

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

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") as set out on pages 40 to 104, which comprise the statements of financial position of the Group and the Company as at 31 March 2013, and the consolidated statement of 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 (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 2012 were audited by another independent auditor whose report dated 23 July 2013 expressed a disclaimer of opinion on those financial statements. The basis for disclaimer of opinion on the financial statements is disclosed in Note 30 of 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 2012, we are unable to determine whether the opening balances as at 1 April 2012 are fairly stated.

Since the opening balances as at 1 April 2012 entered into the determination of the financial position of the Group and of the Company as at 31 March 2013 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 2013, we are unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for the financial year ended 31 March 2013.

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.

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TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(2) Other receivables

As stated in Note 16 to the financial statements, the Group's and the Company's other receivables include balances due from Niaga Finance Company Limited ("Niaga") of \$25.5 million and \$9.4 million respectively as at 31 March 2013. Subsequent to the financial year ended 31 March 2013, the Group received approximately \$0.9 million in cash from Niaga.

In June 2013, the Group entered into an agreement with Niaga for the settlement of an outstanding balance amounting to approximately \$24.0 million ("Arrangement"). The Arrangement is described in Note 29(b) to the financial statements. 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. In June 2015, Neo Telemedia Limited has defaulted in payment of interest due to the Group [Note 29(k)].

We are unable to obtain independent confirmations of the balances due to the Group and the Company from Niaga as at 31 March 2013 or satisfy ourselves concerning the existence of the outstanding balance by alternative means. We are also unable to ascertain the recoverability of the remaining balances of the Group and the Company of approximately \$24.6 million and \$9.4 million respectively classified as other receivables at 31 March 2013.

(3) Related party transactions

As described in Note 25(b) to the financial statements, a controlling shareholder and former director of the Company is a director of and registered shareholder in the holding company that owned the entire issued share capital of Niaga up to October 2014. We have not been able to determine whether the relationship with Niaga and various transactions involving Niaga constitutes related party transactions as defined under FRS 24 "Related Party Disclosures". Consequently, we are unable to determine the completeness of disclosures as required by FRS 24.

(4) Independent investigation

On 25 July 2012, Ernst & Young Advisory Pte. Ltd. ("EY") was appointed by the Audit Committee of the Company (the "Audit Committee") to conduct an independent investigation on the matter relating to the funds placed with Niaga, including reviewing the processes and procedures concerning the Group's deposit and placement of funds with Niaga, as well as conducting verification on the movement of cash placed with Niaga and the events/circumstances leading to the restriction placed by Niaga.

EY completed its independent investigation on 31 October 2014 and issued a report (the "EY Report") on its findings to the Audit Committee. The Audit Committee and the Board of Directors (the "Board") reviewed the EY Report and 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 [Note 29(b)].

INDEPENDENT AUDITOR'S REPORT (Cont'd)
TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(4) Independent investigation (cont'd)

Subsequent to the completion of the independent investigation by EY on 31 October 2014, the Company appointed EY on 10 November 2014 to perform further investigation on (i) allegations raised by the former owners of Multi Skies Nusantara Limited ("MSN")'s 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 the MSN group and corporate records of PT MSN [Note 29(g)].

As at the date of this report, EY's investigation on MSN and PT MSN, as disclosed in Note 29(g) to the financial statements, is still ongoing. Accordingly, we are unable to determine whether there will be any adjustments arising from the completion of EY investigation which may have an impact on the financial statements of the Group and the Company.

(5) Joint venture

As disclosed in Notes 5 and 11 to the financial statements, the Group recorded an impairment loss on investment in joint venture amounting to \$43.4 million for the financial year ended 31 March 2013. The Group's net carrying value of joint venture as at 31 March 2013 amounted to \$8.0 million.

Based on information available to us, we are unable to obtain sufficient audit evidence on the appropriateness of the impairment assessment performed by the Group Management. Consequently, we are unable to satisfy ourselves as to the appropriateness of the impairment loss of \$43.4 million recognised in the consolidated statement of comprehensive income during the financial year and the net carrying value of the joint venture as at 31 March 2013.

(6) Plant and equipment

Included in the carrying value of the Group's plant and equipment as at 31 March 2013 is a Universal Service Obligation ("USO") Hub amounting to \$0.9 million that is held by the Group's customer on behalf of PT MSN. Due to the on-going litigations and investigations as described in the above-mentioned paragraph (4), Notes 29(e) and 29(g) to the financial statements, we are unable to perform sighting of the USO Hub. We are also unable to obtain sufficient appropriate audit evidence to determine whether the recoverable amount of the USO Hub exceeds its carrying value as at 31 March 2013. In view of the lack of independent supporting documentation, we are unable to obtain sufficient and appropriate audit evidence to ascertain the existence of the USO Hub and whether any impairment on the USO Hub as at 31 March 2013 is required.

(7) Subsidiaries

As disclosed in Note 12 to the financial statements, the Company's carrying value of subsidiaries as at 31 March 2013 amounted to \$8.0 million. Based on information available to us, we are unable to obtain sufficient appropriate audit evidence to determine whether the recoverable amount of the subsidiaries exceeds its carrying value as at 31 March 2013. Consequently, we are unable to determine whether any further impairment as at 31 March 2013 is required.

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TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(8) Litigations

As disclosed in Note 31 to the financial statements, the Group and the Company has several on-going litigations as at 31 March 2013. However, given the current status 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 2013.

(9) Going concern

As disclosed in Note 1 to the financial statements, the Group incurred a net loss of \$66.7 million and reported net cash outflows from operating activities of \$23.2 million during the financial year ended 31 March 2013. These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis as the Directors are satisfied that:

- (i) The Group will be able to recover the \$25.5 million currently recorded as other receivables as at 31 March 2013 due from Niaga (Note 16) as the Group has received \$0.9 million in July 2013 and entered into an agreement with Niaga in June 2013 to set out a framework towards the settlement of the remaining outstanding balances. The Arrangement is described in Note 29(b) to the financial statements.
- (ii) The Group will be able to make progress towards settlement of its litigation cases [Note 29(e)] in Indonesia which will allow the Group to realise the collection of outstanding trade receivables from its Indonesian customers.
- (iii) The Group is able to generate sufficient cash flows from its operations to meet its current and future obligations.

After considering the above, the Directors of the Company believe that it has adequate resources to continue its operations as a going concern. For these reasons, the Group and the Company continues to adopt the going concern assumption in the preparation of the financial statements.

The validity of the going concern basis on which the financial statements are prepared depends on the Directors' assessment of the Group's and the Company's ability to operate as a going concern as set forth above. The assumptions are premised on future events, the outcome of which are inherently uncertain.

The financial statements did not include any adjustments that may result in the event that the Group and the Company is unable to continue as a going concern. In the event that the Group and the Company is unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets. No such adjustments have been made to the financial statements.

INDEPENDENT AUDITOR'S REPORT (Cont'd)
TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(9) Going concern (cont'd)

Due to the matters described in the above paragraphs, we are unable to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of the Group's and the Company's financial statements for the financial year ended 31 March 2013 are necessary.

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, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

9 October 2015