW) FROM FINANCING</b>		<u>3,888</u>	<u>(1,158)</u>
<b>(DECREASE) INCREASE IN CASH</b>	29	<u>(3,260)</u>	<u>3,500</u>

The notes on pages 17 to 33 form part of these financial statements.

# Notes to the Financial Statements

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## 1. Accounting Policies

### **Basis of accounting**

The financial statements have been prepared, in US Dollars (\$), under the historical cost convention and in accordance with applicable accounting standards.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all subsidiary undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the Group profit and loss account after or up to the date that control passes respectively. Group reconstructions are accounted for under the merger method, with any merger difference arising being shown as a movement on other reserves.

As a consolidated Group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 230 of the Companies Act 1985.

Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more other ventures under a contractual agreement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

### **Turnover**

The turnover shown in the Group profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

### **Goodwill**

Goodwill arising on acquisitions is classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful economic life of 20 years. It is reviewed for impairment when any events or changes in circumstances indicate that the carrying value may not be recoverable.

### **Other intangible assets**

Other intangible assets acquired are capitalised at cost. Other intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment when any events or changes in circumstances indicate the carrying value may not be recoverable.

# Notes to the Financial Statements

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## Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill:	5% per annum
Other intangible assets:	5% per annum

## Fixed assets

All fixed assets are initially recorded at cost.

## Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	over remaining lease term straight line
Equipment	25-33% per annum straight line

## Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

## Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of future payments is treated as a liability and the interest is charged to the group profit and loss account on a straight line basis.

## Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

## Foreign currencies

Assets and liabilities in other currencies are translated into U.S. Dollars at the rates of exchange ruling at the balance sheet date. Transactions in other currencies are translated into U.S. Dollars at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

## Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

## Notes to the Financial Statements

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- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.



## Notes to the Financial Statements

### 2. Segmental information

Segmental information on a Group basis is set out below:

	United Kingdom		United States		European Union		Rest of World		Group	
	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
<b>TURNOVER</b>										
Turnover by destination										
Sales to third parties	<u>3,717</u>	<u>4,137</u>	<u>31,980</u>	<u>40,070</u>	<u>2,234</u>	<u>1,959</u>	<u>13,627</u>	<u>1,764</u>	<u>51,558</u>	<u>47,930</u>
Turnover by origin										
Total sales	<u>29,647</u>	<u>33,474</u>	<u>15,385</u>	<u>16,134</u>	<u>-</u>	<u>-</u>	<u>9,966</u>	<u>171</u>	<u>54,998</u>	<u>49,779</u>
Inter-segment sales	<u>(3,440)</u>	<u>(1,723)</u>	<u>-</u>	<u>(126)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,440)</u>	<u>(1,849)</u>
Sales to third parties	<u>26,207</u>	<u>31,751</u>	<u>15,385</u>	<u>16,008</u>	<u>-</u>	<u>-</u>	<u>9,966</u>	<u>171</u>	<u>51,558</u>	<u>47,930</u>
<b>PROFIT BEFORE TAXATION</b>										
Segment profit	<u>1,539</u>	<u>1,828</u>	<u>927</u>	<u>1,147</u>	<u>-</u>	<u>-</u>	<u>1,104</u>	<u>(62)</u>	<u>3,570</u>	<u>2,913</u>
Common costs									<u>(209)</u>	<u>(66)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>										
Net interest									<u>3,361</u>	<u>2,847</u>
									<u>(559)</u>	<u>(166)</u>
									<u>2,802</u>	<u>2,681</u>
Group share of profits before taxation of joint venture									<u>-</u>	<u>(79)</u>
Group profit before taxation									<u>2,802</u>	<u>2,602</u>
<b>NET ASSETS</b>										
Segment net assets	<u>1,105</u>	<u>1,121</u>	<u>1,492</u>	<u>931</u>	<u>-</u>	<u>-</u>	<u>1,943</u>	<u>(241)</u>	<u>4,540</u>	<u>1,811</u>
Unallocated liabilities									<u>(2,499)</u>	<u>(3,508)</u>
Minority interests									<u>18</u>	<u>101</u>
Total net liabilities									<u>2,059</u>	<u>(1,596)</u>

## Notes to the Financial Statements

### 3. Analysis of Cost of Sales and Net Operating Expenses

	Continuing Operations \$000's	Acquired Operations \$000's	Discontinued Operations \$000's	Total \$000's
<b>YEAR ENDED 30 JUNE 2006</b>				
Cost of sales	<u>35,156</u>	<u>5,916</u>	<u>340</u>	<u>41,412</u>
Distribution costs	343	123	–	466
Administrative expenses	<u>3,885</u>	<u>2,132</u>	<u>292</u>	<u>6,309</u>
Net operating expenses	<u>4,228</u>	<u>2,255</u>	<u>292</u>	<u>6,775</u>
<b>YEAR ENDED 30 JUNE 2005</b>				
Cost of sales	<u>40,444</u>	<u>240</u>	<u>–</u>	<u>40,684</u>
Distribution costs	281	5	–	286
Administrative expenses	<u>3,878</u>	<u>235</u>	<u>–</u>	<u>4,113</u>
Net operating expenses	<u>4,159</u>	<u>240</u>	<u>–</u>	<u>4,399</u>

### 4. Operating Profit

Operating profit is stated after charging:	30 June 2006 \$000's	30 June 2005 \$000's
Amortisation	255	73
Depreciation of owned fixed assets	222	80
Depreciation of assets held under hire purchase agreements	33	33
Auditors' remuneration		
– as Auditors	104	30
– other work	80	0
Operating lease costs: land and buildings	147	74
Net loss on foreign currency translation	<u>79</u>	<u>31</u>

### 5. Particulars of Employees

The average number of staff employed by the group was:	30 June 2006 No.	30 June 2005 No.
Distribution	13	10
Administrative	52	12
Management	<u>19</u>	<u>7</u>
	<u>84</u>	<u>29</u>
The aggregate payroll costs of the above were:		
	30 June 2006 \$000's	30 June 2005 \$000's
Wages and salaries	3,214	1,675
Social security costs	<u>255</u>	<u>156</u>
	<u>3,469</u>	<u>1,831</u>

## Notes to the Financial Statements

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### 5. Particulars of Employees *continued*

#### Share options

The following share options were granted by the Company, during the year, to employees of the Group, none of whom were Directors:

28 October 2005	173,588 Ordinary shares of 10 cents each
23 December 2005	19,188 Ordinary shares of 10 cents each
17 May 2006	8,760 Ordinary shares of 10 cents each

As at 30 June 2006, 180,120 options were outstanding under the Enterprise Management Incentive Scheme and 221,075 options were outstanding under the Unapproved Scheme.

### 6. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	30 June 2006	30 June 2005
	\$000's	\$000's
Emoluments	<u>481</u>	<u>606</u>

#### Emoluments of highest paid director:

	30 June 2006	30 June 2005
	\$000's	\$000's
Total emoluments (excluding pension contributions)	<u>219</u>	<u>221</u>

### 7. Finance Costs

	30 June 2006	30 June 2005
	\$000's	\$000's
Finance charges	8	8
Interest on directors' and shareholders' loans (note 22)	86	132
Interest on convertible loan stock	412	–
Amortisation of issue costs on convertible loan stock (note 18)	114	–
Bank interest and other similar charges payable	<u>242</u>	<u>57</u>
	<u>862</u>	<u>197</u>

### 8. Earnings Per Share

Basic earnings per share are based on the Group profit attributable to members of the parent company of \$1,981,000 (2005: \$1,670,000) and on 51,132,380 (2005: 48,450,000) being the weighted average number of shares in issue during the year.

Diluted earnings per share are based on the profit attributable to members of the parent company plus the interest payable to the convertible bondholders less the relevant tax relief thereon being \$2,269,000 (2005: \$1,670,000) and on 58,909,761 (2005: 48,592,632) being the diluted weighted average number of shares in issue during the year.

The effect of discontinued operations on the basic earnings per share would have been to increase the calculation to \$0.0406.

# Notes to the Financial Statements

## 9. Taxation on Ordinary Activities

### (a) Analysis of charge in the period

	30 June 2006 \$000's	30 June 2005 \$000's
<b>Current tax:</b>		
<b>UK taxation</b>		
In respect of the period:		
UK Corporation tax based on the results for the year	329	513
<b>Foreign tax</b>		
Current tax on income for the year	580	452
Adjustments in respect of prior periods	<u>—</u>	<u>(1)</u>
	<u>580</u>	<u>451</u>
Total current tax (note 9(b))	<b>909</b>	964
<b>Deferred tax:</b>		
Origination and reversal of timing differences (note 20)	<u>(19)</u>	<u>3</u>
Tax on profit on ordinary activities	<u><b>890</b></u>	<u>967</u>

### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2005: 30%).

	30 June 2006 \$000's	30 June 2005 \$000's
Profit on ordinary activities before taxation	<u>2,802</u>	<u>2,602</u>
Profit on ordinary activities at 30%	841	781
Expenses not deductible for tax purposes	80	16
Capital allowances in period in excess of depreciation	20	6
Tax under provided in previous years	—	(1)
Higher taxes on overseas earnings	(32)	175
Losses arising in year not relieved against current tax	<u>—</u>	<u>(13)</u>
Total current tax (note 9(a))	<u><b>909</b></u>	<u>964</u>

## 10. Profit Attributable To Members Of The Parent Company

The profit dealt with in the accounts of the parent company was \$726,847 (2005: \$2,997,921) after including group dividends received of \$1,200,000 (2005: \$ 3,007,228).

# Notes to the Financial Statements

## 11. Dividends

The following dividends have been paid in respect of the period:

	<b>30 June 2006</b>	30 June 2005
	<b>\$000's</b>	\$000's
Dividend paid on ordinary shares	<u>78</u>	<u>181</u>

In addition to the dividend paid of 0.15 cents per share, a final dividend of 0.25 cents per share was declared on 9 October 2006.

## 12. Intangible Fixed Assets

Group	Goodwill	Other	Total
	\$000's	\$000's	\$000's
<b>COST</b>			
At 1 July 2005	1,455	28	1,483
Additions	5,191	8	5,199
Disposals	<u>(266)</u>	<u>–</u>	<u>(266)</u>
<b>At 30 June 2006</b>	<u><b>6,380</b></u>	<u><b>36</b></u>	<u><b>6,416</b></u>
<b>AMORTISATION</b>			
At 1 July 2005	306	5	311
Charge for the year	249	6	255
Disposals	<u>(19)</u>	<u>–</u>	<u>(19)</u>
<b>At 30 June 2006</b>	<u><b>536</b></u>	<u><b>11</b></u>	<u><b>547</b></u>
<b>NET BOOK VALUE</b>			
<b>At 30 June 2006</b>	<u><b>5,844</b></u>	<u><b>25</b></u>	<u><b>5,869</b></u>
At 30 June 2005	<u>1,149</u>	<u>23</u>	<u>1,172</u>

## 13. Tangible Fixed Assets

Group	Short Leasehold Improvements	Equipment	Total
	\$000's	\$000's	\$000's
<b>COST</b>			
At 1 July 2005	141	440	581
Additions	13	600	613
Disposal	<u>–</u>	<u>(18)</u>	<u>(18)</u>
<b>At 30 June 2006</b>	<u><b>154</b></u>	<u><b>1,022</b></u>	<u><b>1,176</b></u>
<b>DEPRECIATION</b>			
At 1 July 2005	17	165	182
Charge for the year	11	244	255
Disposal	<u>–</u>	<u>(7)</u>	<u>(7)</u>
<b>At 30 June 2006</b>	<u><b>28</b></u>	<u><b>402</b></u>	<u><b>430</b></u>
<b>NET BOOK VALUE</b>			
<b>At 30 June 2006</b>	<u><b>126</b></u>	<u><b>620</b></u>	<u><b>746</b></u>
At 30 June 2005	<u>124</u>	<u>275</u>	<u>399</u>

## Notes to the Financial Statements

### 13. Tangible Fixed Assets *continued*

#### Hire purchase agreements

Included within the net book value of \$745,572 is \$92,042 (2005: \$125,324) relating to assets held under hire purchase agreements. The depreciation charged in the financial statements in the period in respect of such assets amounted to \$33,282 (2005: \$33,282).

### 14. Investments

Company	Subsidiary Undertaking \$000's
<b>COST</b>	
At 1 July 2005	11,345
Additions	<u>6,296</u>
At 30 June 2006	<u>17,641</u>
<b>NET BOOK VALUE</b>	
At 30 June 2006	<u>17,641</u>
At 30 June 2005	<u>11,345</u>

The additions relate to the acquisition of Horizon Mobile Communications Limited ("HMC").

Details of the material trading investments in which the Group holds 20% or more of the issued share capital of any class are as set out below. All companies shown are in the business of distribution of satellite communication equipment and airtime.

Name of subsidiary	Holding	Proportion of shares held	Country of incorporation
SatCom Distribution Limited	Ordinary shares	100%	UK
SatCom Distribution Inc.	Ordinary shares	100%*	USA
O'Gara Satellite Systems Inc.	Ordinary shares	100%*	USA
Horizon Mobile Communications Co. Limited	Ordinary shares	100%*	Thailand
Horizon Mobile Communications Pte Limited	Ordinary shares	100%*	Singapore
Horizon Mobile Communications (HK) Co. Limited	Ordinary shares	100%*	BVI
Horizon Mobile Communications (HK) Co. Limited	Registered branch	100%*	Japan
Horizon Mobile Communications (Australia) Pty	Ordinary shares	100%*	Australia
Net Africa Arabia Limited	Ordinary shares	100%*	UK

\* Held by a subsidiary undertaking

On 26 September 2005, the Group acquired Horizon Mobile Communications Group ("HMC") for an initial consideration of \$4,868,000 (including costs), satisfied by a combination of cash and SatCom shares.

## Notes to the Financial Statements

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### 14. Investments *continued*

In addition, there is deferred consideration of \$1,428,000 which has been included in these accounts as the conditions on which the deferral are likely to be met (note 25). The acquisition has been accounted for using acquisition accounting and goodwill arising on the acquisition of HMC has been capitalised and will be amortised over 20 years. The investment in HMC has been included in the company's balance sheet at its book value at the date of acquisition.

#### Net assets on acquisition of Horizon Mobile Communications Group at book value:

	Book Value \$000's
Fixed assets	459
Stocks	644
Debtors	2,300
Cash	867
Creditors	<u>(2,719)</u>
Net Assets	1,551
Goodwill – 100% of assets acquired for cash	<u>3,317</u>
Initial consideration (inc. costs)	<u><u>4,868</u></u>

The directors consider that the difference between book value and fair value is not material.

The Horizon Mobile Communications Group acquired in the year, contributed an increase of \$1,247,557 to the group's operating cash flows, received \$13,033 in respect of net returns on investments and servicing of finance, paid \$288,843 in respect of taxation and utilised \$10,000 for capital expenditure.

Horizon Mobile Communications Group earned a profit after tax of \$703,366 in the nine month period from acquisition to 30 June 2006.

#### Net assets disposed of on sale of Northstar Communications Inc.

On 26 May 2006, the group completed the sale of Northstar Communications Inc. The disposal is analysed as follows:

	\$000's
Fixed assets	11
Stocks	69
Debtors	401
Cash	55
Creditors	(682)
Minority interests	29
Goodwill	<u>247</u>
	130
Loss on disposal	<u>(10)</u>
Proceeds	<u><u>120</u></u>

The proceeds of \$120,000 were unpaid at the year end and are included within other debtors together with the outstanding trading balance of \$409,000.

## Notes to the Financial Statements

### 14. Investments *continued*

The profit attributable to members of the parent company includes losses of \$96,396 incurred by Northstar Communications Inc. up to its date of disposal of 26 May 2006.

During the year, up to the date of disposal, Northstar Communications Inc. contributed an increase of \$14,303 to the group's operating cash flows, paid out \$232 in respect of net returns on investments and servicing of finance, paid nothing in respect of taxation and utilised no capital expenditure.

### 15. Stocks

	Group		Company	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	\$000's	\$000's	\$000's	\$000's
Finished goods	<u>3,216</u>	<u>1,694</u>	<u>–</u>	<u>–</u>

The difference between the cost of stocks and their replacement cost is not material.

### 16. Debtors

	Group		Company	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	\$000's	\$000's	\$000's	\$000's
Trade debtors	7,610	5,749	–	–
Other debtors	1,118	59	472	–
Taxation and social security costs	126	70	27	71
Prepayments and accrued income	<u>2,503</u>	<u>4,911</u>	<u>6</u>	<u>204</u>
	<u>11,357</u>	<u>10,789</u>	<u>505</u>	<u>275</u>

### 17. Creditors: Amounts falling due within one year

	Group		Company	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	\$000's	\$000's	\$000's	\$000's
Trade creditors	8,423	11,494	107	–
Amounts owed to group undertakings	–	–	5,733	941
Amounts owed to related undertakings	–	57	–	–
Hire purchase agreements (note 19)	18	51	–	–
Directors' loan accounts (note 22)	1,281	2,000	1,281	2,000
Other creditors	610	820	402	–
Taxation and social security costs	936	766	3	15
Accruals and deferred income	<u>4,639</u>	<u>4,167</u>	<u>765</u>	<u>–</u>
	<u>15,907</u>	<u>19,355</u>	<u>8,291</u>	<u>2,956</u>

Hire purchase and finance leases obligations are secured over the asset acquired.



## Notes to the Financial Statements

### 18. Creditors: Amounts falling due after more than one year

	Group		Company	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	\$000's	\$000's	\$000's	\$000's
Hire purchase agreements (note 19)	-	15	-	-
Directors' loan accounts (note 22)	-	1,523	-	1,523
Convertible unsecured loan stock	<u>5,141</u>	<u>-</u>	<u>5,141</u>	<u>-</u>
	<u>5,141</u>	<u>1,538</u>	<u>5,141</u>	<u>1,523</u>

Hire purchase and finance leases obligations are secured over the asset acquired.

The amounts falling due after more than one year relate to the £3.0 million 8% convertible unsecured loan stock ("CULS"), issued on 15 July 2005 (equivalent to \$5,532,000).

The CULS can be converted, at the option of the holder, into ordinary shares at 39p per share at any time during the conversion period, which is the period from admission to three business days prior to the final maturity date of 30 June 2009.

The Company incurred costs of \$505,000 in relation to the issue of the CULS and is amortising these costs over the conversion period of 4 years. The unamortised balance of \$391,000 has been deducted from the CULS balance of \$5,532,000 resulting in a net balance at 30 June 2006 of \$5,141,000.

### 19. Commitments Under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	\$000's	\$000's	\$000's	\$000's
Amounts payable within 1 year	18	51	-	-
Amounts payable between 1 and 2 years	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>
	<u>18</u>	<u>66</u>	<u>-</u>	<u>-</u>

### 20. Deferred Taxation

The movement in the deferred taxation provision during the period was:

	Group		Company	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005
	\$000's	\$000's	\$000's	\$000's
Provision brought forward	19	16	-	-
Increase in provision (note9(a))	<u>(19)</u>	<u>3</u>	<u>-</u>	<u>-</u>
Provision carried forward	<u>-</u>	<u>19</u>	<u>-</u>	<u>-</u>

No deferred tax is recognised on unremitted earnings of overseas subsidiaries as no earnings are expected to be remitted in the foreseeable future.

# Notes to the Financial Statements

## 21. Commitments Under Operating Leases

At 30 June 2006, the Group had annual commitments under non-cancellable operating leases as set out below.

	<b>Land and buildings</b>	
	<b>30 June 2006</b>	30 June 2005
	<b>\$000's</b>	\$000's
Operating leases which expire:		
Within 1 year	<b>107</b>	–
Within 2 to 5 years	<b>50</b>	25
After more than 5 years	<b><u>48</u></b>	<u>45</u>
	<b><u>205</u></b>	<u>70</u>

## 22. Related Party Transactions

During the current and previous year no individual had overall control of the parent company, SatCom Group Holdings Plc.

SatCom Group Holdings Plc has taken advantage of the exemption under FRS 8 paragraph 3(a) and 3(b), not to disclose group entity transactions.

Amounts due to directors during the year were as follows:

<b>Name</b>	<b>Opening Balance</b>	<b>Loans repaid</b>	<b>Interest paid at 4%</b>	<b>Closing Balance</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Mark White	2,274	(1,382)	52	944
Sandy Johnson	644	(324)	17	337
Adam Thomson	<u>605</u>	<u>(605)</u>	<u>–</u>	<u>–</u>
	<b><u>3,523</u></b>	<b><u>(2,311)</u></b>	<b><u>69</u></b>	<b><u>1,281</u></b>

On 11 July 2005, Adam Thompson resigned as a director of SatCom Group Holdings Plc and his loan account was transferred to other creditors. The movement on the shareholder loan included in other creditors is:

<b>Name</b>	<b>Transferred from Directors loan account</b>	<b>Loans repaid</b>	<b>Interest paid at 4%</b>	<b>Closing Balance</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Adam Thomson	<u>605</u>	<u>(230)</u>	<u>17</u>	<u>392</u>

SatCom Distribution Limited incurred consultancy costs in the period in the amount of \$357,930 (2005: \$348,392) from Satellite Communications Consultancy BVBA. Satellite Communications Consultancy BVBA is a company incorporated in Belgium and was controlled by the director Mark White.

## Notes to the Financial Statements

### 23. Share Capital

#### Authorised share capital:

	30 June 2006	30 June 2005
	\$000's	\$000's
500,000,000 Ordinary shares of \$0.10 each	50,000	50,000
50,000 Deferred shares of £1 each	<u>90</u>	<u>90</u>
	<u>50,090</u>	<u>50,090</u>

#### Allotted and called up:

	30 June 2006		30 June 2005	
	Number 000's	\$000's	Number 000's	\$000's
Ordinary shares of \$0.10 each	51,599	5,160	48,450	4,845
Deferred shares of £1 each	<u>50</u>	<u>90</u>	<u>50</u>	<u>90</u>
	<u>51,649</u>	<u>5,250</u>	<u>48,500</u>	<u>4,935</u>

On 15 July 2005, 1,666,667 ordinary shares with aggregate nominal value of \$166,667 were allotted for cash at 30p per share.

On 6 October 2005, 1,482,155 ordinary shares with aggregate nominal value of \$148,216 were allotted fully paid as partial consideration for the acquisition of Horizon Mobile Communications Group at 32.4425p per share.

### 24. Reserves

Group	Share premium \$000's	Merger reserve \$000's	Profit and loss account \$000's
Balance brought forward	-	(10,884)	4,353
Profit for the year	-	-	1,981
Equity dividends paid	-	-	(78)
Arising on share issue	1,468	-	-
Issue costs	<u>(745)</u>	<u>-</u>	<u>-</u>
Balance carried forward	<u>723</u>	<u>(10,884)</u>	<u>6,256</u>

The acquisition by the company of SatCom Distribution Limited and its subsidiaries in May 2004 was accounted for as a merger. Accordingly a debit merger reserve has been recognised in the consolidated balance sheet representing the difference between the consideration paid to acquire the group and its net assets at the date of the transaction.

Company	Share premium \$000's	Profit and loss account \$000's
Balance brought forward	-	2,726
Profit for the year	-	727
Equity dividends paid	-	(78)
Arising on share issue	1,468	-
Issue costs	<u>(745)</u>	<u>-</u>
Balance carried forward	<u>723</u>	<u>3,375</u>

## Notes to the Financial Statements

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### 25. Contingent Share Capital

Under the terms of the acquisition of Horizon Mobile Communications Group (“HMC”), SatCom have deferred consideration to pay, based on the gross profit achieved by HMC in the two years ended 31 December 2006. The deferred consideration is payable 50% in cash and subject to SatCom’s share price at the time of issue, 50% by the issue of new ordinary shares in SatCom at a 5% discount to the average closing mid-price over the previous month. Based on the forecast results, SatCom expects to have an obligation in deferred consideration of \$1,428,000 of which 50% will be settled in new shares with a value of \$714,000.

On 26 September 2006, the Company paid \$608,000 of this deferred consideration. The balance is expected to be paid by 30 June 2007, based on HMC’s current year results.

### 26. Reconciliation Of Movements In Equity Shareholders’ Funds

	<b>30 June 2006</b>	30 June 2005
	<b>\$000’s</b>	\$000’s
Profit for the financial year	<b>1,981</b>	1,670
Dividends paid to equity shareholders	<u>(78)</u>	<u>(181)</u>
	<b>1,903</b>	1,489
New equity share capital subscribed	<u>1,038</u>	<u>90</u>
	<b>2,941</b>	1,579
Bonus issue of shares	–	(90)
Contingent share capital (note 25)	<u>714</u>	<u>–</u>
Net movement in equity shareholders’ equity funds	<b>3,655</b>	1,489
Opening equity shareholders’ equity funds – (deficit)	<u>(1,596)</u>	<u>(3,085)</u>
Closing equity shareholders’ equity – (deficit)	<u>2,059</u>	<u>(1,596)</u>

### 27. Reconciliation Of Operating Profit To Net Cash (Outflow) Inflow from Operating Activities

	<b>30 June 2006</b>	30 June 2005
	<b>\$000’s</b>	\$000’s
Operating profit	<b>3,371</b>	2,847
Amortisation	<b>255</b>	73
Depreciation	<b>255</b>	113
Increase in stocks	<b>(943)</b>	(708)
Decrease in debtors	<b>1,488</b>	(2,345)
Decrease in creditors	<u>(5,474)</u>	<u>6,039</u>
Net cash (outflow) inflow from operating activities	<u>(1,048)</u>	<u>6,019</u>

## Notes to the Financial Statements

### 28. Analysis of Changes in Net Funds

	At 1 July 2005 \$000's	Cash flows \$000's	At 30 June 2006 \$000's
Net cash:			
Cash in hand and at bank	<u>5,161</u>	<u>(3,260)</u>	<u>1,901</u>
Debt:			
Debt due within 1 year	(3,524)	2,243	(1,281)
Hire purchase agreements	<u>(66)</u>	<u>48</u>	<u>(18)</u>
	<u>(3,590)</u>	<u>2,291</u>	<u>(1,299)</u>
Net funds	<u><u>1,571</u></u>	<u><u>(969)</u></u>	<u><u>602</u></u>

### 29. Reconciliation Of Net Cash Flow To Movement In Net Funds

	30 June 2006 \$000's	30 June 2005 \$000's
Increase (decrease) in cash in the year	(3,260)	3,500
Net cash outflow from other loans	2,243	1,107
Cash outflow in respect of hire purchase	<u>48</u>	<u>51</u>
<b>Change in net funds resulting from cash flows</b>	<b>(969)</b>	<b>4,658</b>
New finance leases	<u>—</u>	<u>—</u>
Movement in net funds in the year	<b>(969)</b>	<b>4,658</b>
Net funds at 1 July 2005	<u><b>1,571</b></u>	<u>(3,087)</u>
Net funds at 30 June 2006	<u><u><b>602</b></u></u>	<u><u>1,571</u></u>

### 30. Purchase And Disposal Of Subsidiary Undertakings

	30 June 2006 \$000's
Net assets acquired	
Fixed assets	448
Stocks	579
Debtors	1,899
Cash and bank in hand	812
Creditors	<u>(2,384)</u>
	<b>1,354</b>
Goodwill	<u><b>3,473</b></u>
Net cash paid	<u><u><b>4,827</b></u></u>

In addition to the goodwill acquired in the above transactions costs were incurred and have been capitalised, and are shown in note 12. Furthermore, additional goodwill has been recognised in respect of deferred consideration as explained in note 25.

## Notes to the Financial Statements

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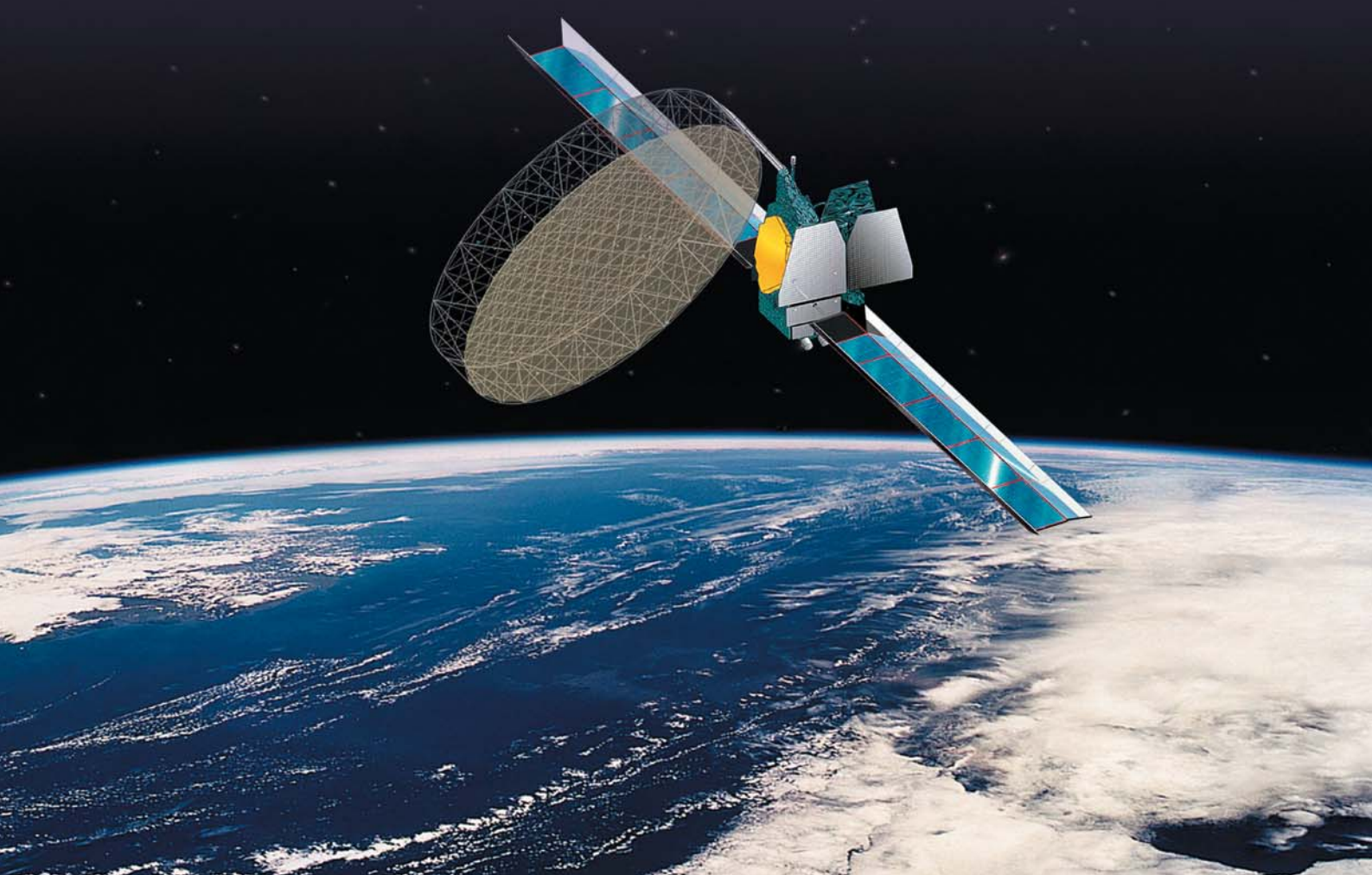
### 31. Post Balance Sheet Event

On 7 July 2006, SatCom acquired 100% of World Communication Center, Inc. ("WCC"), a satellite equipment and airtime reseller company based in Phoenix, USA. In the 12 months to 31 December 2005, WCC had turnover of \$10 million and pre tax profits of \$0.45 million. The initial consideration of \$4.1 million was paid in cash, unsecured convertible bonds and SatCom ordinary shares. Additional consideration is payable in the event that WCC earns pre tax profit in excess of \$0.75 million and \$1.0 million in the years ended 30 June 2007 and 2008 respectively.

**SatCom**  
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Service Level Agreement between Iridium Satellite LLC  
and Service Partner, World Communication Center, Inc.

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Thank you,

World Communication Center, Inc.