INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Next-Generation Satellite Communications Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

(1) Opening balances

The financial statements for the financial year ended 31 March 2013 were audited by another independent auditor whose report dated 9 October 2015 expressed a disclaimer of opinion on those financial statements. The basis for disclaimer of opinion on the financial statements is disclosed in Note 31 to the financial statements.

In view of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 March 2013, we are unable to determine whether the opening balances as at 1 April 2013 are fairly stated.

RT LLP
Chartered Accountants
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RT LINKS PTE LTD
UEN : 201542866E

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(1) Opening balances (cont'd)

Since the opening balances as at 1 April 2013 are entered into the determination of the financial position of the Group and of the Company as at 31 March 2014 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 31 March 2014, we are unable to determine whether adjustments, if any, might have been found to be necessary in respect of the Group's and the Company's financial statements for the financial year ended 31 March 2014.

Our opinion on the current financial year's financial statements of the Group and the Company is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

(2) Other receivables

As stated in Note 16[(2)] to the financial statements, the Group's and the Company's other receivables include balances due from Niaga Finance Company Limited ("Niaga") amounting to $25.5 million and $9.4 million respectively as at 1 April 2013.

In June 2013, the Group and Company entered into an agreement with Niaga to set out a framework towards the settlement of part outstanding balances amounting to approximately $24.0 million and $8.5 million ("Arrangement") respectively. Pursuant to the Arrangement, two non-transferable Convertible Notes (Note 19) with a total principal amount of HK$144.0 million (equivalent to $24.0 million) were issued by Neo Telemedia Limited (a listed company in Hong Kong Stock Exchange) to two newly acquired subsidiaries [Note 12(a) & (b)].

This resulted in settlement of $24 million out of the outstanding balance of $25.5 million due from Niaga to the Group and $8.5 million out of $9.4 million due to the Company. The Group and Company also received approximately $0.9 million in cash from Niaga during the financial year.

The remaining amount of $0.63 million due to the Group as at 31 March 2014 was withheld for settlement of invoices in respect of 65 sets of USO equipment under a Letter of Credit arrangement provided by Niaga on behalf of the Group's subsidiaries. The amounts due to the Company have been fully settled.

We are unable to obtain independent confirmations of the balances due to the Group from Niaga as at 31 March 2014. We are also not able to satisfy ourselves as to the existence of the outstanding balance by alternative audit procedures. Furthermore, we are unable to ascertain the recoverability of the remaining balances of the Group of approximately $0.63 million classified as other receivables at 31 March 2014.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(3) Cash in Bank

In relation to a subsidiary's bank account in PT Bank QNB Kesawan Tbk-Rupiah account, we are unable to obtain sufficient supporting documents to ascertain the accuracy and validity of bank disbursements transactions amounting to Rp 1,131,500,000 (equivalent to S$103,079) during the financial year ended 31 March 2014. According to management, the supporting documents are being withheld by the previous management. The Company intends to initiate legal proceedings against the previous management to retrieve these documents.

(4) Independent investigations

Subsequent to the completion of the independent investigation by Ernst & Young Advisory Pte. Ltd. ("EY") on 31 October 2014, EY issued their Report ("EY Report") containing their findings to the Audit Committee of the Company, the details of which are described in Note 30 (a). In view of EY's findings, the Company re-appointed EY on 10 November 2014 to perform further investigation into, inter alia the discrepancies and matters highlighted in the EY Report. Specifically, EY was engaged to investigate on (i) allegations raised by the former owners of Multi Skies Nusantra Limited ("MSN") subsidiary, PT Multi Skies Nusantara ("PT MSN"); and (ii) the appropriateness of certain transactions and actions involving PT MSN, including review of the acquisition transaction and the process and procedures surrounding the consideration paid with reference to the financial records of MSN, PT Karunia Anugerah Mitra Utama (" PT Kamu") and PT MSN (collectively, the "MSN group") and corporate records of PT MSN [Note 30(e)].

As at the date of this report, EY's investigation on MSN group, as disclosed in Note 30(e) to the financial statements, is still ongoing. Consequently, we are unable to determine whether any further significant findings may be reported by EY and whether there may be any adjustments arising thereon which may have an impact on the financial statements of the Group and the Company.

(5) On-going litigations

As disclosed in Notes 30 and 32 to the financial statements, the Group and the Company have several on-going litigations as at 31 March 2014. However, given the on-going nature of these litigations, the Directors are unable to determine the probable outcomes of the litigations. Consequently, we are unable to determine whether any adjustments or additional disclosures are necessary in respect of the Group's and the Company's financial statements for the financial year ended 31 March 2014.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Report on the Financial Statements (cont'd)

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RT LLP
Public Accountants and
Chartered Accountants

Singapore, 25 July 2016

EXTRACTS OF RELEVANT NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT

16 Other receivables, deposits and prepayments

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Other receivables:				
- Director related company [1]	**2,499**	2,499	**2,499**	2,499
- Third parties	**1,063**	500	**1**	-
- Niaga [2]	**633**	25,519	**-**	9,409
	4,195	28,518	**2,500**	11,908
Less: Allowance for impairment of other receivables	**(774)**	(181)	**-**	-
Other receivables, net	**3,421**	28,337	**2,500**	11,908
Refundable deposits	**14**	16	**14**	16
Prepayments	**23**	208	**23**	31
	3,458	28,561	**2,537**	11,955

(1) Director related company refers to a company in which a director of the Company has significant influence. The balance due from director related company is loan in nature unsecured, interest free and repayable on demand.

(2) This refers to amount held by Niaga in Hong Kong. During the financial year, the Group received approximately $0.9 million in cash from Niaga. In June 2013, the Group entered into an agreement with Niaga to set out a framework towards the settlement of an outstanding balances amounting to approximately $24.0 million ("Arrangement"). Pursuant to the Arrangement, two non-transferable Convertible Notes with a total principal amount of HK$144.0 million (equivalent to $24.0 million) were issued by Neo Telemedia Limited to the two subsidiaries of the Company as settlement of the outstanding balance due from Niaga. These Convertible Notes were classified as available-for-sale financial assets (Note 19) in the Group's financial statements.

30 Subsequent events

(a) Independent investigation by Ernst & Young Advisory Pte. Ltd. ("EY")

On 25 July 2012, the Company announced that it had appointed EY as the independent accounting firm to conduct an independent investigation into the circumstances that led to the funds placed with Niaga being restricted, including a review of the processes and procedures around the Group's deposit and placement of funds with Niaga, as well as verifying the movement of cash placed and the restriction.

EY completed its independent investigation on 31 October 2014 and issued a report (the "EY Report") on its findings to the Audit Committee of the Company ("Audit Committee"). The Audit Committee and the Board of Directors ("Board") have reviewed the EY Report and have noted that it highlighted, among other things:

(i) certain questionable cash movements between the Company and Niaga;
(ii) there was evidence that appeared to suggest that the discrepancy in the Company's cash balances and cash restriction with Niaga relating to the amount of approximately $26.8 million originally placed with Niaga, as further detailed in the announcement dated 5 July 2012 ("Discrepancies") could be connected to the personal exposure of the former director of the Company, Mr Hady Hartanto (and possibly companies connected to him) with Niaga; and
(iii) weaknesses and lapses in the internal controls and corporate governance procedures of the Company.

30 Subsequent events (cont'd)

(a) Independent investigation by Ernst & Young Advisory Pte. Ltd. ("EY") (cont'd)

The Board has adopted the EY Report. To address these findings, the Board convened a Special Committee comprising two Independent Directors of the Company to assess (i) the extent of any damage caused to the Company arising from the matters highlighted; and (ii) the required action (including any legal action if deemed appropriate) that the Company needs to take to address these matters.

The Company also separately engaged EY to review internal control measures, policies and procedures within the Group, to identify and address any weaknesses and lapses in the internal controls and corporate governance procedures, over and above those highlighted in the EY Report, as well as to conduct a further investigation into, inter alia, the discrepancies and matters highlighted in the EY Report [Note 30(e)].

On 12 August 2015, the Company announced that the Special Committee has completed its review and assessment of the findings in the EY Report and has made the following recommendations to the Board:

(i) appropriate legal action arising out the matter be deferred to be reconsidered by the Board at a later date when the loss to the Company and its subsidiaries VIP (HK) Limited ("VIP") and SLTDC is determined (but such action must be commenced no later than July 2018);

(ii) the Board should consider engaging Hong Kong legal advisors to explore prospects of obtaining documents and evidence (if any) from parties in Hong Kong, including Niaga, Hady Hartanto ("Hady"), Sri Tjintawati Hartanto ("Ptjin") and/or Chan Fung Ling (aka Patty Chan) ("Patty") to determine the true circumstances of the transfers of the approximately $24 million from the Company and its subsidiaries VIP and SLTDC's accounts with Niaga and for the purposes thereafter to consider and determine whether there was any wrongdoing by Hady, Ptjin, and/or Patty and whether legal action against them is appropriate in the event of loss determined as having been suffered by the Company and its subsidiaries VIP and SLTDC; and

(iii) the Company's Directors to review the processes of the Company to ensure that proper internal controls are put in place in respect of the operation of the Company's bank accounts and facilities, including the keeping of proper records. In this regard, the Special Committee noted that the Company already engaged EY to perform a gap assessment to identify, among others, the areas of improvement in respect of its processes, and that EY had already issued its report and on this basis, the Special Committee recommends that the Company should adhere to the recommendations made in the report.

The Board has adopted the above recommendations made by the Special Committee, and will update Shareholders upon any further action taken by the Board.

30 Subsequent events (cont'd)

(e) On-going Independent investigation by EY- Second Appointment

On 10 November 2014, the Company appointed EY as the independent accounting firm to investigate the following:

(i) The Company had on 1 April 2010 entered into a sale and purchase agreement to acquire MSN and its subsidiaries, PT KAMU, PT MSN (collectively, the "MSN group") from Bright Reach International Limited ("BRI"). Following the acquisition, allegations were raised by the previous owners of MSN's subsidiary PT MSN that BRI had not fulfilled certain obligations to them prior to the acquisition. Allegations were also raised regarding the appropriateness of certain transactions and actions involving PT MSN.

(ii) In light of the above allegations, EY is to ascertain the relevant facts, review of the acquisition transaction and the process and procedures surrounding the consideration paid with reference to the financial records of the MSN group and corporate records of PT MSN.

As at the date of this report, the investigation is still in progress.