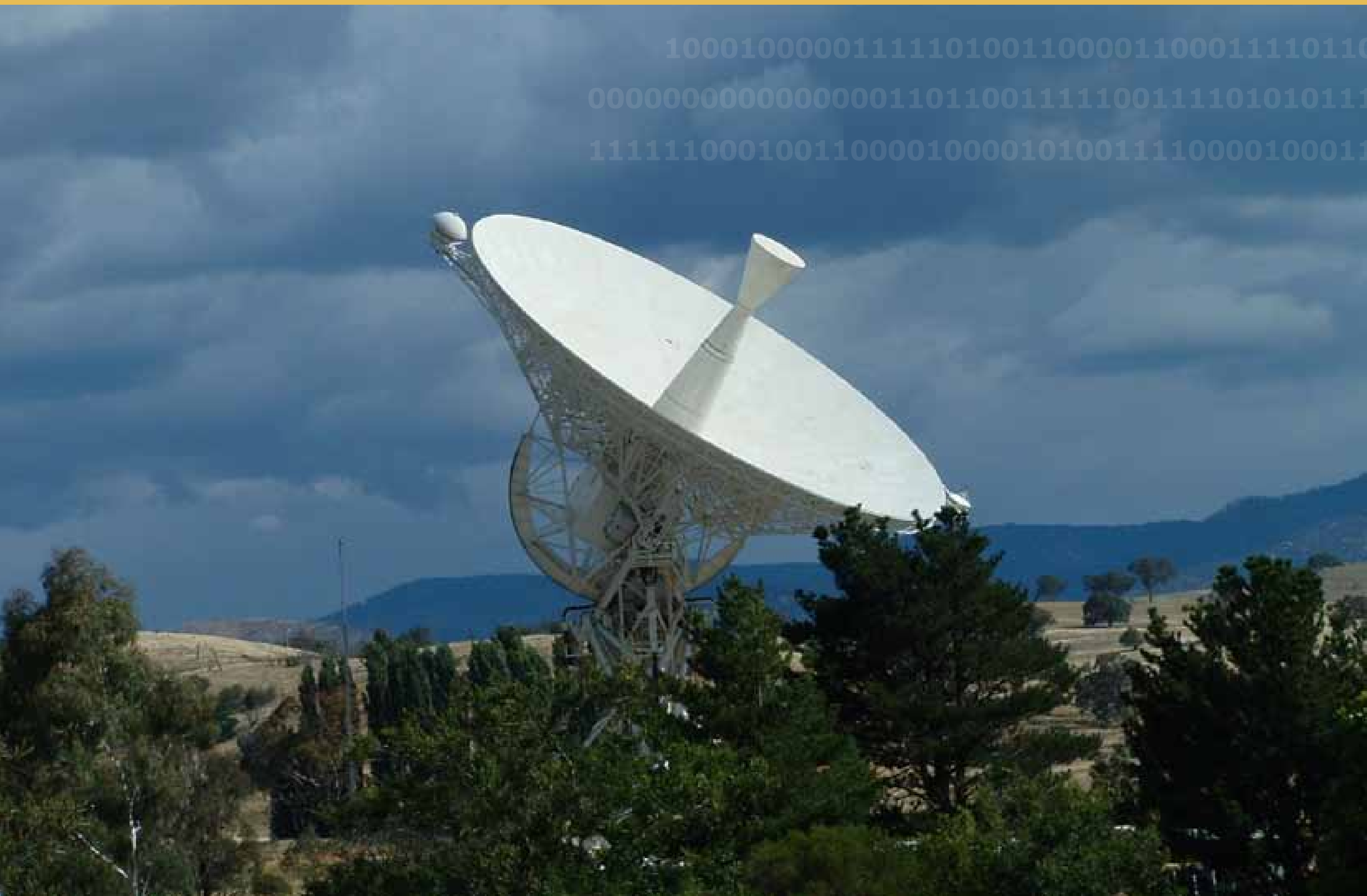
Next-Generation Satellite Communications Limited

ANNUAL REPORT 2012



CORPORATE PROFILE

Next-Generation Satellite Communications Limited (B07.SI) is an investment holding company. Through its subsidiaries, the Group is currently engaged in the business of providing satellite-based telecommunications services to a variety of industries including educational and financial institutions in the People's Republic of China ("China"), telecommunications services in rural areas of China and Indonesia, and hosting services.

The Group's present operations comprise three core businesses:

- Sale of satellite communications equipment and provision of satellite-based communication services
- Building, operating and leasing of base station controllers for Universal Service Obligation ("USO") sites to enable telecommunication services in remote areas and;
- Provision of hosting, international network and engineering services

The Company's vision is to become a leading telecommunication solutions provider in Asia. The Group will continue to seek investment opportunities in telecommunications services and infrastructure in the region.

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LETTER TO **SHAREHOLDERS**

Dear Shareholders,

The financial year ended 31 March 2012 ("FY2012") was our first full year as a pure-play telecommunications solutions provider since we exited the textile business in December 2010. We had to ensure the smooth implementation of our core growth strategies while we acquired and integrated major new components of our long-term sustainable business model.

The Group's present operations comprise three core businesses:

- Sale of satellite communications equipment and provision of satellite-based communication services;
- Building, operating and leasing of base station controllers for Universal Service Obligation ("USO") sites to enable telecommunication services in remote areas and;
- Provision of hosting, international network and engineering services

Financial review

For FY2012, we achieved a 16% growth in revenue from continuing operations to $8.6 million, from $7.5 million compared to the prior year. This was driven by an increase in sales of satellite communications equipment and higher rental income from the USO business.

Profit before tax from continuing operations in FY2012 was $11.6 million, which includes a negative goodwill of $10.5 million from the acquisition of China UnifiedNet Holdings Limited. Excluding this, the profit before tax from continuing operations in FY2012 was $1.1 million. For the financial year ended 31 March 2011 ("FY2011"), the reported profit before tax of $1.0 million included a $0.8 million gain on disposal of financial assets and a $0.1 million fair value gain in other assets.

Year in review

The Group is in the early developmental stages of establishing key building blocks for our satellite and telecommunications business and thus needs to build on our existing businesses and core competencies.

Demand for the Group's services and equipment grew in Indonesia and the People's Republic of China ("China"), where voice and broadband data services are still relatively lacking, especially in the rural areas in each country.

In Indonesia, our subsidiary PT Multi Skies Nusantara ("PT MSN") successfully rolled out satellite-based communication services in the remote areas through building, operating and leasing base station controllers for USO sites. Powered by solar cells, these USO sites are able to bypass the limited infrastructure of remote villages in Indonesia.

While we continue to strive for organic improvement, we are also open to prudent evaluation of businesses that are strategic to the growth and development of our business model. In this regard, we completed two major acquisitions in FY2012, to complement and build upon our existing businesses:

- Star Light Telemedia DC Limited, a provider of data centre facilities and other telecommunications infrastructure services in Indonesia. This acquisition was completed in May 2011.
- China UnifiedNet Holdings Limited ("CUH"), which holds a 55% equity interest in a joint-venture company, Hughes UnifiedNet Holding (China) Company Limited ("HUH"). HUH manages and controls Beijing China Satcom Unified Network Systems Technology Co., Ltd, which owns the VAS (Value Added Services) and Satellite Operating licences in China. This acquisition was completed in June 2011.

The acquisition of CUH allows the Group to provide satellite-based solutions in China. Some of the initial projects for which we have laid the initial groundwork include the supply of satellite broadband bandwidth and equipment to rural villages in Sichuan, and the provision of such bandwidth to schools and specialised institutions in several other provinces.

We have also made some progress on our pilot project with China's Ministry of Education Science and Technological Development Centre to provide schools, universities and specialised institutions in China with internet connectivity, and have enabled internet access for more than 100 schools in China's rural areas. These schools are planning to administer tests online.

Subsequent events

The Group announced the proposed acquisition of a 51% stake in Scientific Discovery Development S.A. ("SDD") in May 2012. SDD owns 100% of Beijing Satbit Information Technology Co. Ltd., a satellite-based telecommunications service provider and holder of a highly coveted VSAT (Very Small Aperture Terminal) licence issued by the Ministry of Industry and Information Technology of China.

In August 2012, HUH entered into a framework agreement with the Management Committee of Wuxi National High-Tech Industrial Development Zone and two other state-owned enterprises, to set up a Sino-foreign joint venture enterprise to construct a satellite broadband operation management centre, a satellite control centre, a broadband network management centre, and launch a communication satellite. The satellite, together with the ground systems of the telecom operations in China, is expected to form a space-ground communication system.

As we continue to make inroads into China, we are currently also working with coal mining companies to explore business opportunities to provide satellite monitoring and surveillance services to facilitate communication in an underground environment.

Despite our progress, our business took a turn in July 2012, when we were informed that a substantial amount of our $26.8 million deposits placed with a Finance Company was being treated as restricted cash and could not be released by the Finance Company.

Following this discovery, we had to arrest the execution of our growth plans in order to focus on resolving the matter. We engaged Ernst & Young Advisory Pte. Ltd ("EY") to conduct an independent investigation into the matter, while simultaneously sparing no effort to recover the funds. Pending the finalisation of the independent audit report by Crowe Horwath First Trust LLP, we were unable to issue our Annual Report within the prescribed timeline. As a result, we are only able to hold our Annual General Meeting in relation to FY2012 in August 2013.

Going Forward

With regard to the funds placed with the Finance Company, we have, after numerous rounds of negotiation, reached an agreement with the Finance Company in June 2013, and have set out a framework towards the settlement of the funds in two parts. Our decision takes into consideration the precious time and resources that legal proceedings would otherwise have expended.

The Finance Company has deposited two convertible notes issued by Neo Telemedia Limited ("Issuer") to Arch Capital Limited ("Arch") and Hillgo Asia Limited ("Hillgo"), as well as relevant documents necessary to effect the transfer of the share capital of Arch and Hillgo to the Group. The convertible notes have a total principal value HK$144.0 million and accrued interest of about HK$2.0 million. The Finance Company will also pay cash consideration of about HK$0.2 million. These in all resolve the first part of about $24.0 million.

Of the remaining $2.8 million, we have received about $2.2 million to date, while approximately $0.6 million is intended to be used to cover letters of credit issued by the Finance Company for the settlement of invoices on behalf of our wholly owned subsidiary, PT MSN.

In accepting the convertible notes as a form of payment, we have considered the Issuer's listing status and financial position. We also took into account the fact that the Issuer is required to redeem the convertible notes at their principal value upon maturity. In addition, we have the option of obtaining cash through the sale of our stakes in Arch and Hillgo if and when the opportunity arises. The stakes in these two companies were transferred to the Group in July 2013 under the above-mentioned settlement framework.

We will provide further updates on our Watch-List status, the outcome of the independent audit by EY, as well as the status of the recovery of the funds to our shareholders as and when appropriate.

Changes to the Board

FY2012 brought about the following changes to the Board:

Appointment

- Mr. Robert Scott Zimmer joined the Group as Executive Director on 1 December 2011
- Mr. Li Jianmin joined the Group as Executive Director & Chief Executive Officer on 20 December 2011

Departures

- Mr. Hady Hartanto, Executive Deputy Chairman, resigned from the Group and the Board on 30 October 2011
- Mr. Tan Jooi Boon, Executive Director, resigned from the Group and the Board on 30 November 2011
- Mr. Tay Thai Seng, Executive Director, resigned from the Board on 30 November 2011

Following the close of FY2012, two other Executive Directors also stepped down, namely Mr. Robert Scott Zimmer on 9 July 2012, and Mr. Hardi Koesnadi on 10 June 2013.

Acknowledgements

We have had numerous challenges in the recent couple of financial years, and we want to assure you that we are working hard to resolve the various issues.

The Board of Directors would like to thank our management team and employees for all their hard work and dedication as we navigate through the challenges.

The Board of Directors would also like to thank all our shareholders, customers, and business partners for journeying alongside us throughout this singularly difficult period.

With your continued support, the Group will work towards continuing and improving the strategies and plans that we have set in motion.

Dr. Lee G. Lam
Independent Director & Non-executive Chairman

Mr. Li Jianmin
Executive Director & Chief Executive Officer

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Dr. Lee G. Lam
(Independent Director & Non-executive Chairman)

Mr. Li Jianmin
(Executive Director & Chief Executive Officer)

Mr. Lam Ah Seng @ Lam Pang Chuang
(Executive Director)

Madam Sri Tjintawati Hartanto
(Executive Director)

Mr. Fong Yew Meng
(Independent Non-executive Director)

Mr. Tao Yeoh Chi
(Independent Non-executive Director)

REGISTERED OFFICE
1 Commonwealth Lane
#07-04 One Commonwealth
Singapore 149544
Tel : (65) 6479 3866
Fax : (65) 6479 3867

COMPANY SECRETARIES
Ms. Wee Woon Hong
Mr. Lee Hock Heng

NOMINATING COMMITTEE
Mr. Tao Yeoh Chi (Chairman)
Mr. Fong Yew Meng
Dr. Lee G. Lam

REMUNERATION COMMITTEE
Mr. Tao Yeoh Chi (Chairman)
Mr. Fong Yew Meng
Dr. Lee G. Lam

AUDIT COMMITTEE
Mr. Fong Yew Meng (Chairman)
Mr. Tao Yeoh Chi
Dr. Lee G. Lam

SHARE REGISTRARS AND WARRANT AGENT
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS
Crowe Horwath First Trust LLP
Public Accountants and Chartered Accountants
8 Shenton Way
#05-01 AXA Tower
Singapore 068811
Partner-in-charge: Alfred Cheong Keng Chuan
(Appointed since financial period ended
30 September 2007)

Dr. Lee G. Lam
Independent Director & Non-executive Chairman

Dr. Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, investment banking and fund management across the telecommunications/media/technology (TMT), retail/consumer, infrastructure/real estates and financial services sectors, having worked at Bell Canada, Hong Kong Telecom and Singapore Technologies Telemedia. Dr. Lam is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms and as a Member of the Legal Aid Services Council of Hong Kong, Dr. Lam is a Member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference (CPPCC), a Member of the New Business Committee of the Financial Services Development Council (FSDC), a Member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the World Presidents' Organization (WPO), a Member of the Chief Executives Organization (CEO), a Fellow of the Hong Kong Institute of Directors, a Fellow of the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, a Vice President of the Hong Kong Real Estate Association, a founding Board Member and the Honorary Treasurer of the Hong Kong–Vietnam Chamber of Commerce, a Board Member of the Australian Chamber of Commerce in Hong Kong, and a visiting professor (in the fields of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing.

Dr. Lam holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Laws (Hons) from Manchester Metropolitan University in the UK, a Postgraduate Certificate in Laws from the City University of Hong Kong, a Master of Laws from the University of Wolverhampton in the UK, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS and a Doctor of Philosophy from the University of Hong Kong.

Li Jianmin
Executive Director & Chief Executive Officer

Mr. Li Jianmin has more than 20 years of experience in various leadership positions including strategy development and management, commercial operation of businesses, project management, sales and market development, technical research and development and project operations. He possesses a strong technical expertise, having worked as an Engineer and subsequently a Manager in China Rail Telecom Company for over 15 years. During his tenure there, he was involved in improving the operation processes of railway communications, mobile communication systems, and spearheaded various businesses initiatives including integrated data network (ISDN) applications, low-cost satellite systems, city switching systems and computer communication networks for multi-user access.

Mr. Li has developed an in-depth understanding of the different cultural complexities of doing business in People's Republic of China (China), United States of America and Singapore. He has strong working relationships with Chinese and Southeast Asian governments and has rich experience in the development and management of international commercial projects.

Mr. Li is committed to continue developing the satellite communication and telecommunication businesses of the Group, which has started in Indonesia and China. He plans to leverage his experience and networks to help the Group deepen its reach into China and Southeast Asian markets.

Lam Ah Seng @ Lam Pang Chuang
Executive Director

A Director of the Company since 1987, Mr. Lam Pang Chuang is primarily responsible for the management, business development and strategic direction of the Group.

Mr. Lam holds a Diploma in Business Administration from the Singapore Institute of Management. He was also awarded with Honorary Doctorate of Philosophy in Business Administration from Kennedy-Western University, USA.

Sri Tjintawati Hartanto
Executive Director

Madam Sri Tjintawati Hartanto is responsible for the overall administrative and financial functions of the Group. She has over 20 years of experience in accounting, finance and administration and is currently the Finance & Administration Director of Super Electric Motor Ltd.

Madam Hartanto graduated with a degree in Accounting from Surabaya University in Indonesia. Madam Hartanto was born and educated in Indonesia, and now resides in Hong Kong.

Fong Yew Meng
Independent Non-executive Director

Mr. Fong Yew Meng was a corporate advisor to Saffar Capital Limited, a company based in Dubai. Prior to this, he held several senior positions with international banks in Tokyo, London, New York and Singapore. He was the Managing Director of HSBC Futures (Singapore) Pte Ltd and was the company secretary of the Evolution Group Plc, a company previously listed on the London Stock Exchange and now part of Investec Plc group. He was also Managing Director of Deutsche Bank and Deutsche Bank Securities in London and New York respectively, and was an Executive Director of Goldman Sachs in its Tokyo and London offices.

Mr. Fong graduated from London School of Economics with a BSc (Econs) degree in 1975. He was admitted to Institute of Chartered Accountants in England & Wales in 1978 and is a member of the Institute of Singapore Chartered Accountants.

Tao Yeoh Chi
Independent Non-executive Director

Mr. Tao Yeoh Chi started his career in 1976 in the Administrative Service of the Government of Singapore where he worked in the Ministry of Defence, Ministry of Education, Public Service Commission, Ministry of Finance, Ministry of Communications and Information and Prime Minister's Office holding various senior positions. He was subsequently seconded to Temasek Holdings where he held the position of General Manager in its Hong Kong wholly-owned subsidiary. From 1988 to 1999, he worked for large Singapore multinational companies such as Times Publishing Ltd, Singapore Technologies Pte Ltd, CapitaLand, and Media Corporation of Singapore. In 2002, Mr. Tao started his own education business.

Mr. Tao graduated from the University of Newcastle, Australia under the Colombo Plan Scholarship in 1974 with a Bachelor's of Arts (Economics) and with a Bachelor's of Engineering with First Class Honours in 1975. He was awarded the INSEAD Executive Program Scholarship and completed the INSEAD Executive Program in 1983.

KEY **MANAGEMENT**

HANS PURNAJO

Mr. Hans Purnajo joined the Group in 2010 as the President Director of PT. Multi Skies Nusantara. He is in charge of the Group's Universal Service Obligation (USO) business in Indonesia.

Prior to joining the Group, Mr. Purnajo was the Chairman of Challenger Computer Shop and PT. Halilintar Lintas Semesta, a distributor of Fujikura optical fibre in Indonesia.

Mr. Purnajo graduated with a Bachelor of Science in Textile in 1977 from the University of National Development Veteran Jakarta, and a Master of Textile Engineering from the University of Baroda, India in 1981. Mr. Purnajo is multilingual in English, Indonesian, Chinese and Hindi.

TONY TU

Mr. Tony Tu joined the Group as Director of Business Development where he is responsible for areas regarding the Group's corporate development. He also manages product and services strategy, marketing, partnerships and in its execution for the Group's overall businesses.

Prior to joining the Group, Mr. Tu spent several years in business development role with Pacnet (formerly Asia Netcom), where he built extensive experience in business planning, strategy and partnerships. He began his career as an ICT Analyst with Frost & Sullivan.

Mr. Tu holds a Bachelor of Telecommunications Engineering and dual Masters in Commerce and International Business from University of Sydney, Australia.

TEOH PEI YEAN

As Group Financial Controller, Ms. Teoh Pei Yean is responsible for the Group's finance and accounting functions, including statutory and regulatory compliance.

She has over 10 years of experience in financial management, group accounting and statutory and regulatory compliance with several listed companies in Singapore.

Ms. Teoh graduated from the Association of Chartered Certified Accountants (ACCA), and is a member of the Institute of Singapore Chartered Accountants.

This report outlines the corporate governance practices and activities carried out by the Company during the financial year under review.

A. BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective board to lead and control the company.

The Board of Directors ("Board") meets to review the key activities and business strategies of the Group.

The Board's significant responsibilities include:
- Business direction and corporate strategy;
- Corporate management;
- Internal controls;
- Regulatory compliance;
- Reporting to shareholders;
- Authorising major projects and significant financing matters; and
- Review of financial performance.

The Board met 8 times during the financial year under review. All directors review documents relevant to the board meeting prior to any board meeting. These documents are to enable the directors to obtain further explanation, where necessary, and to be adequately briefed before the meeting.

Details of directors' attendance at board and board committee meetings held during the financial year are summarised in Table A below:

TABLE A

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meetings Held	8	5	4	3
	Attendance			
Dr. Lee G. Lam	7	5	4	3
Mr. Li Jianmin (1)	4	NA	NA	NA
Mr. Lam Ah Seng @ Lam Pang Chuang	7	NA	NA	NA
Mdm. Sri Tjintawati Hartanto	7	NA	NA	NA
Mr. Hardi Koesnadi (2)	8	NA	NA	NA
Mr. Robert Scott Zimmer (3)	3	NA	NA	NA
Mr. Fong Yew Meng	8	5	4	3
Mr. Tao Yeoh Chi	7	4	3	2
Mr. Hady Hartanto (4)	3	NA	NA	NA
Mr. Tan Jooi Boon (5)	4	NA	NA	NA
Mr. Tay Thai Seng (5)	2	NA	NA	NA

(1) Appointed on 20 December 2011
(2) Resigned on 10 June 2013
(3) Appointed on 1 December 2011 and resigned on 9 July 2012
(4) Resigned on 30 October 2011
(5) Resigned on 30 November 2011

Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as directors. The Company works closely with professionals to provide its directors with updates of changes to relevant laws, regulations and accounting standards.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

As at 31 March 2012, the Board consisted of eight members, three of whom are Independent and Non-executive Directors. The Board, in view of its scope and business operations, found its current size and composition, is efficient, effective and with a strong independent element. Members of the Board are individuals with skills, knowledge and experience in the group's business of marketing and distribution, finance, legal and international activities.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the Company – the working of the Board and the executive responsibility of the Company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Company adopts a dual leadership structure whereby the positions of Chairman and Chief Executive Officer are separated on the Board. There is a clear division of responsibilities between the Company's Chairman and Chief Executive Officer which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chairman's duties and responsibilities include:

- Scheduling of meetings to enable the Board to perform its duties responsibly;
- Preparing the agenda for meetings;
- Ensuring accurate documentation of the meetings' proceedings; and
- Ensuring the smooth and timely flow of information between the board and management.

In addition to the above duties, the chairman will assume duties and responsibilities as may be required from time to time.

The Chief Executive Officer, Mr. Li Jianmin is responsible for the overall management of the Group's operations.

Board Membership and Board Performance

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and contribution by each director to the effectiveness of the Board.

The Nominating Committee comprises three Independent and Non-executive Directors who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole as well as each individual director on the Board. The members of the Nominating Committee and status of them holding office at the date of this report are as follows:

- Mr. Tao Yeoh Chi (Chairman)
- Mr. Fong Yew Meng
- Dr. Lee G. Lam

The Nominating Committee will take into consideration each individual director's contribution and performance on factors such as attendance, preparedness, participation and candour. The Nominating Committee will also decide on how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board.

Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a director. Saving for the director holding office as managing director (if any), the members of the Board are required to submit themselves for re-nomination and re-election at least once in every three years.

The details of the board members' qualifications and experience are presented in this annual report under the heading "Board of Directors".

Access to Information

Principle 6: In order to fulfill their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Timely financial summary reports and other disclosure documents are provided to the Board. Furthermore, the Board has separate and independent access to the Company Secretaries and senior executives and there is no restriction of access to the senior management team by the Board. The Company Secretary and/or their representatives are present at all formal meetings to respond to the queries of any director and to ensure that meeting procedures are adhered to and that applicable rules and regulations are complied with.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee comprises three members, who are the three Independent and Non-executive Directors. The members of the committee and status of them holding office at the date of this report are as follows:

- Mr. Tao Yeoh Chi (Chairman)
- Mr. Fong Yew Meng
- Dr. Lee G. Lam

The Remuneration Committee is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual directors. The overriding principle is that no director should be involved in deciding his own remuneration. The Remuneration Committee has adopted a written term of reference that defines its membership, roles, functions and administration.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of remuneration, especially those of executive directors, should be linked to performance.

The recommendation of our Remuneration Committee would be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by our Remuneration Committee.

In determining remuneration packages of executive directors and key executives, the Remuneration Committee will ensure that directors are adequately but not excessively remunerated. The Remuneration Committee will also consider, in consultation with executive directors, amongst other things, the respective individuals' responsibilities, skills, expertise and contribution to the Company's performance, and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The Remuneration Committee will be reviewing the existing terms and conditions of the service agreements and recommends to the board any changes to such terms and conditions at the expiry of the service agreements.

The Remuneration Committee will also be adopting a framework to remunerate Non-executive Directors based on their appointments and roles in respective Board committees and the fee of the Non-executive Directors will be tabled at the forthcoming Annual General Meeting ("AGM") for shareholders' approval.

Disclosure of Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration and the procedures for setting remuneration in the company's annual report.

A breakdown, showing the level and mix of each individual director's remuneration received for the financial year ended 31 March 2012 is as follows:

Name of Director	Fee %	Salary %	Total %
Between S$250,000 to S$500,000			
Mr. Tan Jooi Boon (1)	12	88	100
Below S$250,000			
Dr. Lee G. Lam	100	-	100
Mr. Li Jianmin (2)	-	-	-
Mr. Lam Ah Seng @ Lam Pang Chuang	100	-	100
Mdm. Sri Tjintawati Hartanto	100	-	100
Mr. Hardi Koesnadi (3)	100	-	100
Mr. Robert Scott Zimmer (4)	-	-	-
Mr. Fong Yew Meng	100	-	100
Mr. Tao Yeoh Chi	100	-	100
Mr. Hady Hartanto (5)	100	-	100
Mr. Tay Thai Seng (1)	100	-	100

(1) Resigned on 30 November 2011
(2) Appointed on 20 December 2011
(3) Resigned on 10 June 2013
(4) Appointed on 1 December 2011 and resigned on 9 July 2012
(5) Resigned on 30 October 2011

A breakdown showing the level and mix of the key executives remuneration received for the financial year ended 31 March 2012 is as follows:

Name of Key Executive	Salary %	Bonus %	Total %
Below S$250,000			
Mr. Hans Purnajo	100	-	100
Mr. Tony Tu	90	10	100
Ms. Teoh Pei Yean	92	8	100

No employee of the Company and its subsidiary companies is an immediate family member of a director of the Company and whose remuneration exceeded S$150,000 during the financial year ended 31 March 2012.

C. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board is accountable to the shareholders while the management is accountable to the Board.

For the financial performance reporting via the SGXNET announcement to SGX-ST, and the annual report to the shareholders, the Board has a responsibility to present a fair assessment of the Group's financial position, including the prospects of the Group.

The Board ensures that the management maintains a sound system of internal control to safeguard the shareholders' investment and the Group's assets.

The management will provide all members of the Board with management accounts of the Group's performance, with explanatory details on its operations on a quarterly basis. The board papers are given prior to any board meeting to facilitate effective discussion and decision-making.

Audit Committee

Principle 11: The board should establish an Audit Committee with a written term of reference, which clearly sets out its authority and duties.

The role of the Audit Committee is to assist the board in the execution of its corporate governance responsibilities within the established Board's references and requirements. The financial statements, accounting policies and system of internal accounting controls are responsibilities that fall under the ambit of the Audit Committee. The Audit Committee has its set of terms of reference defining its scope of authority and further details of its major functions are set out in the Directors' Report.

The Audit Committee comprises three members, who are the three Independent and Non-executive Directors. The members of the committee and status of them holding office at the date of this report are as follows:

- Mr. Fong Yew Meng (Chairman)
- Dr. Lee G. Lam
- Mr. Tao Yeoh Chi

As the members of the Audit Committee have many years of financial management–related expertise and experience, the Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

The Audit Committee held 5 meetings during the financial year under review and performed the functions specified below. The Audit Committee had also recommended the re-appointment of Crowe Horwath First Trust LLP as the Company's auditors at the forthcoming AGM.

The auditors of the Company, Messrs Crowe Horwath First Trust LLP, has indicated to the Company its intention of not seeking re-appointment as auditors of the Company. The resignation of Messrs Crowe Horwath First Trust LLP will take effect upon the approval of the appointment of the new auditors of the Company in place of Messrs Crowe Horwath First Trust LLP by shareholders of the Company at a general meeting. The Company will convene an extraordinary general meeting to appoint the new auditors of the Company to complete the statutory audit for the financial year ended 31 March 2013 in due course.

In performing its functions, the Audit Committee confirms that it has full access to and co-operation from the management and has been given full discretion to invite any Director or Executive Director to attend its meetings. In addition, the Audit Committee has reviewed the scope of work of the auditors and the assistance given by the Group's officers to the auditors. It has also met with the Company's auditors to review their audit plan and results, and has separate and independent access to the auditors. The Audit Committee is satisfied with the independence of the auditors and that the provision of non-audit services does not impact upon their independence.

The Audit Committee has reviewed the interested person transactions and the unaudited financial statements of the Group for the purpose of the quarterly, half-yearly and annual results announcements before they were submitted to the Board for approval.

The Audit Committee meets with external auditors, without the presence of the Company's management, at least once a year.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during the financial year ended 31 March 2012 are as follows:-

Audit fees	:	S$156,000
Non-audit fees	:	nil

The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to its external auditors.

Internal Control and Internal Audit

Principle 12: The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board is responsible for maintaining a sound system of internal controls to safeguard the shareholders' interests. In the absence of any evidence to the contrary, the system of internal controls maintained by the management provides reasonable assurance against material financial misstatements or loss, and includes the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

Where areas of internal controls had been found to require further management attention and improvement upon, management had since taken action to enhance on documentation and the maintenance of accounting records, as well as implement more proactive, precautionary and preventive monitoring procedures to avoid error or abuse.

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Audit Committee is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function. The Group has outsourced its internal audit function to an independent professional firm, Nexia TS Risk Advisory Pte Ltd. The internal auditors report its findings directly to the Audit Committee.

On 5 July 2012, the Company announced that a certain finance company in Hong Kong ("Finance Company") had issued audit confirmations to the Company's auditors which stated that certain funds deposited by the Group are restricted, which did not reconcile with the records of the Company. On 25 July 2012, the Company announced that it had appointed Ernst & Young Advisory Pte Ltd as the independent accounting firm to carry out investigation into the matter relating to the funds placed with the Finance Company, including reviewing the processes and procedures concerning the Group's deposit and placing of funds with the Finance Company, as well as conducting verification on the movement of cash placed with the Finance Company and the restriction.

Subject to the on-going work that is carried out by the independent accounting firm as aforementioned, as well as the on-going review and continuing efforts in improving controls and processes, the Board, with the concurrence of the Audit Committee, is of the view that there are adequate internal controls in place for the Group to address financial, operational and compliance risks during the year. The Board and the Audit Committee noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal controls system.

Communication with Shareholders

Principle 14: A company should engage in regular, effective and fair communication with its shareholders.

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. Other than the routine announcements made in accordance with the requirements of the Listing Manual, the Company has issued additional announcements and press releases to update shareholders on the activities of the Company and the Group during the year.

Results of the Company and pertinent information including the Company's new initiatives are released via the SGXNET system on a timely basis for dissemination to shareholders and the general public in accordance with the requirements of the SGX-ST before any news release are made through the media or discussions held with the analysts.

Principle 15: A company should encourage greater shareholder participation at AGMs, and allow its shareholders the opportunity to communicate their views on various matters affecting the company.

Results of the Company and the Company's annual report and the notice of the AGM are sent to all the shareholders of the Company. The notice is also published in the newspapers.

At the AGM, shareholders will be given opportunities to express their views and raise any queries regarding the operations of the Company.

Dealing in Securities

The Company has adopted a code of best practice on dealings in securities by directors and certain key officers, which sets out the guidelines and prohibition from trading in the Company's securities for the period commencing two weeks before the announcement of the Company's financial results for each of the quarters and one month before the announcement of the Company's full year results, as the case may be and ending on the date of the announcement of the results, and insider trading laws under the Securities and Futures Act when dealing in the Company's securities within the permitted periods. Directors, department heads, managers and staff who have access to price sensitive information are reminded not to deal in the securities within the aforementioned time period.

Interested Person Transactions

The main objective is to ensure that all interested person transactions are conducted on arm's length basis and on normal commercial terms. The transactions were also reviewed by the external auditors and the audit committee in accordance with the internal guidelines and the Listing Manual of the SGX-ST.

There were no interested person transactions during the financial year ended 31 March 2012 that exceeded the stipulated thresholds as specified in Chapter 9 of the Listing Manual of the SGX-ST.

Material Contracts and Loans

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Directors' Report and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year ended 31 March 2011.

USE OF **PROCEEDS**

The placement proceeds of S$23 million (net) from the issuance of 2,300,000,000 placement shares at an issue price of S$0.01 for each share in the financial period ended 31 March 2010 (“FP2010”) have been utilised as follows:

	S$’ million
Foreign exchange losses	2.3
Balance	20.7

The proceeds of S$46.5 million (net) from the exercise of 1,551,502,880 warrants (from the issuance of 2,629,988,814 free warrants in FP2010) have been utilised as follows:

	S$’ million
General working capital	0.6
Repayment of bank borrowings under the debt restructuring agreement	5.0
Acquisition of Multi Skies Nusantra Limited	6.8
Acquisition of China UnifiedNet Holdings Limited	34.1
Balance	-

The directors present their report to the members together with the audited consolidated financial statements of Next-Generation Satellite Communications Limited (the "Company") and subsidiaries (the "Group") for the financial year ended 31 March 2012 and the balance sheet of the Company as at 31 March 2012.

Directors

The directors of the Company in office at the date of this report are as follows:

Executive directors

Li Jianmin (Chief Executive Officer) (appointed on 20 December 2011)
Lam Ah Seng @ Lam Pang Chuang
Sri Tjintawati Hartanto

Independent non-executive chairman

Lee G. Lam

Independent non-executive directors

Fong Yew Meng
Tao Yeoh Chi

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Except as disclosed under "Performance shares and warrants" on page 22 and 23 of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Shareholdings registered in name of director or nominee			Shareholdings in which director is deemed to have an interest		
	At 1 April 2011	At 31 March 2012	At 21 April 2012	At 1 April 2011	At 31 March 2012	At 21 April 2012
Company Ordinary shares						
Sri Tjintawati Hartanto	2,203,000	2,203,000	2,203,000	-	-	-
Lam Ah Seng @ Lam Pang Chuang (1)	31,897,901	31,897,901	31,897,901	4,799,887	4,799,887	4,799,887
Lee G. Lam	8,698,000	8,698,000	8,698,000	-	-	-
Fong Yew Meng	4,349,000	4,349,000	4,349,000	-	-	-
Tao Yeoh Chi (2)	4,349,000	4,349,000	4,349,000	-	1,500,000	1,500,000

Directors' interests in shares or debentures (Cont'd)

Notes:

(1) Mr. Lam Ah Seng @ Lam Pang Chuang is deemed to be interested in the 4,799,887 shares held by Ban Joo Investment (Pte) Ltd by virtue of Section 7 of the Singapore Companies Act.

(2) Mr. Tao Yeoh Chi is deemed to have an interest in 1,500,000 shares held by his spouse.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the accompanying financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations in prior financial year ended 31 March 2011.

Performance shares and warrants

(i) Next-Generation Satellite Communications Performance Share Scheme (the "Performance Share Scheme")

The Performance Share Scheme was approved and adopted by the shareholders at an extraordinary general meeting of the Company held on 28 July 2010.

The Company implemented the Performance Share Scheme so as to (a) increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees of the Group to achieve superior performance; (b) further strengthen the Company's competitiveness in attracting and retaining local and foreign talent; and (c) incentivise all participants of the Performance Share Scheme (the "Participants") to excel in their performance and encourage greater dedication and loyalty to the Company.

Through the Performance Share Scheme, the Company is able to recognise and reward past contributions and services and motivate Participants to continue to strive for the Group's long-term growth. In addition, the Performance Share Scheme aims to foster an ownership culture within the Group which aligns the interests of the Participants with the interests of shareholders.

The Performance Share Scheme is administered by the Remuneration Committee comprising Tao Yeoh Chi (Chairman of Remuneration Committee), Fong Yew Meng and Lee G. Lam.

The details of the performance shares awarded under the Performance Share Scheme to the directors of the Company in office at the end of the financial year are as follows:

Performance shares and warrants (Cont'd)

(i) **Next-Generation Satellite Communications Performance Share Scheme (the "Performance Share Scheme")** (Cont'd)

	Aggregate number of performance shares granted during the financial year ended 31 March 2012	Aggregate number of performance shares granted since the commencement of the Performance Share Scheme to the end of the financial year ended 31 March 2012	Aggregate number of performance shares issued or transferred pursuant to the vesting of awards granted under the Performance Share Scheme since the commencement of the Performance Share Scheme to the end of the financial year ended 31 March 2012	Aggregate number of performance shares outstanding as at the end of the financial year ended 31 March 2012
Directors				
Lam Ah Seng @ Lam Pang Chuang	-	1,015,000	1,015,000	-
Sri Tjintawati Hartanto	-	2,203,000	2,203,000	-
Lee G. Lam	-	8,698,000	8,698,000	-
Fong Yew Meng	-	4,349,000	4,349,000	-
Tao Yeoh Chi	-	4,349,000	4,349,000	-
	-	20,614,000	20,614,000	-

(ii) **Warrants**

On 19 December 2008, the Company completed the non-renounceable rights issue of 292,220,978 with 292,220,978 free detachable warrants on the basis of one (1) free rights warrant for every one (1) rights share subscribed. Each rights warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of $0.03 for each new share is subject to the adjustments under certain circumstances in accordance with the terms and conditions as set out in the Deed Poll. The warrants were listed on the SGX-ST on 26 December 2008.

On 15 January 2009, the Company completed the allotment and issue of 2,337,767,836 free placement warrants. Each placement warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of $0.03 for each new share. The warrants were listed on the SGX-ST on 19 January 2009.

Details of the warrants are as follows:

Balance at 1 April 2011	Exercised	Expired	Balance at 31 March 2012	Exercise price	Expiry date
1,078,485,934	-	(1,078,485,934)	-	$0.03	22 December 2011

All the outstanding warrants have expired on 22 December 2011.

Audit committee

The members of the Audit Committee at the date of this report are as follows:

Fong Yew Meng (Chairman of Audit Committee)
Lee G. Lam
Tao Yeoh Chi

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;

- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;

- the assistance given by the Company's management to the independent auditors;

- the periodic results announcements prior to their submission to the Board for approval;

- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2012 prior to their submission to the Board, as well as the independent auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group; and

- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting. The Company will convene an Extraordinary General Meeting to appoint auditors.

On behalf of the Board of Directors

LI JIANMIN
Director

LAM AH SENG @ LAM PANG CHUANG
Director

23 July 2013

STATEMENT BY **DIRECTORS**

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 30 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

LI JIANMIN
Director

LAM AH SENG @ LAM PANG CHUANG
Director

23 July 2013

INDEPENDENT **AUDITORS' 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 subsidiaries (the "Group") set out on pages 30 to 94, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group 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 that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Due to the matters described in the Basis for Disclaimer of Opinion below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

(a) As at 31 March 2012, the Group's and Company's cash and bank balances include unencumbered and unrestricted cash deposits of approximately $26.8 million and $9.4 million respectively placed with a Finance Company (as described in Note 27(b) to the financial statements). In the course of our audit, however, we identified an inconsistency between the information contained in the Group's accounting records and the information independently obtained from the audit confirmations provided by the Finance Company wherein the Finance Company confirmed that the cash deposits of $19.8 million of the Group and $9.4 million of the Company were restricted cash deposits. The management is not aware of any authorised transactions between the Group and the Finance Company leading to the alleged restriction placed on the cash balances. Notwithstanding the conflicting confirmation from the Finance Company, for the purpose of the preparation of the consolidated statement of cash flows, the management has considered the alleged restricted cash as part of their unencumbered and unrestricted cash and bank balances. Consequently, we have not been able to obtain satisfactory explanations from the management of the Group concerning the inconsistency identified and accordingly, we are unable to determine the appropriateness of the presentation and disclosure of the cash and bank balances of the Group in the financial statements.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

Basis for Disclaimer of Opinion (Continued)

(b) In addition, we further identified a discrepancy of approximately $2.8 million between the cash and balances of approximately $26.8 million recorded by the Group's accounting records and the balances of cash deposits of $24.0 million confirmed by the Finance Company. The discrepancy brought into question the proper accounting for the cash and bank balances and the corresponding transactions in the Group, including the completeness, accuracy and reliability of cash and bank transactions recorded in the Group's accounting records and other information and documents, for the financial year ended 31 March 2012. We have not been able to obtain satisfactory explanations from the management of the Group concerning the discrepancy identified and to determine if there are any further adjustments required.

(c) Pursuant to the discovery of the inconsistency and discrepancy described in the above-mentioned paragraphs (a) and (b), the management attempted to recover the entire sum of approximately $26.8 million purportedly placed with the Finance Company. Based on information gathered by the management, the Finance Company has disputed over the amounts owed to the Group. As at the date of this report, the Group has only recovered approximately $2.2 million from the Finance Company.

On 25 June 2013, the Group entered into an agreement with the Finance Company to set out a framework towards the settlement of funds amounting to approximately $24.0 million that were placed with the Finance Company ("Arrangement") as described in Note 29(f). The Arrangement appears to be complicated and involved various parties which are seemingly unrelated to or unconnected with the Group and the Finance Company. Consequently we are unable to appreciate the rationale of the Arrangement and whether it is effective in ensuring the eventual recoverability of the sum of $24.0 million.

In view of the above, we are unable to obtain sufficient and appropriate audit evidence to ascertain the recoverability of the remaining cash and bank balances of approximately $24.6 million of which no allowance has been made as at 31 March 2012.

(d) As described in Note 29(b) to the financial statements, on 25 July 2012, Ernst & Young Advisory Pte. Ltd. ("EY"), was appointed by the Audit Committee of the Company to conduct an independent investigation on the matter relating to the funds placed with the Finance Company, including reviewing the processes and procedures concerning the Group's deposit and placement of funds with the Finance Company, as well as conducting verification on the movement of cash placed with the Finance Company and the events/circumstances leading to the restriction placed by the Finance Company.

As at the date of this report, EY's investigation is still ongoing. Accordingly, we are unable to determine whether any further discrepancies may be reported by EY and any adjustments arising thereon which may have an impact on the financial statements of the Group and the Company.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

Basis for Disclaimer of Opinion (Continued)

(e) In view of the matters set out in the preceding paragraphs, we are unable to perform the necessary audit procedures to determine the appropriateness, completeness and accuracy of the financial statements of the Group and the Company, nor are we able to quantify the extent of adjustments that might be necessary in respect of the financial statements of the Group and of the Company for the financial year ended 31 March 2012. We are also unable to determine the related effects of those matters described above, including any effects on representations, which could only be reported and disclosed in the financial statements of the Group and the Company for subsequent financial years when they become determinable and can be reasonably estimated.

(f) Other than those subsidiaries that were audited by Crowe Horwath (HK) CPA Limited, Hong Kong SAR and Crowe Horwath First Trust LLP, we are unable to perform/complete our audit procedures over significant transactions or events which may have occurred between the period from 1 April 2012 to the date of this auditors' report ("Subsequent Period") as required under Singapore Standard on Auditing 560: *Subsequent Events*. Accordingly, we are unable to perform the necessary audit procedures to satisfy ourselves as to whether significant transactions or events which occurred during the Subsequent Period were properly accounted for and adequately disclosed in the financial statements, nor to quantify the extent of adjustments that might be necessary in respect of the financial statements of the Group and of the Company for the financial year ended 31 March 2012.

Disclaimer of Opinion

Due to the significance of the matters described in the Basis for Disclaimer of Opinion above, we have not been able to obtain sufficient and 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, except for those matters referred to in the Basis for Disclaimer of Opinion above, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

23 July 2013

BALANCE **SHEETS**

AS AT 31 MARCH 2012
(Amounts in thousands of Singapore dollars)

	Note	Group		Company	
		2012 $'000	2011 $'000	2012 $'000	2011 $'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	3	145,508	138,008	145,508	138,008
Treasury shares	4	(1,219)	(1,219)	(1,219)	(1,219)
		144,289	136,789	144,289	136,789
Other reserves					
Capital reserve	5	(169)	(169)	(169)	(169)
Translation reserve		(474)	(414)	-	-
		(643)	(583)	(169)	(169)
Accumulated losses		(43,886)	(55,173)	(65,839)	(63,240)
TOTAL EQUITY		99,760	81,033	78,281	73,380
ASSETS					
Non-current assets					
Plant and equipment	6	5,527	6,982	69	79
Goodwill	7	4,448	4,283	-	-
Subsidiaries	8	-	-	41,648	18
Joint venture	9	52,070	-	-	-
Deferred tax asset	10	231	111	-	-
Intangible asset	11	2,340	-	-	-
Current assets					
Trade receivables (Allowance for doubtful debts: Nil)		10,483	8,232	-	-
Other receivables, deposits and prepayments	12	3,489	14,999	2,532	4,038
Other asset	13	-	1,786	-	-
Due from subsidiaries (non-trade)	14	-	-	35,115	41,237
Cash and bank balances	15	29,122	51,666	11,314	28,978
		43,094	76,683	48,961	74,253
TOTAL ASSETS		107,710	88,059	90,678	74,350

The accompanying notes are an integral part of the financial statements.

BALANCE **SHEETS** (Cont'd)

AS AT 31 MARCH 2012

(Amounts in thousands of Singapore dollars)

	Note	Group		Company	
		2012 $'000	**2011** $'000	**2012** $'000	**2011** $'000
LIABILITIES					
Current liabilities					
Trade payables	16	1,733	907	-	-
Other payables and accruals	17	4,982	5,313	463	501
Due to a subsidiary (non-trade)	14	-	-	11,465	-
Income tax payable		1,235	806	469	469
		7,950	7,026	12,397	970
TOTAL LIABILITIES		7,950	7,026	12,397	970
NET ASSETS		99,760	81,033	78,281	73,380

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012
(Amounts in thousands of Singapore dollars)

	Note	2012 $'000	2011 $'000
Continuing operations			
Revenue	18	8,626	7,454
Cost of sales		(3,774)	(1,543)
Gross profit		4,852	5,911
Gain on bargain purchase of a subsidiary	8(a)	10,500	-
Other income	19	1	990
Distribution costs		(232)	(110)
Administrative expenses		(2,596)	(5,152)
Other expenses	20	(825)	(595)
Share of loss of joint venture	9	(79)	-
Profit before tax from continuing operations		11,621	1,044
Income tax expense	22	(334)	(221)
Profit from continuing operations, net of tax		11,287	823
Discontinued operations			
Profit from discontinued operations, net of tax	23	-	16,081
Profit for the financial year	24	11,287	16,904
Other comprehensive (loss) income:			
Translation differences arising from consolidation		(79)	(709)
Translation differences realised through disposal of subsidiaries		-	797
Share of other comprehensive income of jointly controlled entity		19	-
Other comprehensive (loss) income, net of tax		(60)	88
Total comprehensive income attributable to equity holders of the Company		11,227	16,992
Earnings per share from continuing operations attributable to equity holders of the Company (cents per share)			
- Basic	25	0.18	0.01
- Diluted	25	0.18	0.01
Earnings per share from discontinued operations attributable to equity holders of the Company (cents per share)			
- Basic	25	-	0.27
- Diluted	25	-	0.25

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012
(Amounts in thousands of Singapore dollars)

	Attributable to equity holders of the Company					
	Share capital	**Treasury shares**	**Capital reserve**	**Translation reserve**	**Accumulated losses**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1.4.2010	134,202	-	-	(502)	(72,077)	61,623
Profit for the financial year	-	-	-	-	16,904	16,904
Other comprehensive income, net of tax	-	-	-	88	-	88
Total comprehensive income for the financial year	-	-	-	88	16,904	16,992
Contributions by and distributions to owners						
Issuance of shares	2,718	-	-	-	-	2,718
Purchase of treasury shares	-	(2,909)	-	-	-	(2,909)
Share capital and treasury shares reissued pursuant to share-based payment (Performance Share Scheme)	1,088	1,690	(169)	-	-	2,609
Total contributions by and distributions to owners	3,806	(1,219)	(169)	-	-	2,418
Balance at 31.3.2011	138,008	(1,219)	(169)	(414)	(55,173)	81,033
Balance at 1.4.2011	138,008	(1,219)	(169)	(414)	(55,173)	81,033
Profit for the financial year	-	-	-	-	11,287	11,287
Other comprehensive loss, net of tax	-	-	-	(60)	-	(60)
Total comprehensive income for the financial year	-	-	-	(60)	11,287	11,227
Contributions by and distributions to owners						
Issuance of shares	7,500	-	-	-	-	7,500
Balance at 31.3.2012	145,508	(1,219)	(169)	(474)	(43,886)	99,760

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012
(Amounts in thousands of Singapore dollars)

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Profit before tax:			
- continuing operations		11,621	1,044
- discontinued operations	23	-	16,081
		11,621	17,125
Adjustments:			
Amortisation of intangible asset		148	-
Depreciation of plant and equipment		1,952	1,006
Fair value (gain) loss in:			
- financial assets, at fair value through profit or loss		-	87
- other assets		-	(132)
Gain on disposal of:			
- financial assets, at fair value through profit or loss		-	(812)
- property, plant and equipment		-	(9)
- trade receivables classified as held for sale		-	(14,381)
- discontinued operations		-	(1,502)
Interest income		(1)	(42)
Impairment loss on:			
- other receivables		-	38
- trade receivables		-	235
Gain on bargain purchase of a subsidiary		(10,500)	-
Reversal of interest expenses previously overaccrued		-	(211)
Reversal of write down of inventories		-	(1,064)
Share-based payment (Performance Share Scheme)		-	2,609
Share of loss of joint venture		79	-
Trade payables written off		-	(78)
Unrealised exchange differences		(174)	164
Operating profit before working capital changes		3,125	3,033
Inventories		-	1,298
Trade receivables		(2,250)	(6,442)
Other receivables, deposits and prepayments		(657)	(975)
Trade payables		825	75
Other payables and accruals		369	(67)
Net cash from (used in) operating activities		1,412	(3,078)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012
(Amounts in thousands of Singapore dollars)

	Note	2012 $'000	2011 $'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash	8	(36,846)	(6,756)
Refund (placement) of deposits for potential investments	12	9,343	(9,343)
Purchase of plant and equipment		(253)	(493)
Proceeds from disposal of plant and equipment		1	9
Proceeds from disposal of financial assets, at fair value through profit or loss		-	2,188
Proceeds from disposal of trade receivables		-	9,200
Proceeds from disposal of discontinued operations, net of cash disposed off	23	1,500	86
Refund from other asset	13	1,786	-
Dividend received		-	12
Interest received		1	4
Net cash used in investing activities		(24,468)	(5,093)
Cash flows from financing activities			
Issuance of new shares, net		-	2,718
Purchase of treasury shares		-	(2,909)
Repayment from (to) a related party (non-trade)		525	(3,225)
Movement in restricted cash and bank balances	15	582	(4,829)
Interest paid		-	(178)
Net cash from (used in) financing activities		1,107	(8,423)
Net decrease in cash and cash equivalents		(21,949)	(16,594)
Effect of exchange rate changes in cash and cash equivalents		(1)	(3)
Cash and cash equivalents at beginning of the financial year		46,837	63,434
Cash and cash equivalents at end of the financial year	15	24,887	46,837

The accompanying notes are an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Next-Generation Satellite Communications Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Main Board of the Singapore Exchange Securities Trading Limited. The address of the Company's registered office and principal place of business is at 1 Commonwealth Lane, #07-04 One Commonwealth, Singapore 149544.

The controlling shareholder of the Company is Telemedia Pacific Group Limited, incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are shown in Note 8 to the financial statements.

The financial statements for the financial year ended 31 March 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 23 July 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Singapore dollars ("$") and all values are rounded to the nearest thousand ($'000) as indicated.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 April 2011, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as disclosed below:

(Amounts in thousands of Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Adoption of new and revised standards (Cont'd)

Revised FRS 24 *Related Party Disclosures*

From 1 April 2011, the Group has applied the revised FRS 24 Related Party Disclosures to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of the revised FRS 24 has not resulted in any additional parties being identified as related to the Group. Transactions and outstanding balances, with all related parties for the current and comparative years have been disclosed accordingly in Note 27 to the financial statements.

The adoption of the revised FRS 24 does not affect the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of the revised FRS 24 has no impact on earnings per share.

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 107 *Disclosures – Transfer of Financial Assets*	1 July 2011
Amendment to FRS 101 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
Amendments to FRS 12 *Deferred Tax – Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 113 *Fair Value Measurement*	1 January 2013
Amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	
- Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
- Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
- Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Standards issued but not yet effective (Cont'd)

Except for the Amendments to FRS 1, FRS 110 and FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1, FRS 110 and FRS 112 is described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income ("OCI")*

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 110 *Consolidated Financial Statements*
Amendments to FRS 110, FRS 111 and FRS 112 Transition Guidance
Amendments to FRS 110, FRS 111 and FRS 27 Investment Entities

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation – Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial periods beginning on or after 1 January 2014, with full retrospective application.

The Group is currently determining the effects of FRS 110 including the relevant amendments on its investments in the period of initial adoption.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

From 1 January 2010

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the equity holders of the Company.

(b) Acquisition of businesses

From 1 January 2010

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Group accounting (Cont'd)

(i) Subsidiaries (Cont'd)

(b) Acquisition of businesses (Cont'd)

From 1 January 2010 (Cont'd)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

- Transactions costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interests were measured at the proportionate share of the acquiree's identifiable net assets.

- Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

- Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Group accounting (Cont'd)

(i) Subsidiaries (Cont'd)

(c) *Disposals of subsidiaries or businesses*

From 1 January 2010

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(ii) Jointly controlled entity

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entities over which there is contractually agreed sharing of joint control over the economic activity of the entity. Joint control exists when strategic financial and operational decisions relating to the activity require the unanimous consent of all the parties sharing control. Investment in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investment in a jointly controlled entity is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on a jointly controlled entity represents the excess of the cost of acquisition of a jointly controlled entity over the Group's share of the fair value of the identifiable net assets of a jointly controlled entity and is included in the carrying amount of the investment.

In applying the equity method of accounting, the Group's share of its jointly controlled entity's' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the jointly controlled entity is adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the jointly controlled entity.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Group accounting (Cont'd)

(ii) Jointly controlled entity (Cont'd)

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of jointly controlled entity have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investment in the jointly controlled entity is derecognised when the Group loses joint control. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the investment and all the aggregate of the fair value of the retained investment at the date when joint control is lost and the proceeds from disposal is recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under translation reserve in equity in the consolidated financial statements. The translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Currency translation

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

Share capital and treasury shares

Proceed from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

When ordinary shares are reacquired ("treasury shares"), the amount of consideration paid including any directly attributable incremental costs is recognised directly in equity, until they are cancelled, sold or reissued. When treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company, if the shares are purchased out of earnings of the Company. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Plant and equipment (Cont'd)

After initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is reclassified to the appropriate category of plant and equipment when complete and ready to use.

Construction in progress are not depreciated. All other items of plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:-

	Useful lives (Years)
Leasehold improvement	4 to 5
Universal Service Obligation ("USO") equipment	5 to 10
Plant and equipment	3 to 5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income (expenses)".

Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associates represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses (see the accounting policy for impairment in this Note).

Gains and losses on the disposal of subsidiaries and joint ventures include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill (Cont'd)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in this Note.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in Singapore dollar at the rates prevailing at the date of the acquisition.

Intangible asset

Intangible asset refers to lease prepayment, which is acquired from a business combination and is measured at fair value. Following initial recognition, lease prepayment is measured at fair value less accumulated amortisation and accumulated losses, if any. The lease prepayment is amortised on a straight-line basis over the lease term of 15 years.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of non-financial assets (Cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of five years.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss.

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every balance sheet date. As at the balance sheet date, the Group did not have any financial assets in the categories of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ii) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables, including amounts due from subsidiaries and other asset.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of financial assets (Cont'd)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the balance sheet date, the Group did not have any financial liabilities in the category of fair value through profit or loss.

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2006, the date of inception is deemed to be 1 January 2006 in accordance with the transitional requirements of INT FRS 104.

(i) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

(ii) As lessee

Finance leases, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Rental income arising from operating leases of the USO equipments are recognised on a straight-line basis over the lease term.

Revenue from sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Satellite communication and data centre service fees are recognised when services are rendered.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Employees' benefits

(i) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund Scheme in Singapore, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial periods. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

(iii) Performance Share Scheme

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered.

The Group has in place, the Next-Generation Satellite Communications Performance Share Scheme for awarding of fully paid ordinary shares to group employees, when and after pre-determined performance targets are accomplished and/or when due recognition should be given to any good work performance and/or any significant contribution to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employees' benefits (Cont'd)

(iii) Performance Share Scheme (Cont'd)

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company. This cost is recognised in the profit and loss account as share-based compensation expense, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

When the awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued. When treasury shares are issued upon exercise of awards, the difference between the cost of treasury shares and the proceeds received net of any directly attributable costs are transferred to capital reserve.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income tax (Cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:
  (i) Has control or joint control over the Company;
  (ii) Has significant influence over the Company; or
  (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  (iii) Both entities are joint ventures of the same third party.
  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
  (vi) The entity is controlled or jointly controlled by a person identified in (a);
  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions (excluding restricted cash), and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker responsible for allocating resources and assessing performance of the operating segments.

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) is classified as assets held for sale when the sale is highly probable and the assets or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, if their carrying amount is recovered principally through a sale transaction rather than through continuing use. These non-current assets are not depreciated or amortised while they are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment testing of goodwill

An impairment exist when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and / or up to contracted operating lease terms and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of goodwill is disclosed in Note 7 to the financial statements.

(b) Impairment of loan and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically reviews its loan and receivables and analyse historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss.

At the balance sheet date, the receivables are measured at fair value and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the balance sheet date. The carrying amounts of the Group's loan and other receivables at the balance sheet date is disclosed in Note 12 and 30 (iii) to the financial statements respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Critical accounting estimates, assumptions and judgements (Cont'd)

(i) Critical accounting estimates and assumptions (Cont'd)

(c) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the balance sheet date is disclosed in Note 6 to the financial statements. A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately $195,000 (2011: $101,000) variance in the Group's profit for the year.

(d) Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group has not recognised any additional tax liability on these uncertain tax positions. The Group recognises liabilities for expected tax issued based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is difference from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred tax assets as at 31 December 2011 is disclosed in Note 10 to the financial statements.

The Group has unused tax losses amounting of approximately $5.1 million (2011: $5.1 million). These losses relate to the Company and certain subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses as deferred tax assets. If the Group was able to recognise all unrecognised deferred tax assets, profit for the year would increase by approximately $867,000 (2011: $867,000) (Note 22).

(ii) Critical judgement in applying the entity's accounting policies

In the opinion of the management, there are no critical judgements made in applying the Group's accounting policies, apart from those involving estimations, which has a significant effect on the amounts recognised in the financial statements.

(Amounts in thousands of Singapore dollars)

3. SHARE CAPITAL

	Group and Company			
	2012		2011	
	Number of ordinary shares		Number of ordinary shares	
	'000	$'000	'000	$'000
Issued and paid-up:				
Balance at beginning of the financial year	6,110,536	138,008	5,995,763	134,202
Issuance of ordinary shares:				
- Acquisition of a subsidiary [1]	300,000	7,500	-	-
- Conversion of warrants	-	-	90,587	2,718
- Performance Share Scheme	-	-	24,186	1,088
Balance at end of the financial year	6,410,536	145,508	6,110,536	138,008

(1) On 1 July 2011, the Company completed the acquisition of 100% equity interest in China UnifiedNet Holdings Limited ("CUH"), partially satisfied by the issuance and allotment of 300 million new ordinary shares in the capital of the Company (Note 8(a)). The newly issued shares rank pari passu in all respects with the existing ordinary shares.

The holders of the ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and has no par value.

4. TREASURY SHARES

	Group and Company			
	2012		2011	
	Number of ordinary shares		Number of ordinary shares	
	'000	$'000	'000	$'000
Balance at beginning of the financial year	(24,200)	(1,219)	-	-
Acquired during the financial year	-	-	(58,000)	(2,909)
Reissued pursuant to Performance Share Scheme	-	-	33,800	1,521
Loss transferred to capital reserve (Note 5)	-	-	-	169
Balance at end of the financial year	(24,200)	(1,219)	(24,200)	(1,219)

Treasury shares relates to ordinary shares of the Company that is held by the Company.

5. CAPITAL RESERVE

	Group and Company	
	2012	2011
	$'000	$'000
Balance at beginning of the financial year	(169)	-
Loss on re-issue of treasury shares (Note 4)	-	(169)
Balance at end of the financial year	(169)	(169)

(Amounts in thousands of Singapore dollars)

6. PLANT AND EQUIPMENT

Group	Leasehold improvement	USO equipment	Plant and equipment	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
Balance at 1.4.2010	-	-	1,853	-	1,853
Acquisitions of subsidiaries	-	6,186	6	1,509	7,701
Additions	107	227	51	108	493
Disposals	-	-	(1,852)	-	(1,852)
Written off	-	-	(2)	-	(2)
Translation differences on consolidation	-	(245)	-	(60)	(305)
Balance at 31.3.2011	107	6,168	56	1,557	7,888
Balance at 1.4.2011	107	6,168	56	1,557	7,888
Acquisitions of subsidiaries	161	-	392	-	553
Additions	57	-	196	-	253
Disposals	-	-	(2)	-	(2)
Reclassification from (to)	-	1,557	-	(1,557)	-
Translation differences on consolidation	(1)	(429)	7	-	(423)
Balance at 31.3.2012	324	7,296	649	-	8,269
Accumulated depreciation					
Balance at 1.4.2010	-	-	1,623	-	1,623
Charge for the year	3	916	87	-	1,006
Disposals	-	-	(1,701)	-	(1,701)
Written off	-	-	(2)	-	(2)
Translation differences on consolidation	-	(20)	-	-	(20)
Balance at 31.3.2011	3	896	7	-	906
Balance at 1.4.2011	3	896	7	-	906
Charge for the year	59	1,792	101	-	1,952
Disposals	-	-	(1)	-	(1)
Translation differences on consolidation	(1)	(114)	-	-	(115)
Balance at 31.3.2012	61	2,574	107	-	2,742
Net carrying amount					
As at 31.3.2012	263	4,722	542	-	5,527
As at 31.3.2011	104	5,272	49	1,557	6,982

(Amounts in thousands of Singapore dollars)

6. PLANT AND EQUIPMENT (Cont'd)

Company	Leasehold improvement	Plant and equipment	Total
	$'000	$'000	$'000
Cost			
Balance at 1.4.2010	-	-	-
Additions	40	46	86
Balance at 31.3.2011	40	46	86
Balance at 1.4.2011	40	46	86
Additions	5	9	14
Disposals	-	(2)	(2)
Balance at 31.3.2012	45	53	98
Accumulated depreciation			
Balance at 1.4.2010	-	-	-
Charge for the year	2	5	7
Balance at 31.3.2011	2	5	7
Balance at 1.4.2011	2	5	7
Charge for the year	9	14	23
Disposals	-	(1)	(1)
Balance at 31.3.2012	11	18	29
Net carrying amount			
As at 31.3.2012	34	35	69
As at 31.3.2011	38	41	79

(Amounts in thousands of Singapore dollars)

7. GOODWILL

	Group	
	2012	**2011**
	$'000	$'000
Representing gross amount:		
Balance at beginning of the financial year	4,283	-
Acquisition of a subsidiary (Note 8)	162	4,283
Translation differences on consolidation	3	-
Balance at end of the financial year	4,448	4,283

Impairment testing for goodwill

Included in the above balance is mainly an amount of $4,283,000 arising from goodwill on acquisition of the entire issued and paid-up capital of Multi Skies Nusantra Limited ("MSN") in the prior financial year. MSN and its subsidiaries are considered a cash-generating unit ("CGU") operating in the Indonesia operating segment.

The recoverable amount of the CGU was determined to be higher than its carrying amount and hence no impairment loss is recognised during the financial year. The recoverable amount of the CGU is determined based on its value-in-use.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit for the next five financial years and/or up to the contracted operating lease terms of the USO sites and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and/or five-year business plan and/or up to the contracted operating lease terms.

- A pre-tax discount rate of 9.25% (2011: 9.25%) was applied in determining the recoverable amount of the units. The discount rate was determined based on the internal rate of return of the entity.

- The delivery of the 371 remaining USO sites by the vendor by the next fiscal year and are operational ready for lease by 1 January 2014.

The values assigned to the key assumption represent management's assessment of future trends in the industry and are based on both external sources and internal resources.

The above estimates does not result in an impairment loss assuming that there is a delay in the delivery of the remaining USO sites by the vendor and is only operationally ready for lease from 1 January 2014 onwards.

(Amounts in thousands of Singapore dollars)

8. SUBSIDIARIES

	Company 2012 $'000	Company 2011 $'000
Unquoted equity shares at cost		
Balance at beginning of the financial year	18	18
Acquisition of subsidiary	41,630	-
Balance at end of the financial year	41,648	18

Name of Companies	Principal activities	Country of incorporation / place of business	Proportion (%) of ownership interests 2012 %	Proportion (%) of ownership interests 2011 %
Ban Joo Global Pte Ltd (1)	Dormant	Singapore	100	100
Fortknox Global Pte Ltd (1)	Dormant	Singapore	100	100
Telemedia Pacific Communications Pte Ltd (1)	Investment holding and provision of connectivity services	Singapore	100	100
VIP (HK) Ltd (2)	Investment holding and satellite telecommunications related sales and services rendering	Hong Kong SAR	100	100
China UnifiedNet Holdings Limited (3)	Investment holding	British Virgin Islands	100 (Note a)	-
Held through VIP (HK) Ltd				
Multi Bright (HK) Ltd (2)	Investment holding	Hong Kong SAR	100	100
Star Light Telemedia DC Limited (2)	Provision of data centre services	Hong Kong SAR/ Indonesia	100 (Note b)	-
Held through Telemedia Pacific Communications Pte Ltd				
Multi Skies Nusantra Limited (2)	Investment holding	Hong Kong SAR	100	100 (Note c)
PT Karunia Anugerah Mitra Utama (4)	Investment holding	Indonesia	100	100 (Note c)
PT Multi Skies Nusantara (4)	Building, operating and leasing of Universal Service Obligation equipment	Indonesia	100	100 (Note c)

(Amounts in thousands of Singapore dollars)

8. SUBSIDIARIES (Cont'd)

(1) Audited by Crowe Horwath First Trust LLP, Singapore

(2) Audited by Crowe Horwath (HK) CPA Limited, Hong Kong SAR

(3) Not required to be audited in the country of incorporation. However, they were reviewed by Crowe Horwarth First Trust LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements.

(4) Audited by Kosasih, Nurdiyaman, Tjahjo & Rekan, Indonesia, a member firm of Crowe Horwath International

Note (a)

During the financial year ended 31 March 2012, the Company acquired 100% of the entire issued and paid-up capital of China UnifiedNet Holdings Limited ("CUH") from a third party, Kingo Grace Limited ("Vendor") for a fair value consideration totaling $41.6 million, which was partly payable in cash of $34.13 million and partly discharged by the issuance of 300 million new ordinary shares in the Company at a fair value of $0.025 per share to the Vendor. Upon the completion of the acquisition, CUH has become a wholly owned subsidiary of the Group.

The attributable fair value of the identifiable assets and liabilities of CUH as at the date of acquisition is as follows:

	Fair value recognised on acquisition
	$'000
Net identifiable assets at fair value	
Investment in joint venture, represent the identifiable assets*	52,130
Consideration transferred for the acquisition of CUH	
Cash paid	34,130
Equity instruments issued	7,500
Total consideration transferred	41,630
Gain on bargain purchase of a subsidiary	
Consideration transferred	41,630
Less: total net identifiable assets at fair value	(52,130)
Gain on bargain purchase arising from acquisition	(10,500)
Effect of acquisition of CUH on cash flows	
Total consideration	41,630
Less: non-cash consideration	(7,500)
Consideration settled in cash, represent the net cash outflow	34,130

* The above net asset is stated after eliminating inter-company balance owing to the Company, amounting to approximately $1.3 million.

8. SUBSIDIARIES (Cont'd)

Note (a) (Cont'd)

Equity instruments issued as part of consideration transferred

In connection with the acquisition of 100% equity interest in CUH, the Company issued 300,000,000 new ordinary shares with a fair value of $0.025 each (Note 3). The fair value of these shares is the published price of the shares at the acquisition date on 30 June 2011.

Transaction costs

Transaction costs related to the acquisition of approximately $0.2 million have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the financial year ended 31 March 2012.

Impact of the acquisition on profit or loss

From the acquisition date, CUH has contributed a loss of approximately $0.1 million to the Group's profit for the financial year. If the business combination had taken place at the beginning of the financial year, the Group's revenue and the profit for the financial year, net of tax, would have been $9.1 million and $11.3 million respectively.

Gain on bargain purchase

The purchase consideration of $52.13 million was determined based on an external valuation at a 19.5% discount. The consideration was satisfied by cash payment of $34.13 million and issuance of 300 million new shares, which determined at an issue price of $0.06 per share, approximating $18.0 million. At the date of acquisition, the market price has reduced to $0.025 per share, thereby reducing the total purchase consideration to $41.63 million and resulting in a gain on bargain purchase for the difference amounting to $10.5 million.

Note (b)

During the financial year ended 31 March 2012, the Company's wholly owned subsidiary, Multi Bright (HK) Limited ("MBHK") has completed the acquisition of 100% of the entire issued and paid-up share capital of Star Light Telemedia DC Limited ("SLTDC") from Joseph Lyman ("Vendor") for a purchase consideration of approximately $5.4 million (equivalent to US$4.4 million). Upon the completion of the acquisition, SLTDC became a wholly owned subsidiary of the Group.

MBHK and the Vendor agreed that the SLTDC acquisition shall be deemed to have been completed on 31 May 2011.

(Amounts in thousands of Singapore dollars)

8. SUBSIDIARIES (Cont'd)

Note (b) (Cont'd)

The attributable fair value of the identifiable assets and liabilities of SLTDC as at the date of acquisition is as follows:

	Fair value recognised on acquisition
	$'000
Plant and equipment	553
Trade receivables	1
Intangible asset	2,619
Cash and bank balances	2,716
Trade payables	(1)
Other payables and accruals	(618)
Total net identifiable assets at fair value	5,270
Consideration transferred for the acquisition of SLTDC	
Cash paid in previous year (approximately US$4.4 million).	5,432
Goodwill	
Consideration transferred	5,432
Less: total net identifiable assets at fair value	(5,270)
Goodwill arising from acquisition	162
Effect of acquisition of SLTDC on cash flows	
Consideration settled in cash in previous year (approximately US$4.4 million)	5,432
Less: cash and bank balances acquired	(2,716)
Net cash outflow on acquisition	2,716

Goodwill arising from acquisition

The goodwill of approximately $162,000 is attributed mainly to the knowledge and the technical ability of the acquired subsidiaries in its industry, the synergies expected to be achieved from integrating the acquired subsdiaries into the Group's existing operations.

Impact of the acquisition on profit or loss

From the acquisition date, SLTDC has contributed approximately $0.2 million of revenue and a loss of approximately $0.3 million to the Group's profit for the financial year and there is no material difference, if the business combination had taken place at the beginning of the financial year.

Transaction costs

Transaction costs related to the acquisition of approximately $8,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the financial year ended 31 March 2012.

(Amounts in thousands of Singapore dollars)

8. SUBSIDIARIES (Cont'd)

Note (c)

On 20 May 2010, the Company's wholly owned subsidiary, Telemedia Pacific Communications Pte Ltd, acquired 100% of the entire issued and paid-up share capital of Multi Skies Nusantra Limited ("MSN") from Bright Reach International Limited ("BRI") for a cash consideration of approximately $10.8 million (equivalent to US$7.8 million), which was to be paid progressively to BRI upon the satisfaction of certain conditions as stipulated in the sale and purchase agreement. Upon the completion of the acquisition, MSN has become a wholly owned subsidiary of the Group.

The attributable fair value of the identifiable assets and liabilities of MSN as at the date of acquisition is as follows:

	Fair value recognised on acquisition
	$'000
Plant and equipment	7,701
Deferred tax asset	37
Trade receivables	1,232
Other receivables and prepayment	158
Cash and bank balances	5
Trade payables	(674)
Other payables and accruals	(1,854)
Income tax payable	(47)
Total net identifiable assets at fair value	6,558
Consideration transferred for the acquisition of MSN	$'000
Cash paid	6,761
Deferred cash settlement (approximately US$3.0 million)	4,080
Total consideration transferred (approximately US$7.8 million)	10,841
Goodwill	
Total consideration transferred	10,841
Less: total net identifiable assets at fair value	(6,558)
Goodwill arising from acquisition	4,283
Effect of acquisition of MSN on cash flows	
Total consideration	10,841
Less: consideration outstanding as at financial year end (approximately US$3.0 million)	(4,080)
Consideration settled in cash	6,761
Cash and bank balances acquired	(5)
Net cash outflow on acquisition	6,756

(Amounts in thousands of Singapore dollars)

8. SUBSIDIARIES (Cont'd)

Note (c) (Cont'd)

Transaction costs

Transaction costs related to the acquisition of approximately $0.1 million have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the financial year ended 31 March 2011.

Consideration arrangement

The consideration shall be payable upon the number of USO sites installed by the subsidiary of MSN, which have been accepted by its customer (which will be evidenced by a certificate of final acceptance issued by its customer).

Goodwill arising from acquisition

The goodwill of approximately $4.2 million is recognised on the acquisition is attributed mainly to the long standing presence of the acquired subsidiaries in its industry, the knowledge and the technical ability of the acquired subsidiaries in its industry, the knowledge and the technical ability of the acquired subsidiaries' workforce and the synergies expected to be achieved from integrating the acquired subsdiaries into the Group's existing operations.

Impact of the acquisition on profit or loss

From the acquisition date, MSN has contributed approximately $2.9 million of revenue and approximately $0.9 million to the Group's profit for the financial year ended 31 March 2011. If the business combination had taken place at the beginning of the prior financial year, the Group's revenue and the profit for the financial year, net of tax, would have been approximately $8.6 million and approximately $17.0 million respectively.

9. JOINT VENTURE

During the financial year ended 31 March 2012, the Company acquired 100% of the entire issued and paid-up capital of China UnifiedNet Holdings Limited ("CUH"), which in turns holds 55% of the issued shares in Hughes UnifiedNet Holding (China) Company Limited ("HUH"). HUH in turns holds two wholly owned subsidiaries, namely HughesNet China Company Limited (WOFE) and Beijing China Satcom Unified Network Systems Technology Co., Ltd..

HUH is considered a jointly controlled entity as there is contractually agreed sharing of joint control over the economic activity of the entity with Hughes China Holdings Company Limited as well as the strategic financial and operational decisions relating to the activity would require the unanimous consent of both parties that are sharing the control.

	Group
	2012
	$'000
Balance at beginning of the financial year	-
Acquisition	52,130
Share of post acquisition results	(79)
Share of translation reserves	19
Balance at end of the financial year	52,070

(Amounts in thousands of Singapore dollars)

9. JOINT VENTURE (Cont'd)

The summarised financial information of the joint venture, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group
	2012
	$'000
Revenue	1,395
Expenditure	(1,538)
Loss before tax	(143)
Income tax expense	-
Loss for the financial year	(143)
Share of post acquisition results	(79)
Non-current assets	4,587
Current assets	1,989
Total assets	6,576
Current liabilities	(704)

Name of Companies	Principal activities	Country of incorporation / place of business	Proportion (%) of ownership interests	
			2012 %	**2011** %
Held through China UnifiedNet Holdings Limited				
Hughes UnifiedNet Holding (China) Company Limited [(1)]	Investment holding	Hong Kong SAR	55	-
HughesNet China Company Limited [(2)]	Development of internet and satellite communication system technology and trading in satellite communication system devices	People's Republic of China	55	-
Beijing China Satcom Unified Network Systems Technology Co., Ltd. [(2)]	Development of internet and computer technology	People's Republic of China	55	-

(1) Audited by Baker Tilly Hong Kong Limited, Hong Kong SAR for local statutory reporting and reviewed by Crowe Horwath First Trust LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements.

(2) Audited by Crowe Horwath China Certified Public Accountants LLP.

(Amounts in thousands of Singapore dollars)

10. DEFERRED TAX ASSET

	Group	
	2012	**2011**
	$'000	$'000
Balance at beginning of the financial year	111	-
Acquisition of a subsidiary	-	37
Recognised in the profit or loss (Note 22)	131	76
Translation differences on consolidation	(11)	(2)
Balance at end of the financial year	231	111

The above relates to the temporary differences arising from tax over book depreciation.

11. INTANGIBLE ASSET

Group	**Lease rights**
	2012
	$'000
Fair value:	
Balance at beginning of the financial year	-
Acquisition of a subsidiary	2,619
Ttranslation differences on consolidation	48
Balance at end of the financial year	2,667
Accumulated amortisation:	
Balance at beginning of the financial year	-
Amortisation for the year	148
Ttranslation differences on consolidation	1
Balance at end of the financial year	149
Net carrying amount as at end of the financial year	2,518
Amount to be amortised:	
Current	
- Not later than 1 year	178
Non-current	
- Later than 1 year and not later than 5 years	711
- Later than 5 years	1,629
	2,340
	2,518

The above relates to lease prepayment that arose from a business combination, which the Group has determined and recognised as intangible asset as the directors are in the view that terms of the operating lease is relatively favorable as compared to the market terms.

(Amounts in thousands of Singapore dollars)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012 $'000	**2011** $'000	**2012** $'000	**2011** $'000
Other receivables:				
- Related parties [1]	2,487	5,489	2,498	4,000
- Third parties	651	310	-	-
	3,138	5,799	2,498	4,000
Less: allowance for impairment of other receivables	(181)	(181)	-	-
Other receivables, net	2,957	5,618	2,498	4,000
Deposits [2]	24	9,361	16	18
Prepayments	508	20	18	20
	3,489	14,999	2,532	4,038

(1) Related parties refer to companies in which directors of the Company has controlling financial interest in. These amounts are unsecured, interest-free and repayable on demand.

(2) Included in the deposits as at 31 March 2011 were:

a) An amount of approximately $5.6 million (equivalent to US$4.4 million) being deposit paid to a third party for the acquisition of Star Light Telemedia DC Limited ("SLTDC") in prior financial year as disclosed in Note 8(b) to the financial statements. The acquisition of SLTDC was completed during the financial year.

b) An amount of approximately $3.7 million (equivalent to US$3 million) being refundable deposit that was previously paid to Satellite Communications Group Ltd. to market the satellite bandwidth capacity, which has been refunded during the financial year.

Movements in allowance for impairment of other receivables is as follows:

	Group	
	2012 $'000	**2011** $'000
Balance at beginning of the financial year	181	1,783
Charge for the year	-	38
Bad debt written off against allowance	-	(1,040)
Reversal of impairment loss	-	(65)
Disposal of subsidiaries	-	(488)
Translation differences on consolidation	-	(47)
Balance at end of the financial year	181	181

(Amounts in thousands of Singapore dollars)

13. OTHER ASSET

This pertains to a cash deposit which was placed with JTC Corporation ("JTC") for a leasehold property in prior financial years. The said property was disposed off prior to the fulfillment of a condition set out by JTC for certain level of investment in development works of that property. The deposit has been refunded to the Group during the financial year as the Purchaser has completed the development works in accordance with the JTC's investment conditions on the stipulated plot ratio investment and timeline of investments.

14. DUE FROM SUBSIDIARIES / DUE TO A SUBSIDIARY (NON-TRADE)

These amounts are unsecured, interest-free and repayable on demand.

15. CASH AND BANK BALANCES

	Group		Company	
	2012 $'000	**2011** $'000	**2012** $'000	**2011** $'000
Cash and bank balances	27,622	49,374	9,814	26,995
Fixed deposits placed with financial institutions [(1)]	1,500	2,292	1,500	1,983
Cash and bank balances as stated per balance sheet [(2)]	29,122	51,666	11,314	28,978
Less: restricted cash [(2)] [(3)]	(4,235)	(4,829)	-	(583)
Cash and cash equivalents per consolidated statement of cash flows	24,887	46,837	11,314	28,395

(1) Fixed deposit placed with financial institutions, bear an interest rates ranging from 0.02% to 0.22% (2011: 0.03% to 0.25%) per annum and have a maturity period of up to 2 months (2011: 1 month) from the balance sheet date.

(2) Based on the information furnished to the auditors by a Finance Company in Hong Kong for approximately $26.8 million and $9.4 million placed by the Group and the Company with the Finance Company respectively (2011: $48.9 million and $26.6 million respectively), the Company noted (a) the deposits placed by the Group and the Company of approximately $24.0 million and $9.4 million respectively (2011: Nil) being stated as restricted by the Finance Company and hence not freely available as cash and cash equivalents and (b) a discrepancy of approximately $2.8 million (2011: Nil) placed by the Group.

Subsequent to the balance sheet date, the Company managed to reach a settlement with the Finance Company and determined that no adjustments are required on the current recorded amount. To refer to further information as disclosed in Note 29(b) and (f).

(3) The restricted cash relates to bank balance pledged to cover conditional letters of credit issued to satisfy (a) part of the commitment of a subsidiary which is amounting to approximately $4.2 million (2011: $4.2 million) and (b) legal and advisory services which amounted to approximately nil (2011: $0.6 million).

For the purpose of the preparation of the consolidated statement of cash flows, the discrepancy amount of approximately $19.77 million being stated as restricted by the Finance Company is considered as cash and cash equivalents and not included as restricted cash. To refer to further information as disclosed in Note 29(b).

(Amounts in thousands of Singapore dollars)

16. TRADE PAYABLES

Trade payables are non-interest bearing and are generally settled within 0 to 30 days (2011: 0 to 30 days).

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2012 $'000	**2011** $'000	**2012** $'000	**2011** $'000
Other payables				
- Related parties [1]	188	552	-	-
- Third parties	92	392	10	137
	280	944	10	137
Accruals [2]	960	612	453	364
Deferred income	1	-	-	-
Deferred expenditure [3]	3,741	3,757	-	-
	4,982	5,313	463	501

(1) Related party refers to a company in which a director of the Company's subsidiary has controlling financial interest in. These amounts are unsecured, interest-free and repayable on demand.

(2) Included in the accruals are $306,000 (2011: $280,000) that relates to the provision of directors' fees.

(3) Deferred expenditure relates to the outstanding purchase consideration amounting to approximately $3,741,000 (equivalent to US$3.0 million) (2011: approximately $3,757,000, equivalent to US$3.0 million) to be paid to Bright Reach International Limited upon the satisfaction of certain conditions stipulated in the sale and purchase agreement of the acquisition of Multi Skies Nusantra Limited in the prior financial year (Note 8(c)).

18. REVENUE

	Group	
	2012 $'000	**2011** $'000
Rental income	4,167	1,786
Sale of equipments	3,633	1,785
Satellite communication and data centre service fees	826	3,883
	8,626	7,454

(Amounts in thousands of Singapore dollars)

19. OTHER INCOME

	Group	
	2012 $'000	**2011** $'000
Interest income	1	42
Gain on disposal of financial assets, at fair value through profit or loss	-	812
Fair value gain in other assets	-	132
Others	-	4
	1	990

20. OTHER EXPENSES

	Group	
	2012 $'000	**2011** $'000
Foreign exchange losses, net	825	470
Impairment loss on other receivables	-	38
Fair value loss in financial assets, at fair value through profit or loss	-	87
	825	595

21. PERSONNEL EXPENSES

	Group	
	2012 $'000	**2011** $'000
Salaries and employee benefits expenses*	1,050	833
Share-based payment (Performance Share Scheme)	-	2,609
Contributions to defined contribution plan expenses	44	27
	1,094	3,469

* This includes directors' remuneration as disclosed in Note 24 and key management remuneration as disclosed in Note 27.

(Amounts in thousands of Singapore dollars)

22. INCOME TAX

Income tax expenses recognised in the statement of comprehensive income were as follows:

	Group	
	2012	**2011**
	$'000	$'000
Current tax		
- Current year	465	297
Deferred tax		
- Current year (Note 10)	(131)	(76)
	334	221

A reconciliation of the tax expense and the accounting profit multiplied by the statutory rate is as follows:

	Group	
	2012	**2011**
	$'000	$'000
Profit before tax:		
- Continuing operations	11,621	1,044
- Discontinued operations	-	16,081
	11,621	17,125
Income tax expense at the statutory rate of 17% (2011: 17%)	1,976	2,911
Non-deductible items	505	1,497
Income not subject to tax	(2,207)	(4,183)
Effect of concessionary tax rates	(41)	(49)
Effect of different tax rates in different countries	101	53
Deferred tax assets not recognised	-	(8)
Income tax expense	334	221

The Group has unused tax losses of approximately $5.1 million (2011: $5.1 million) for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of this balance is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The tax losses have no expiry date.

23. DISCONTINUED OPERATIONS

On 11 November 2010, the Company's wholly owned subsidiary, Ban Joo Global Pte. Ltd. ("BJG") entered into a sale and purchase of business undertaking of BJG ("Agreement") with Ban Joo Investment (Pte) Ltd ("BJI") pursuant to which BJI agreed to acquire from BJG its business, assets and liabilities save for certain assets and liabilities of BJG which shall be excluded from the sale ("Disposal of Textile Business"). The consideration for the sale is $1,809,000 and shall be satisfied in cash by BJI. The Disposal of Textile Business was completed on 31 December 2010. Consequently, these businesses have been disclosed as discontinued operation as at 31 March 2011.

(Amounts in thousands of Singapore dollars)

23. DISCONTINUED OPERATIONS (Cont'd)

The results from the disposed operations for the financial year ended 31 March 2011 are presented separately on the consolidated statement of comprehensive income as discontinued operation as follows:

	Group
	2011
	$'000
Revenue	4,848
Cost of sales	(3,466)
Gross profit	1,382
Other income *	15,970
Distribution costs	(457)
Administrative expenses	(1,005)
Other expenses	(235)
Finance income	426
Profit before tax from discontinued operations	16,081
Income tax expense	-
Profit for the financial year from discontinued operations	16,081

* Other income comprise of the following:

	2011
	$'000
Gain on disposal of assets classified as held for sale	14,381
Gain on disposal of discontinued operations	1,502
Others	87
	15,970

The impact of the discontinued operations on the cash flows of the Group is as follows:

	2011
	$'000
Operating cash inflow	1,584
Investing cash inflow	9,295
Financing cash outflow	-
Total cash inflow	10,879

(Amounts in thousands of Singapore dollars)

23. DISCONTINUED OPERATIONS (Cont'd)

The carrying values of identifiable assets and liabilities disposed are as follows:

	Group
	2011
	$'000
Plant and equipment	151
Inventories	1,905
Trade and other receivables	4,677
Cash and bank balances	223
Trade and other payables	(632)
Due to related parties	(6,017)
Net identifiable assets attributable to disposal	307
Gain on disposal of discontinued operations	1,502
Net proceeds from disposal	1,809
Less: consideration not yet received as at financial year ended 31 March 2011 *	(1,500)
Less: cash and bank balances disposed	(223)
Net cash inflow on disposal	86

* This amount has been received during the financial year ended 31 March 2012.

24. PROFIT FOR THE FINANCIAL YEAR

In addition to those information as disclosed elsewhere in the financial statements, these items are also determined after charging (crediting) the following:

	Group	
	2012	**2011**
	$'000	$'000
Audit fees		
- auditors of the Company	156	143
- other auditors	65	22
Depreciation of plant and equipment	1,952	1,006
Gain on disposal of:		
- plant and equipment	-	(9)
Reversal of interest expenses previously overaccrued	-	(211)
Impairment loss on:		
- other receivables	-	38
- trade receivables	-	235
Reversal of write down of inventories	-	(1,064)
Trade payable written off	-	(78)
Directors' remuneration (including the Performance Share Scheme):		
- directors of holding company	224	2,945
- directors of subsidiaries	74	256
- directors' fee of holding company	306	280
Operating lease expenses	246	60
Personnel expenses (Note 21) *	1,094	3,469

* This includes the amount shown as directors' remuneration and fee.

(Amounts in thousands of Singapore dollars)

25. EARNINGS PER SHARE

	Group	
	2012 '000	**2011** '000
The calculation of earnings per share is based on the following:		
A. Profit attributable to the equity holders of the Company		
- From continuing operations	11,287	823
- From discontinued operations	-	16,081
Total profit	11,287	16,904
B. Basic earnings per share:		
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	6,311,336	6,013,501
C. Diluted earnings per share:		
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	6,311,336	6,013,501
Adjustment for assumed conversion of warrants ('000)	-	343,155
Number of ordinary shares used to determine diluted earnings per share ('000)	6,311,336	6,356,656
D. Earnings per share from continuing operation attributable to equity holders of the Company (cents per share)		
- Basic	0.18	0.01
- Diluted	0.18	0.01
E. Earnings per share from discontinued operations attributable to equity holders of the Company (cents per share)		
- Basic	-	0.27
- Diluted	-	0.25

Basic and diluted earnings per share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of fully paid ordinary shares in issue during the financial year.

For the purposes of calculating diluted earnings per share, net profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company had one dilutive potential ordinary shares, i.e. warrants, which has expired during the financial year.

For warrants, the weighted average number of shares on issue has been adjusted as if all of the warrants were exercised up to the expiry date of the warrants on 22 December 2011. During the previous financial year, the number of shares that could have been issued upon the exercise of all of the warrants less the number of shares that could have been issued at fair value (determined as the Company's average market price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to net profit.

(Amounts in thousands of Singapore dollars)

26. OPERATING LEASE

(i) Where the Group is the lessee

The future aggregate minimum leases payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Group		Company	
	2012 $'000	**2011** $'000	**2012** $'000	**2011** $'000
Future minimum lease payments				
- Not later than one year	70	138	70	88
- Later than one year and not later than five years	7	240	7	76
	77	378	77	164

Operating lease payments represent rentals payable by the Group for certain of its offices and office equipment. These leases expire between 14 January 2013 to 20 January 2016 (2011: 14 January 2013 to 20 January 2016). The current rent payable on the leases range from $150 to $7,170 (2011: $150 to $7,170) per month.

(ii) Where the Group is the lessor

The future aggregate minimum leases receivable under non-cancellable operation leases contracted for at the balance sheet date but not recognised as receivables are as follows:

	Group		Company	
	2012 $'000	**2011** $'000	**2012** $'000	**2011** $'000
Future minimum lease payments				
- Not later than one year	2,743	2,069	-	-
- Later than one year and not later than five years	4,800	5,688	-	-
	7,543	7,757	-	-

The leases of the USO sites to the third parties on which rental are receivable that will expire on 31 December 2014. The current rent receivable on the lease range from $65,736 to $162,833 per month (2011: $4,458 to $172,377) per month.

(Amounts in thousands of Singapore dollars)

27. RELATED PARTY INFORMATION

(a) Some of the arrangements with related parties (as defined in Note 2 to the financial statements) and the effects of these basis determined between the parties are reflected elsewhere in this report. Transactions between the Company and subsidiaries, which are related companies of the Company, have been eliminated on consolidation and not disclosed in this note. Details of transaction between the Group and other related parties are disclosed below:

	Group	
	2012	**2011**
	$'000	$'000
Repayment from related parties*	2,748	-
Repayment to related parties*	110	4,034
Key management personnel compensation:		
- Salaries and allowance	288	641
- Employer's contribution to defined contribution expenses	10	21
- Directors' fee	306	280
- Share-based payment (Performance Share Scheme)	-	2,539
	604	3,481

* Related parties refer to companies in which directors of the Company and its subsidiary has controlling financial interest in. They mainly comprise of advances and proceed from disposal of discontinued operation.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

Outstanding balances as at 31 March arising from advances to/from related parties are disclosed in Note 12 and 17 to the financial statements respectively.

(b) As referred to Note 15, Note 29(b) and Note 29(f), the Finance Company is a limited liability company incorporated in Hong Kong. Based on the information available to the Company, a controlling shareholder and former director of the Company is a director of and registered shareholder (holding approximately 19% interest) in the holding company that owns the entire issued share capital of the Finance Company.

28. SEGMENT INFORMATION

Disclosure of information about operating segments is made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

The Group is engaged in a single business segment, which comprises of the building, operating and leasing base station controllers for universal service obligation ("USO"), provision of data centre and connectivity services and other satellite communication related sales and services.

The geographical segment represent the Group's distinguishable components which provide products or services within a particular economic environment (location) and this component contains risk and returns that are different from those components which operate in other economic environments (locations).

(Amounts in thousands of Singapore dollars)

28. SEGMENT INFORMATION (Cont'd)

During the reporting year, the Group had 4 (2011: 3) reportable operating segments: Indonesia operation, Hong Kong operation, People's Republic of China and Singapore. (2011: Indonesia operation, Hong Kong operation and Singapore).

Revenue of approximately $8.4 million (2011: $6.2 million) are derived from 3 major external customers.

The following is an analysis of the Group's revenue and results by reportable segment:

2012	**Continuing operation**				
	Indonesia	**Hong Kong**	**People's Republic of China**	**Singapore**	**Group**
	$'000	$'000	$'000	$'000	$'000
Revenue					
External sales	4,388	4,229	-	9	8,626
Segment results					
Profit (loss) from operations	1,337	3,022	-	(2,335)	2,024
Gain on bargain purchase of a subsidiary	-	-	10,500	-	10,500
Other expenses					(825)
Other income	-	-	-	1	1
Share of loss from joint venture	-	-	(79)	-	(79)
Profit before tax					11,621
Income tax expense					(334)
Profit after tax					11,287
Segment assets	22,482	18,895	52,070	14,032	107,479
Unallocated assets					
- Deferred tax assets					231
Consolidated total assets					107,710
Segment liabilities	1,225	1,175	-	4,315	6,715
Unallocated liabilities					
- Income tax payable					1,235
Consolidated total liabilities					7,950
Non-current assets	12,172	-	52,070	143	64,385
Other segment items					
Capital expenditure	158	-	-	95	253
Depreciation of plant and equipment	1,922	-	-	30	1,952
Gain on bargain purchase of a subsidiary	-	-	10,500	-	10,500
Investment in joint venture	-	-	52,070	-	52,070

(Amounts in thousands of Singapore dollars)

28. SEGMENT INFORMATION (Cont'd)

2011	**Continuing operation**				
	Indonesia	**Hong Kong**	**Singapore**	**Discontinued operation**	**Group**
	$'000	$'000	$'000	$'000 (Note 23)	$'000
Revenue					
External sales	1,786	5,668	-	4,848	12,302
Segment results					
Profit (loss) from operations	675	5,019	(5,045)	(80)	569
Finance expenses					(44)
Other income					16,960
Other expenses					(360)
Profit before tax					17,125
Income tax expense					(221)
Profit after tax					16,904
Segment assets	14,176	37,266	36,506	-	87,948
Unallocated assets					
- Deferred tax assets					111
Consolidated total assets					88,059
Segment liabilities	1,476	432	4,312	-	6,220
Unallocated liabilities					
- Income tax payable					806
Consolidated total liabilities					7,026
Non-current assets	11,187	-	78	-	11,265

(Amounts in thousands of Singapore dollars)

28. SEGMENT INFORMATION (Cont'd)

2011	Continuing operation				
	Indonesia	Hong Kong	Singapore	Discontinued operation	Group
	$'000	$'000	$'000	$'000 (Note 23)	$'000
Other segment items					
Capital expenditure	407	-	86	-	493
Depreciation of plant and equipment	919	-	7	80	1,006
Impairment loss on:					
- other receivables	-	-	38	-	38
- trade receivables	-	-	-	235	235
Fair value (gain) loss in:					
- financial assets, at fair value through profit or loss	-	-	87	-	87
- other assets	-	-	(132)	-	(132)
Gain on disposal of:					
- financial assets, at fair value through profit or loss	-	-	(812)	-	(812)
- plant and equipment	-	-	-	(9)	(9)
- trade receivables classified as held for sale	-	-	-	(14,381)	(14,381)
- discontinued operations		-	-	(1,502)	(1,502)
Reversal of write down of inventories	-	-	-	(1,064)	(1,064)

Revenue are attributable to countries on the basis of the locations which it derived from. The segment assets and liabilities are analysed by the geographical area in which they are located.

(Amounts in thousands of Singapore dollars)

29. SUBSEQUENT EVENTS

(a) On 30 May 2012, the Company, through its wholly owned subsidiary, China UnifiedNet Holdings Limited ("CUH"), entered into an agreement ("Agreement") with Mr. Wu Weichun ("Vendor"), to acquire 51% of the issued and paid up capital of Scientific Discovery Development S.A. ("SDD") from the Vendor for a total cash purchase consideration of approximately RMB51.0 million ($10.2 million), ("Proposed Acquisition"). The purchase consideration is payable to the Vendor in three tranches – the first approximately RMB15.3 million ($3.1 million) being paid to the Vendor upon the fulfillment of several conditions that will ensure control of the Group over SDD, the second approximately RMB15.3 million ($3.1 million) by June 2013; and the final approximately RMB20.4 million ($4.0 million) by June 2014.

SDD is the beneficial owner of 100% equity interest in Beijing Satbit Information Technology Co. Ltd. ("Beijing Satbit"), a company incorporated in the People's Republic of China ("China"). Beijing Satbit is a satellite-based telecommunication service provider in China holding a very-small-aperture terminal ("VSAT") licence that is issued by the Ministry of Industry and Information Technology of China.

The Proposed Acquisition will enable the Group to provide disaster backup services and broadcasting services using satellite communications system to financial institutions registered with the Shanghai Stock Exchange.

As at the date of this report, the Proposed Acquisition is still in progress. No consideration has been paid to the Vendor as the Company is currently in the midst of seeking for an extension of time for the payment of purchase price with the Vendor.

(b) On 5 July 2012, the Company announced that the auditors have received audit confirmations from a Finance Company in Hong Kong on 29 June 2012 for the financial year ended 31 March 2012 ("FY2012") for approximately $26.8 million and $9.4 million placed by the Group and the Company respectively. The audit confirmations stated that approximately $24.0 million and $9.4 million deposited by the Group and the Company respectively are restricted (i.e. cannot be freely withdrawn) which did not reconcile with the records of the Group and the Company. The Group is only aware that there is a sum of approximately $4.2 million (from the total sum of $26.8 million) being treated by the Finance Company as restricted cash to cover conditional letters of credit previously issued by the Finance Company to satisfy certain commitments of its subsidiary. In addition, the aforesaid audit confirmations also did not account for a sum of approximately $2.8 million (which forms part of the total sum of $26.8 million). A breakdown showing the discrepancy between the Group and the Company's records and the Finance Company's audit confirmations are illustrated as follows:

Group			
Type of Cash Balance	**Group's records**	**Audit Confirmations**	**Discrepancy**
	$'000	$'000	$'000
Free Cash Balance	22,586	21	22,565
Restricted Cash Balance	4,235	24,005	19,770
Total	26,821	24,026	2,795

(Amounts in thousands of Singapore dollars)

29. SUBSEQUENT EVENTS (Cont'd)

Company			
Type of Cash Balance	**Company's records**	**Audit Confirmations**	**Discrepancy**
	$'000	$'000	$'000
Free Cash Balance	9,411	3	9,408
Restricted Cash Balance	-	9,408	9,408
Total	9,411	9,411	-

The Group is not aware of any authorised transactions between the Group and the Finance Company leading to the funds being subjected to restriction (other than those sums involved in the aforesaid letters of credit). Although the Group immediately requested for the relevant documents from the Finance Company to support their basis for treating the funds of the Group as restricted cash and the reason of the discrepancy, the Group did not receive any relevant documents as at the date of this report.

On 25 July 2012, the Company announced that it has appointed Ernst & Young Advisory Pte. Ltd. ("EY"), as the independent accounting firm to the Company, to conduct an independent investigations into the Group's matter relating to the funds placed with the Finance Company, including reviewing the processes and procedures concerning the Group's deposit and placement of funds with the Finance Company, as well as conducting verification on the movement of cash placed with the Finance Company and the restriction.

As at the date of this report, the independent investigation by EY is still ongoing. The Group is unable to determine whether any discrepancies might be reported by EY arising thereon which may have an impact on the financial statements of the Group and of the Company for the financial year ended 31 March 2012. To refer to further information as disclosed in Note 29(f).

(c) On 13 August 2012, the Company announced that through its 55% owned joint venture company, Hughes UnifiedNet Holding (China) Company Limited ("HUH") has entered into a framework agreement with the Management Committee of Wuxi National High-Tech Industrial Development Zone and 2 other state-owned enterprises (namely Wuxi New District Science and Technology Financial Investment Group Co., Ltd and Wuxi Industry Development Group Co., Ltd – collectively referred to as "Chinese Parties"), which sets out certain commercial understanding with the prospects to set up a proposed joint venture ("Proposed JV") in the Wuxi National High-Tech Industrial Development Zone ("Wuxi HTDZ") located at Wuxi, People's Republic of China ("China").

The Proposed JV intends to set up a sino-foreign equity joint venture enterprise in the Wuxi HTDZ to function as Hughes Satellite Broadband Network China headquarters, in order to provide satellite broadband communication services, information services and technology services to serve the telecommunication, coals, distance education, maritime satellite, civil aviation, high speed rail, and power industries in China.

Based on the current framework understanding, the intended initial registered capital of the Proposed JV is RMB400 million, of which HUH will subscribe for 75% and the Chinese Parties to collectively subscribe for the remaining 25%. The Chinese Parties intend to contribute cash of RMB 100 million to subscribe for its 25% registered capital. HUH intends to contribute 75% registered capital in the form of assets (including the Company's interest in Beijing Satbit Information Technology Co., Ltd, the acquisition of which is pending completion), brand, proprietary technology and cash.

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

29. SUBSEQUENT EVENTS (Cont'd)

(d) On 27 August 2012, the Company announced that it had been informed by China Satellite Broadcast Co., Limited that the sale and purchase agreement dated 27 March 2012 in relation to the proposed sale of 1,800,000,000 ordinary shares in the capital of capital of the Company at a price of $0.017 per sale share by Telemedia Pacific Group Limited to China Satellite Broadcast Co., Limited has been terminated.

(e) On 21 November 2012, the Company entered into a letter of intent ("LOI") with Neo Telemedia Limited ("Purchaser"), a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, pursuant to which the Purchaser intends to acquire the Company's entire equity interest in China UnifiedNet Holdings Limited ("CUH") ("Proposed Transaction").

The LOI is non-legally binding except for the exclusive right of the Purchaser to negotiate with the Company on the Proposed Transaction within a period of 90 days from the date of the LOI ("Exclusive Period"). The parties will negotiate in good faith the terms of a definitive agreement for the Proposed Transaction ("Definitive Agreement") within the Exclusive Period. During the Exclusive Period, the Purchaser shall have the sole and exclusive right to negotiate with the Company with a view to agreeing on and executing the Definitive Agreement.

Subsequent on 28 February 2013, the Company entered into a supplemental LOI with the Purchaser to extend the Exclusive Period to a date falling within 150 days from 20 November 2012.

The LOI has since lapsed on 19 April 2013.

(f) As referred to Note 29(b), on 25 June 2013, the Group and the Company entered into an agreement ("Agreement") with the Finance Company to set out a frame work towards the settlement of funds amounting to approximately $24.0 million and $9.4 million (equivalent to approximately HK$146.2 million and HK$57.2 million) that were placed by the Group and the Company respectively with the Finance Company.

Pursuant to the Agreement, the Finance Company had deposited the following documents ("Security Documents") to the solicitors of the Group ("Stakeholder") by way of security ("Security"):

(i) the certificates representing the two convertible notes (not transferable) ("Convertible Notes") for the total principal amount of HK$144.0 million issued by Neo Telemedia Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, to Arch Capital Limited and Hillgo Asia Limited respectively (collectively, the "Noteholders");

(ii) undated and blank transfer instruments, share certificates in respect of the issued shares in the capital of the Noteholders, corporate approvals duly signed by Tako Secretaries Limited ("Tako"), in its capacity as the sole shareholder and sole director of the Noteholders and documents necessary to effect the transfer of the entire issued share capital of the Noteholders to the Company; and

(iii) undated board resolutions and resignation letters duly signed by Tako to effect its position as the director of the Noteholders.

29. SUBSEQUENT EVENTS (Cont'd)

In addition, the Finance Company shall pay the Company a sum of HK$0.2 million ("Shortfall"), which represents the difference between (a) the aggregate principal amount of the Convertible Notes of HK$144.0 million and interest of HK$2.0 million accrued (net of tax) under the said notes from 5 April 2013 (issuance date of the Convertible Notes) to 2 July 2013 ("Long Stop Date"), and (b) the $24.0 million (HK$146.2 million).

On 2 July 2013, being the Long Stop Date of the Agreement, the Group has requested the Stakeholder to release (a) the Security Documents and any other documents delivered to the Stakeholder by the Finance Company and foreclose the Security, and (b) the Shortfall to the Company. The Company has also on 2 July 2013 completed (i) the transfer of the entire issued share capital of the Noteholders to the Company; and (ii) the change of the existing director of the Noteholders to Mr. Lam Ah Seng @ Mr. Lam Pang Chuang, the Executive Director of the Company.

Further in respect to the settlement of funds amounting to $2.8 million that were placed by the Group with the Finance Company to cover conditional letters of credit ("LC"), on 13 July 2012, 23 July 2012 and 11 July 2013, the Group had instructed the Finance Company to remit $1.0 million, $0.3 million and $0.9 million respectively from the $2.8 million to a bank account of the Company maintained with fully licensed bank in Singapore governed by Monetary Authority of Singapore. The balance of $0.6 million is intended for the settlement of invoice in respect of 65 sets of Universal Service Obligation ("USO") equipment under the LC arrangement provided by the Finance Company on behalf of its subsidiaries.

As at the date of this report, the Company has received a total of S$2.2 million from the Finance Company.

30. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are market risks (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is the Group's policy not to trade in derivative contracts.

(i) Market risk

(a) Foreign exchange risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rate. The Group and Company are exposed to movements in foreign currency exchange rates arising from normal transactions that are denominated in currencies other than the respective functional currencies of the Group's entities, primarily with respect to Singapore dollars, United States dollars, Indonesia Rupiah, Chinese Renminbi and Hong Kong dollars. The Group does not have a policy to hedge its exposure to foreign exchange risk.

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

(i) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

Group 2012	Singapore dollars ("SGD")	United States dollars ("USD")	Indonesia Rupiah ("IDR")	Chinese Renminbi ("RMB")	Hong Kong dollars ("HKD")	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Trade receivables	-	27	6,207	4,249	-	10,483
Other receivables and deposits	2,504	128	349	-	-	2,981
Cash and bank balances	25,841	2,911	350	-	20	29,122
	28,345	3,066	6,906	4,249	20	42,586
Financial liabilities						
Trade payables	-	1,168	565	-	-	1,733
Other payables and accruals	183	4,357	109	-	27	4,676
	183	5,525	674	-	27	6,409
Net financial assets (liabilities)	28,162	(2,459)	6,232	4,249	(7)	36,177
Less: net financial assets (liabilities) denominated in the respective entities functional currencies	(13,549)	2,050	(6,138)	-	-	(17,637)
Foreign currency exposure	14,613	(409)	94	4,249	(7)	18,540

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

(i) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

Group 2011	Singapore dollars ("SGD")	United States dollars ("USD")	Indonesia Rupiah ("IDR")	Hong Kong dollars ("HKD")	Total
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Trade receivables	-	5,584	2,648	-	8,232
Other receivables and deposits	5,007	9,342	128	502	14,979
Other asset	1,786	-	-	-	1,786
Cash and bank balances	50,539	899	5	223	51,666
	57,332	15,825	2,781	725	76,663
Financial liabilities					
Trade payables	-	418	489	-	907
Other payables and accruals	145	4,696	179	13	5,033
	145	5,114	668	13	5,940
Net financial assets	57,187	10,711	2,113	712	70,723
Less: net financial assets denominated in the respective entities functional currencies	(57,187)	-	(2,113)	-	(59,300)
Foreign currency exposure	-	10,711	-	712	11,423

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

(i) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

Company 2012	**Singapore dollars ("SGD")**	**United States dollars ("USD")**	**Indonesia Rupiah ("IDR")**	**Hong Kong dollars ("HKD")**	**Total**
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Other receivables	2,514	-	-	-	2,514
Due from subsidiaries (non-trade)	170	33,482	1,438	25	35,115
Cash and bank balances	11,178	121	-	15	11,314
	13,862	33,603	1,438	40	48,943
Financial liabilities					
Other payables and accruals	157	-	-	-	157
Due to a subsidiary (non-trade)	11,465	-	-	-	11,465
	11,622	-	-	-	11,622
Net financial assets	2,240	33,603	1,438	40	37,321
Less: net financial assets denominated in the Company's functional currency	(2,240)	-	-	-	(2,240)
Foreign currency exposure	-	33,603	1,438	40	35,081

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

(i) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

Company 2011	Singapore dollars ("SGD")	United States dollars ("USD")	Hong Kong dollars ("HKD")	Total
	$'000	$'000	$'000	$'000
Financial assets				
Other receivables and deposits	3,516	-	502	4,018
Due from subsidiaries (non-trade)	6,134	31,535	3,568	41,237
Cash and bank balances	27,869	891	218	28,978
	37,519	32,426	4,288	74,233
Financial liabilities				
Other payables and accruals	90	131	-	221
Net financial assets	37,429	32,295	4,288	74,012
Less: net financial assets denominated in the Company's functional currency	(37,429)	-	-	(37,429)
Foreign currency exposure	-	32,295	4,288	36,583

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, mainly Indonesia and Hong Kong. The Group's net investment in Indonesia and Hong Kong are not hedged as currency positions in Indonesia and Hong Kong are considered to be long-term in nature.

Foreign exchange risk sensitivity

The following table details the sensitivity to a 5% increase and decrease in the Singapore dollars against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the functional currencies strengthens by 5% against the relevant foreign currencies, with all other variables held constant, profit or loss for the financial year will increase (decrease) by:

2012	SGD / USD	USD / SGD	IDR / SGD	RMB / USD	HKD / USD
	$'000	$'000	$'000	$'000	$'000
Group					
Profit (loss) for the financial year	(606)	17	(4)	(176)	-
Company					
Profit (loss) for the financial year	-	(1,395)	(60)	-	(2)

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

(i) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

Foreign exchange risk sensitivity (Cont'd)

2011	**USD / SGD**	**HKD / USD**
	$'000	$'000
Group		
Profit (loss) for the financial year	(445)	(30)
Company		
Profit (loss) for the financial year	(1,340)	(178)

A 5% weakening of Singapore dollars against the respective functional currencies at the balance sheet date would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remains constant.

(b) Interest rate risk

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise currency forward contracts or other arrangements for trading or speculative purposes. As at 31 March 2012, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

	Group		**Company**	
	2012 $'000	**2011** $'000	**2012** $'000	**2011** $'000
Within 1 year – fixed rates				
Fixed deposits placed with financial institutions	1,500	2,292	1,500	1,983

Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

Group	**On demand or within 1 year**
	$'000
2012	
Trade payables	1,733
Other payables and accruals	4,676
	6,409
2011	
Trade payables	907
Other payables and accruals	5,033
	5,940

Company	**On demand or within 1 year**
	$'000
2012	
Due to subsidiaries (non-trade)	11,465
Other payables and accruals	157
	11,622
2011	
Other payables and accruals	221

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Directors based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by respective management.

At the balance sheet date, approximately $10.5 million (2011: $8.2 million) of the Group's trade receivables were due from 3 (2011: 4) major customers in the operating segment in Indonesia and Hong Kong.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit term granted to trade receivables range from 14 to 120 days (2011: 14 to 60 days) term. No interest is charged on the trade receivables balances.

The carrying amounts of cash and bank balances, trade and other receivables, including due from subsidiaries (non-trade), represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

(a) Credit risk on trade receivables

Credit risk arises from the inability of its customers to make payments when due. The amounts presented in the balance sheet are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment.

The age analysis of trade receivables is as follows:

	Group	
	2012 $'000	**2011** $'000
Not past due and not impaired	10,446	7,357
Past due but not impaired		
- Past due 0 to 3 months	-	875
- Past due over 6 months	37	-
	37	875
Total	10,483	8,232

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

(iii) Credit risk (Cont'd)

(a) **Credit risk on trade receivables** (Cont'd)

Trade receivables that are individually determined to be impaired at the balance sheet date related to debtors that are in financial difficulties and have defaulted on payments as well as by reference to past default experience.

Included in the Group's trade receivables balances are debtors with total carrying amount of approximately $37,000 (2011: $875,000) which are past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

(b) **Credit risk on cash and bank balances**

As at balance sheet date, the Group and the Company has approximately $26.8 million and $9.4 million respectively (2011: $48.9 million and $26.6 million respectively) placed with a Finance Company in Hong Kong. Pursuant to the discovery of the discrepancy and inconsistency as disclosed in Note 15, the Group commenced proceeding to recover the entire amount from the Finance Company. The Group was informed by the Finance Company that it does not have sufficient funds to make immediate payment of the Group's entire funds that were placed with them as their available funds were fully loaned out to its customers.

On 25 June 2013, the Group entered into an agreement with the Finance Company to set out a framework towards the settlement of funds that were placed with the Finance Company as described in Note 29(f).

As at the date of this report, the Group recovered approximately $2.2 million from the Finance Company. In the opinion of the management, the remaining amount of approximately $24.6 million is still considered recoverable and hence no allowance has been made.

(iv) Categories of financial instruments

The following table sets out the financial instruments as at the balance sheets:-

	Group		**Company**	
	2012 $'000	**2011** $'000	**2012** $'000	**2011** $'000
Loan and receivables (including cash and bank balances)	42,586	76,663	48,943	74,233
Financial liabilities at amortised cost	2,668	2,183	11,622	221
Financial liabilities at fair value	3,741	3,757	-	-
	6,409	5,940	11,622	221

(Amounts in thousands of Singapore dollars)

30. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Capital risk management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, amount due to related parties (non-trade) as disclosed in Note 16 and 17, cash and bank balances as disclosed in Note 15 and equity attributable to equity holders of the Company, comprising issued share capital and other reserves as disclosed in Notes 3 to 5.

The Board of Directors reviews the capital structure on an annual basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the board, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt. The Group's overall strategy remains unchanged from 2011.

31. FAIR VALUES OF FINANCIAL INSTRUMENTS

(i) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy as at 31 March:

	Group			
	Level 1 $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
2012				
Financial liabilities				
- Other payable	-	-	(3,741)	(3,741)
2011				
Financial liabilities				
- Other payable	-	-	(3,757)	(3,757)

<u>Fair value hierarchy</u>

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the financial years ended 31 March 2012 and 2011.

31. FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(i) Fair value of financial instruments that are carried at fair value (Cont'd)

Determination of fair value

The fair value of the contingent consideration included in the other payables (Note 17) was calculated based on purchase consideration at the acquisition date. The contingent consideration is only payable upon the acceptance of all the remaining USO sites with no specific deadline has been set for the sites to be delivered. Therefore the directors in the view that the carrying amounts of the contingent consideration are approximate their fair value.

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances, trade and other receivables and payables, including amounts due from/to subsidiaries are reasonable approximation of fair values due to the relatively short-term maturity of these financial instruments.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

As at balance sheet date, there are no financial instruments in this category.

INFORMATION ON **SHAREHOLDING**

Issued and fully paid-up capital (including treasury shares)	:	S$156,471,598.55
Number of issued shares (excluding treasury shares)	:	6,386,335,828
Number (percentage) of treasury shares	:	24,200,000 (0.38%)
Class of shares	:	Ordinary shares
Voting rights (excluding treasury shares)	:	One vote per share

Distribution of shareholdings as at 5 July 2013

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 999	56	0.49	26,553	0.00
1,000 - 10,000	4,557	39.61	17,508,854	0.27
10,001 - 1,000,000	6,465	56.20	968,725,043	15.17
1,000,001 and above	426	3.70	5,400,075,378	84.56
Total	11,504	100.00	6,386,335,828	100.00

Based on the information available to the Company as at 5 July 2013, approximately 56.30% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Twenty largest shareholders as at 5 July 2013

No.	Name of shareholders	No. of shares	%
1	Straits Law Practice LLC	1,074,100,000	16.82
2	DBSN Services Pte Ltd	585,658,000	9.17
3	Bank of Singapore Nominees Pte Ltd	317,045,000	4.96
4	Wong Nam Sin	213,800,000	3.35
5	Raffles Nominees (Pte) Ltd	169,894,000	2.66
6	United Overseas Bank Nominees Pte Ltd	161,630,045	2.53
7	Phillip Securities Pte Ltd	146,384,999	2.29
8	DMG & Partners Securities Pte Ltd	124,078,666	1.94
9	Miao Mingfeng	119,324,000	1.87
10	OCBC Securities Private Ltd	112,328,739	1.76
11	Ong Teck Beng (Wang Deming)	97,900,000	1.53
12	Wong Kwan Seng Robert or Tan Cheng Kit Alice	76,000,000	1.19
13	Tan Yeo Kee	71,000,000	1.11
14	DBS Nominees Pte Ltd	62,930,799	0.99
15	UOB Kay Hian Pte Ltd	54,780,000	0.86
16	DB Nominees (S) Pte Ltd	53,709,000	0.84
17	CIMB Securities (Singapore) Pte Ltd	51,685,000	0.81
18	Citibank Nominees Singapore Pte Ltd	49,622,333	0.78
19	Lee Tee Huang Marc (Li Shihuang Marc)	48,000,000	0.75
20	Chang Chin-Ming	47,000,000	0.74
	Total:	3,636,870,581	56.95

Substantial shareholders

Name of shareholders	Direct interest No. of shares	% of issued capital [1]	Deemed interest No. of shares	% of issued capital [1]
Telemedia Pacific Group Limited [2]	-	-	2,269,500,000	35.54
Family Unit Foundation Ltd [3]	-	-	2,269,500,000	35.54
Hady Hartanto [4]	-	-	2,281,097,000	35.72
Lim Keng Hock Jonathan [5]	52,000,000	0.81	400,000,000	6.26

Notes:

1. The percentage of issued share capital is calculated based on 6,386,335,828 shares (excluding 24,200,000 treasury shares).
2. Telemedia Pacific Group Limited ("TPG") is deemed to have an interest in 1,060,300,000 Shares held through Messrs Straits Law Practice LLC, 225,000,000 Shares held through Credit Agricole Bank, 585,000,000 Shares held by Hang Seng Bank through DBSN Services Pte Ltd, 300,000,000 Shares held through Bank of New York and 99,200,000 held by Guoco Securities through United Overseas Bank Nominees Pte Ltd.
3. Family Unit Foundation Ltd is deemed to have an interest in the Shares held by TPG by virtue of Section 7 of the Companies Act.
4. Mr. Hady Hartanto is deemed to have an interest in 11,597,000 Shares held through Messrs Straits Law Practice LLC as nominee and 2,269,500,000 Shares held by TPG by virtue of Section 7 of the Companies Act.
5. Mr. Lim Keng Hock Jonathan is deemed to be interested in 400,000,000 shares, of which 300,000,000 shares are held in the name of Bank of Singapore Nominees Pte Ltd and 100,000,000 shares are held in the name of Raffles Nominees Pte Ltd.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Next-Generation Satellite Communications Limited (the "Company") will be held at Multi Purpose Hall, HortPark, 33 Hyderabad Road, Singapore 119578 on Tuesday, 13 August 2013 at 4.00 p.m., to transact the following businesses:-

(A) ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 March 2012 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:

   (i) Dr. Lee G. Lam (Article 91) [See Explanatory Note (i)] **(Resolution 2)**
   (ii) Mr. Fong Yew Meng (Article 91) [See Explanatory Note (ii)] **(Resolution 3)**
   (iii) Mr. Tao Yeoh Chi (Article 91) [See Explanatory Note (iii)] **(Resolution 4)**
   (iv) Mr. Lam Ah Seng @ Lam Pang Chuang (Article 91) **(Resolution 5)**
   (v) Mr. Li Jianmin (Article 97) **(Resolution 6)**

3. To approve the payment of Directors' fees of S$305,968 for the financial year ended 31 March 2012 (FY2011: S$280,000). **(Resolution 7)**

4. To re-appoint Messrs Crowe Horwath First Trust LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. [See Explanatory Note (iv)] **(Resolution 8)**

(B) SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments: **(Resolution 9)**

   General Share Issue Mandate

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue shares, whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Board may, in their absolute discretion, deem fit; and

   (b) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution);

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company;

(4) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (v)]

6. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modification: **(Resolution 10)**

Authority to grant awards and to allot and issue shares under Next-Generation Satellite Communications Performance Share Scheme

"That approval be and is hereby given to the Directors to grant awards from time to time in accordance with the provisions of Next-Generation Satellite Communications Performance Share Scheme (the "Scheme"), and, pursuant to Section 161 of the Act, to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of the awards under the Scheme, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Scheme, when aggregated together with Shares to be allotted and issued pursuant to any other existing employee share schemes of the Company shall not exceed 15 per cent. of the total number of issued Shares excluding treasury shares from time to time." [See Explanatory Note (vi)]

7. To transact any other business that may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) Dr. Lee G. Lam will, upon re-election as a Director of the Company, remain as member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Mr. Fong Yew Meng will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) Mr. Tao Yeoh Chi will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and Remuneration Committee and member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(iv) The proposed Ordinary Resolution 8 is to re-appoint Messrs Crowe Horwath First Trust LLP as auditors of the Company.

The auditors of the Company, Messrs Crowe Horwath First Trust LLP, has indicated to the Company its intention of not seeking re-appointment as auditors of the Company. The resignation of Messrs Crowe Horwath First Trust LLP will take effect upon the approval of the appointment of the new auditors of the Company in place of Messrs Crowe Horwath First Trust LLP by shareholders of the Company at a general meeting. The Company will convene an extraordinary general meeting to appoint the new auditors of the Company to complete the statutory audit for the financial year ended 31 March 2013 in due course.

(v) The Ordinary Resolution 9 proposed in item 5 above, if passed, will empower the Directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

(vi) The Ordinary Resolution 10 proposed in item 6 above, if passed, will empower the Directors to offer and grant awards under the Scheme (as from time to time amended, modified or supplemented), which was approved at the Extraordinary General Meeting of the Company held on 28 July 2010, and to allot and issue Shares in the capital of the Company, pursuant to the vesting of the awards under the Scheme provided that the aggregate number of Shares to be issued under the Scheme, when aggregated with Shares to be issued under any other existing share schemes of the Company, does not exceed 15 per cent. of the total number of issued Shares excluding treasury shares of the Company for the time being.

BY ORDER OF THE BOARD

Wee Woon Hong
Lee Hock Heng
Company Secretaries

29 July 2013

Notes:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 1 Commonwealth Lane, #07-04 One Commonwealth, Singapore 149544, not less than 48 hours before the time appointed for holding the above Meeting.

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PROXY **FORM**

ANNUAL GENERAL MEETING

NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

(Registration No.: 196400100R)
(Incorporated in the Republic of Singapore)

Important:

1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ____________________ (Name) NRIC/Passport No.*____________________ of

____ (Address)

being a shareholder/shareholders of **NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED** (the "Company") hereby appoint:

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

and/or *

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

or failing him/her, the Chairman of the Annual General Meeting (the "**AGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the AGM of the Company to be held at Multi Purpose Hall, HortPark, 33 Hyderabad Road, Singapore 119578 on Tuesday, 13 August 2013 at 4.00 p.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	**Ordinary Resolutions**	**For**	**Against**
1.	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 March 2012		
2.	Re-election of Dr. Lee G. Lam as Director		
3.	Re-election of Mr. Fong Yew Meng as Director		
4.	Re-election of Mr. Tao Yeoh Chi as Director		
5.	Re-election of Mr. Lam Ah Seng @ Lam Pang Chuang as Director		
6.	Re-election of Mr. Li Jianmin as Director		
7.	Approval of Directors' Fees for the financial year ended 31 March 2012		
8.	Re-appointment of Messrs Crowe Horwath First Trust LLP as Auditors and authorise the directors to fix their remuneration		
9.	Approval to allot and issue shares and convertible securities		
10.	Authority to grant awards and to allot and issue shares under Next-Generation Satellite Communications Performance Share Scheme		

* Delete accordingly

Dated this __________ day of __________ 2013.

Total Number of Shares held

____

Signature(s) of Shareholder(s)/or
Common Seal of Corporate Shareholder
IMPORTANT: PLEASE READ NOTES OVERLEAF

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Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 1 Commonwealth Lane, #07-04 One Commonwealth, Singapore 149544, not less than 48 hours before the time appointed for the meeting.
4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

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Affix
Postage
stamp

The Company Secretary

Next-Generation Satellite Communications Limited
1 Commonwealth Lane
#07-04 One Commonwealth
Singapore 149544

3rd fold here

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the meeting, as certified by the Depository to the Company.

Next-Generation Satellite Communications Limited

(Company Registration Number 196400100R)

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#07-04 One Commonwealth
Singapore 149544
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Fax: (65) 6479 3867