



“During the year, NewSat delivered significant advancements on the Jabiru-1 satellite project, with spacecraft integration scheduled to take place at Lockheed Martin’s facilities in Denver, Colorado in FY15.” DAVID BALL – CHIEF TECHNOLOGY OFFICER, NEWSAT

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Cover images

Jabiru-1 components (L-R): Fuel and ox tank, liquid apogee engine and core structure (Images courtesy of Lockheed Martin)

KEY HIGHLIGHTS

CONTRACTS

US\$11.7M

CONTRACT WITH LEADING GLOBAL SYSTEMS INTEGRATOR for Jabiru-2 satellite capacity

US\$23.3M

NEW TELEPORT BUSINESS CONTRACTS up 44% from FY13

US\$13.6M

TELEPORT BUSINESS CONTRACT in June 2014 with Asian telecommunications provider

US\$26M

ADDITIONAL REVENUE FOR JABIRU-1 SATELLITE CAPACITY
Takes total binding pre-launch contracts for Jabiru-1 satellite capacity to US\$644 million

AWARDS

SATELLITE PROVIDER OF THE YEAR FINALIST

ACOMMS 2014
in Sydney, Australia

VSAT SERVICE PROVIDER OF THE YEAR FINALIST

2013 VSAT INDUSTRY AWARDS
in Amsterdam, Netherlands

BEST TELEPORT IN ASIA-PACIFIC

INDEPENDENT TOP TWENTY 2013
World Teleport Association

MOST PROMISING COMPANY OF THE YEAR FINALIST

2013 VISION AWARDS
in New York, USA



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FINANCIAL

\$31.3M

REVENUE FROM ORDINARY ACTIVITIES

\$2.6M

POSITIVE EBITDA¹

\$1.6M

POSITIVE NET PROFIT AFTER TAX

JABIRU-1

**SUCCESSFUL
CRITICAL DESIGN
REVIEW (CDR)**

COMPLETED WITH
LOCKHEED MARTIN
of the satellite and each subsystem

**REACHED
FINANCIAL CLOSE**

WITH US EX-IM BANK AND COFACE FOR
US\$390.1 MILLION OF DEBT FUNDING
for Jabiru-1 satellite project

**MISSION ANALYSIS
COMMENCED**

WITH ARIANESPACE AND LOCKHEED MARTIN

JABIRU-2

**MEASAT-3B
CONSTRUCTION
COMPLETED**

WHICH HOSTS THE
JABIRU-2 PAYLOAD
and transported to Kourou, French Guiana

**JABIRU-2
LAUNCH
SUCCESSFUL**

FROM EUROPEAN SPACEPORT
on Ariane 5 launch vehicle

Jabiru-1 satellite
(Image courtesy of Lockheed Martin)

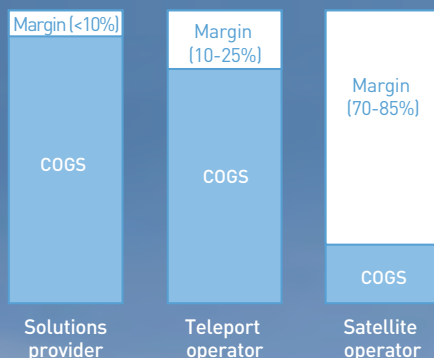
NEWSAT'S STRATEGY

NewSat is Australia's largest pure-play satellite communications company, delivering internet, voice, data and video communications via satellite.

NEWSAT'S MISSION

NewSat's mission is to be a global satellite operator.

NewSat has grown from a "solutions provider" into a "teleport operator", and through the Jabiru Satellite Program, NewSat will become a global "satellite operator". As a fully integrated satellite operator, with greater control over the supply chain, NewSat is set to deliver superior satellite network products and services to its customers, and a significant step-change in earnings and profitability.



NEWSAT'S STRATEGY

NewSat's strategy focuses on four pillars of opportunity on which to build sustainable business growth and extensive expertise progressively through the satellite supply chain.

- We continue to grow our base teleport business, which generates monthly recurring revenues, by focusing on high value customers and growth markets. This in turn simultaneously builds a customer-platform for Jabiru, with many of our teleport customers set to become Jabiru customers in the future
- We plan to launch multiple satellites to create new and highly profitable revenue streams utilising our orbital slot assets
- Our growth and success is underpinned by the acquisition of new customers, a philosophy which is embedded across the entire organisation
- In parallel, NewSat continues to drive innovation and efficiency to improve business practices, scalability, products and services, and go-to-market

NEWSAT'S JOURNEY

In 2002, we were a satellite "solutions provider", generating customer acquisition and retention skills, along with solution design and delivery expertise. In 2005, through the acquisition of key satellite infrastructure, we became a "teleport operator" enabling us to acquire larger and more valuable global enterprise and government customers. In 2011, we acquired multiple orbital slots providing the Company with the necessary platform to become a "satellite operator". With customer expertise, satellite experience and orbital slots, NewSat will realise its long term vision to become a truly global satellite operator, with the launch of Jabiru-1, NewSat's first fully owned and operated satellite.



NewSat's
strategy pillars

Adelaide teleport

CHAIRMAN'S STATEMENT

The last 12 months have been busy and productive, whilst the market conditions have remained challenging.



During the year, excellent progress was made on our strategic growth project, the Jabiru Satellite Program, set to deliver a step-change in earnings and margins. As a result of lower than expected renewals, the teleport business underwent significant cost-cutting and restructuring to better shape the teleport business for the future, and NewSat also made some changes to the Board and management of the Company.

NewSat is transforming

The Jabiru-1 satellite project, which vertically integrates NewSat through the supply chain, achieved significant milestones in FY14. Reaching financial close for US\$390.1 million of cost-effective debt funding from the US Ex-Im Bank and COFACE was a superb achievement by Adrian Ballintine and the management team, and firmly sets us on the path to launch Australia's first commercial Ka-band satellite. On the technical front, the Jabiru team also progressed many key construction and launch milestones with Lockheed Martin and Arianespace throughout the year.

Teleport cost-cutting and new business growth

For the financial year, NewSat reported revenue of \$31.3 million, positive EBITDA¹ and net profit. As previously advised, the Company's results were largely impacted by a loss of renewal contracts from a US-based partner due to the US government withdrawal from Afghanistan. As a consequence, NewSat implemented a series of cost-cutting measures to "right-size" the Company's costs in line with future expected revenue. Whilst renewals proved challenging throughout the year, new business contracts grew 44% compared to last year, with the majority of the incremental revenue to be realised across future years.

Board changes

There were a number of Board changes during the year. Chuck Ellison stood down from the Board after 12 years of service. His contribution over this period was immense and I would like to thank him for his directorship. Further, William Abbott, Andrew Plympton, Mark Fishwick and Brendan Fleiter all resigned from the Board after many years of combined service. The Board would like to acknowledge William, Andrew, Mark and Brendan for their contribution. We welcome three new Independent Non-Executive Directors, Roddy Sage, Fred Grimwade and Patrick McVeigh who bring extensive experience to the Board. At the same time, I would like to welcome our new CFO and Company Secretary, Linda Dillon, who has a wealth of financial management, corporate governance and investor relations experience from ASX listed and multinational organisations.

Looking ahead

NewSat's strategy to transform into a global satellite operator is taking shape. During the past year we have delivered many milestones which have significantly progressed our strategic growth project, Jabiru-1. Whilst our teleport business faced a challenging period after several years of record growth, cost-cutting measures and realignment of resources will see us better positioned for the near term.

The excellent progress the Company has made, particularly with the Jabiru-1 satellite project, could not have been accomplished without the support of great people. The Board would like to thank the executive management team and staff for their hard work throughout the demanding year. I thank our shareholders for their patience and support, and look forward to keeping you informed on NewSat's continuing transformation, setting the Company up for many years to come.

A handwritten signature in black ink, appearing to read 'Richard Green'.

Richard Green
Chairman
30 September 2014

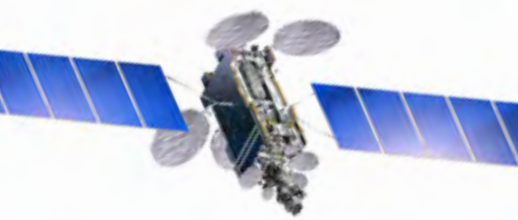
CHIEF EXECUTIVE OFFICER'S REPORT

The eventful year of continued investment in the Jabiru-1 satellite project, sees NewSat in a stronger position and on track to transform into a global satellite operator.



Following several years of year-on-year growth our teleport business experienced a challenging year, however recent cost-cutting initiatives implemented will position us better for the years ahead. In addition, the recent launch of Jabiru-2 will augment our teleport business, enabling us to better compete in the Australasia region and deliver further margin benefits to our bottom line.

Jabiru-1 satellite



Jabiru-1 financial close

After a demanding year, which included longer than expected time to close funding conditions, NewSat reached financial close for US\$390.1 million of debt funding from the US Ex-Im Bank and COFACE. The low interest rate export credit agency debt funding achieved many global firsts. It is the US Ex-Im Bank's first transaction for an Australian satellite project; the first transaction between the US Ex-Im Bank and Lockheed Martin for a commercial satellite; and it's Australia's first commercial Ka-band satellite. The US\$620 million in total funding for the Jabiru-1 satellite project significantly de-risks the initiative, which is expected to generate US\$3 billion of highly profitable revenue over 15 years.

Teleport financial performance and cost-cutting

Following many years of record growth, the teleport business reported lower than expected revenue of \$31.3 million, positive EBITDA¹ and positive net profit. The result was primarily due to lower than anticipated renewals from a key partner to the US government impacted by the withdrawal of US troops from South West Asia.

As a result of the performance, significant cost-cutting and restructuring took place late in the financial year. The more efficient organisational structure and lower operating cost will ideally position the teleport business for future years, and better support the Jabiru Satellite Program and the scale it will provide.

Perth teleport



Growth in new business contracts

New business contracts from the teleport business grew strongly over the financial year, up 44% compared to last year. The US\$23.3 million of new business (over the life of these contracts) generated US\$4.9 million of additional revenue in FY14, incremental to the Company's existing customer/contract base. Looking further ahead, the new business provides an order backlog of contracted future revenue of US\$18.4 million for FY15 and onwards, and is incremental to the current customer base.

Pleasingly, the largest single teleport contract to date was secured late in the financial year and totaled US\$13.6 million over three years. The service which commences in the first half of FY15, will provide cellular and Wi-Fi backhaul services across parts of Asia.

NewSat's world recognised teleports

NewSat's teleports continued to be recognised around the world for their engineering and operational excellence. During the year NewSat was rated the "Best Teleport in Asia Pacific" with its ranking in the World Teleport Association's 2013 "Independent Top Twenty". Once again NewSat was awarded Finalist for "Satellite Provider of the Year" in the ACOMM Awards, acknowledging impeccable performance in Australian telecommunications. Further abroad NewSat was recognised as a Finalist for "VSAT Provider of the Year" at the 2013 VSAT Industry Awards in Amsterdam, Netherlands and a Finalist for "Most Promising Company of the Year" at the 2013 Vision Awards during SATCON in New York, USA.

NEWSAT SELECTS KRATOS FOR COMMAND AND CONTROL SYSTEM FOR JABIRU-1 SATELLITE

"The EPOCH IPS system will provide NewSat a full complement of satellite command and control capabilities to ensure safe and efficient operations for Jabiru-1, and the system will scale to meet the needs of the Jabiru fleet in the future. We appreciate the trust that NewSat has shown in Kratos ISI and the EPOCH IPS product."

JAMES KRAMER – Senior Vice President, Kratos ISI

NEWSAT SECURES ADDITIONAL US\$26 MILLION OF REVENUE ON JABIRU-1

“We are pleased to secure a 15 year contract with a large publicly listed South West Asian telecommunications company. This US\$160 million contract, which replaces a mutually terminated contract, will enable the customer to provide cellular backhaul and VSAT services across Afghanistan, Pakistan and the Middle East. Enterprise and government customers are increasingly finding our Jabiru-1 Ka-band capacity the most innovative and flexible in the industry and this contract is another example of this.”

ADRIAN BALLINTINE – Founder and CEO, NewSat

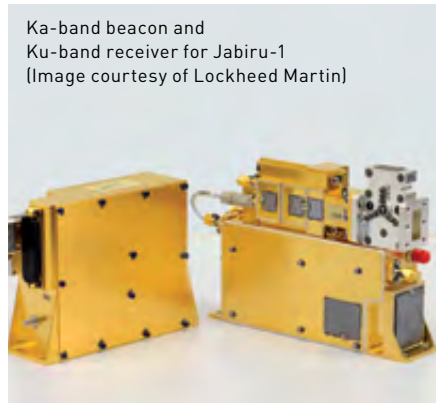


Jabiru-2 launch success and teleport advantage

Jabiru-2, which will provide new capacity for Australasia, successfully launched on 12 September 2014 (AEST). The MEASAT-3b satellite which hosts the Jabiru-2 payload launched on Flight VA218, an Ariane 5 ECA launch vehicle from the European Spaceport in French Guiana. This was the 61st successful consecutive launch for the Ariane 5 launch vehicle, the same launch vehicle procured for Jabiru-1.

The Jabiru-2 hosted payload, which consists of six transponders of capacity, will generate further competitive advantages for the teleport business. It will provide NewSat with a more compelling and expanded service offering in key markets in and around Australia, and enables NewSat to return some third-party capacity, with benefits flowing to the bottom line.

Evidence that Jabiru-2 will satisfy growing demand is the recent US\$11.7 million contract with a leading global systems integrator, commencing in the first half of FY15 when the satellite enters operational service.



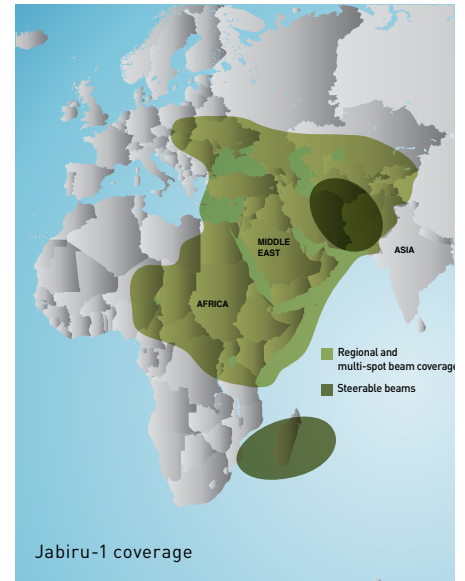
Ka-band beacon and Ku-band receiver for Jabiru-1
(Image courtesy of Lockheed Martin)

Further Jabiru-1 milestones achieved

During the financial year, NewSat delivered significant advancements on the Jabiru-1 satellite project. In addition to achieving financial close, which engaged considerable resources throughout the year, the Company progressed construction with Lockheed Martin.

Led by NewSat's CTO, David Ball, we completed a comprehensive technical review of Jabiru-1 with Lockheed Martin, achieving Critical Design Review (CDR) of the satellite and each subsystem. It is also exciting to see component manufacturing progressing at Lockheed Martin and at numerous external suppliers across the USA, Canada, France, Germany, Italy and Spain. Many key satellite components have been delivered to Lockheed Martin in advance of spacecraft integration scheduled to take place at Lockheed Martin's facilities in Denver, Colorado in FY15.

During the action-packed year, the Jabiru team also conducted mission analysis kick-off with Arianespace and Lockheed Martin, awarded Kratos Integral Systems International (Kratos ISI) the contract to provide the satellite command and control system for Jabiru-1, and advanced expansion works at the Adelaide teleport.



Demand for Jabiru-1 Ka-band capacity strong

The Jabiru-1 satellite to date has secured US\$644 million of pre-launch customer contracts. Over the financial year, the Company signed a US\$160 million contract, which replaced a mutually terminated US\$134 million contract. The new 15 year contract with a large publicly listed South West Asian telecommunications company generates an additional US\$26 million of revenue.

NewSat's Jabiru-1 customer sales pipeline stands at US\$454 million and as we get closer to launch we expect to finalise many of these opportunities. We are finding that our flexible Ka-band capacity for the MENA region is in high demand, and this was recently validated by satellite experts Northern Sky Research (NSR). NSR's Global Satellite Capacity Supply and Demand, 11th Edition (July 2014) states that across the MENA, wide beam Ka-band capacity demand will experience a 104% increase over the next decade, driven by government, military and enterprise data applications.

LEN MCGOLDRICK JOINS WORLD TELEPORT ASSOCIATION CERTIFICATION STANDARDS COMMITTEE

“I’m honoured to assist with this excellent initiative by the World Teleport Association, joining a global committee that develops and maintains industry-wide standards for Teleport Certification, and an independent verification of a teleport’s facilities and operational processes. This will help customers to better verify a teleport’s operations, enabling them to choose the price-performance that meets their needs. NewSat’s teleports in Adelaide and Perth provide world-class services and we are proud to support global teleport industry growth.”

LEN MCGOLDRICK – VP Engineering and Operations, NewSat

NEWSAT’S HIGH VALUE CUSTOMERS



NewSat is focused on high value and growth markets, specialising in global “blue chip” industries such as resources, defence, government, construction, maritime, aeronautical, media and carrier-grade telecommunications. Our customers are located in Australia, Asia, Europe, the Middle East, Africa and the USA. NewSat is committed to providing the highest levels of quality and service, which is supported by the best technology and security. This has given NewSat a strong reputation as the partner of choice for enterprise and government customers around the world.

As we continue to grow our teleport customer base, we are simultaneously building a customer-platform for Jabiru, with many of our teleport customers set to become Jabiru customers in the future. The ability to efficiently upgrade teleport customers into Jabiru customers is part of the long term plan to build expertise from a “solutions provider”, to a “teleport operator” and ultimately a “satellite operator”.

NEWSAT’S SERVICE OFFERING



Communication services

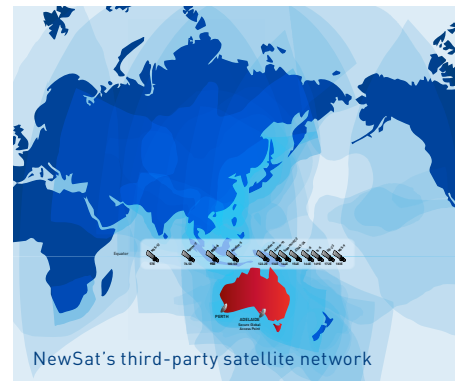
NewSat provides secure, reliable and ROI driven satellite communications solutions to businesses requiring remote area connectivity. By utilising the world’s leading teleport platforms and technologies, such as iDirect, SCPC, ACM and bandwidth pooling, NewSat provides remote and temporary sites with tailored carrier-grade internet, voice, data and video communications via satellite, ensuring unrestricted connectivity, anywhere anytime.



Teleport services

NewSat’s world acclaimed teleports in Perth and Adelaide support a complete range of teleport and gateway services for the interconnection of national and international communications traffic, including up-linking and down-linking, video turnarounds, third-party service

hosting, TT&C and CSM. These teleports deliver exceptional levels of availability with 99.99% up-time and are recognised as highly secure Global Access Points, supporting certified classified networks to ensure the transmission of vital and sensitive information for government customers.



Satellite services

Accessing 14 third-party satellites to satisfy each customer’s individual requirements, NewSat offers satellite capacity services covering 75% of the earth’s surface. Further, NewSat will be expanding its satellite capabilities with the Jabiru Satellite Program, set to launch Jabiru-1, Australia’s first commercial Ka-band satellite, and Jabiru-2 which launched in September 2014.

Jabiru-1: Flexible Ka-band for MENA

With a range of beam options and high-powered Ka-band coverage, Jabiru-1 will deliver over 7.6 GHz of “new” capacity to meet the growing demands from enterprise and government sectors across the Middle East, Asia and Africa.

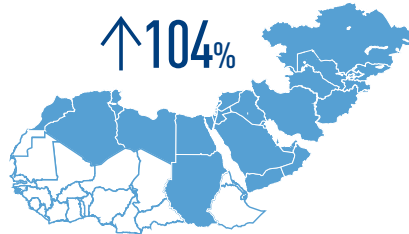
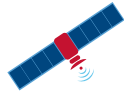
Jabiru-2: New capacity for Australasia

Jabiru-2 will provide “new” Ku-band capacity across Australia, Timor Leste, Papua New Guinea and the Solomon Islands, satisfying increasing requirements for connectivity from the resources, commercial mobility, media, carrier-grade telecommunications and government sectors.

GLOBAL SATELLITE MARKET TRENDS

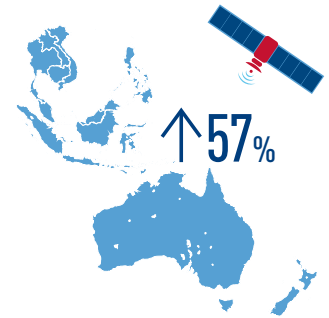


Global satellite industry revenue 2008 – 2013 (SIA²)

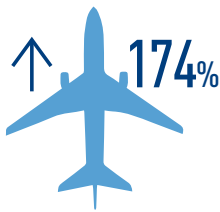


Ka-band satellite capacity demand in the MENA 2013 – 2023 (NSR³)

Ku-band demand in South East Asia 2013 – 2023 (NSR³)



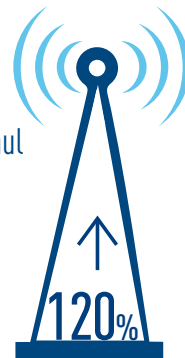
Aeronautical satellite revenue growth 2013 – 2023 (NSR⁹)



Global in-flight connectivity market by 2023 (Euroconsult⁴)

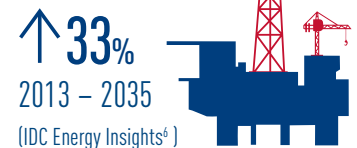


Cellular backhaul revenue in developing economies 2012 – 2023 (Euroconsult⁵)

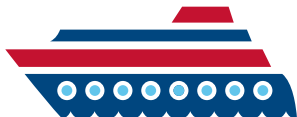


Energy sector satellite capacity demand 2013 – 2023 (NSR¹⁰)

Global energy demand



↑206% Maritime satellite revenue growth 2013 – 2023 (NSR⁹)



90% of the world's trade is carried by sea (IMO⁷)



Global mobile subscriptions 2014 – 2019 (Ericsson⁸)



Global energy demand driven by rising living standards in China, India and the Middle East (IDC Energy Insights⁶)

[2] Satellite Industry Association, SIA State of the Satellite Industry Report, 2014. [3] Northern Sky Research, Global Satellite Capacity Supply & Demand, 11th Ed, 2014. [4] Euroconsult, Prospects for In-Flight Entertainment and Connectivity, 2014. [5] Euroconsult, Highlights Prospects for Cellular Backhaul in Fast-Growing Economies, 2013. [6] IDC Energy Insights, Reducing Risk in Oil and Gas Operations, 2013. [7] International Maritime Organisation, www.imo.org, 2014. [8] Ericsson, Ericsson Mobility Report, 2014. [9] Northern Sky Research, Commercial Mobility via Satellite, 10th Ed, 2014. [10] Northern Sky Research, Energy Markets via Satellite, 4th Ed, 2014



Adelia Drego and Eren Gorur
at the Adelaide teleport

“SHSSP is a fantastic platform for young professionals to launch their space careers, applying their knowledge in a practical sense and is a great opportunity to share what NewSat is doing in the industry.”

ADRIAN BALLINTINE – Founder and CEO, NewSat

COMMUNITY ACTIVITIES

Southern Hemisphere Summer Space Program

NewSat was a proud sponsor of the 2014 Southern Hemisphere Summer Space Program (SHSSP), held this year in Adelaide, South Australia. Run annually by the University of South Australia in partnership with the International Space University (ISU), SHSSP is a unique, five week live-in experience focusing on a variety of space topics and this year brought together 35 students from nine countries and 44 staff and lecturers from 11 countries.

NewSat supported the program by providing two scholarships to students, Adelia Drego and Eren Gorur. Adelia and Eren along with other students attended lectures, workshops and toured NewSat’s world renowned teleport facility located at Mawson Lakes hosted by VP Engineering and Operations, Len McGoldrick while Chief Technology Officer, David Ball ran workshops on commercial satellites.

After completing the SHSSP, Eren went on to complete his Bachelor of Aerospace Engineering from the University of New South Wales, receiving a high distinction for his thesis and travelled to Toronto in September for the International Astronautical Congress to present the SHSSP white paper “Our Turbulent Sun”. Adelia went on to complete the Graduate Certificate in Space Studies from the University of

South Australia and is currently based in Sweden, working as a Calculations Engineer for the analysis and calculation of structures for aerospace and marine applications.

Satellite Future Leaders

NewSat sponsored the 2013 Society of Satellite Professionals International (SSPI) Future Leaders Fundraising Dinner in New York, recognising current and future leaders within the space industry. A portion of the proceeds raised went to SSPI’s Educational Fund, supporting scholarships, internships and educational development partnerships within the university sector. The 2013 Future Leader winners were Sunali Chokshi, Section Supervisor at Space Systems/Loral; Emma Hinds, Technology Analyst at The Tauri Group; Sarah Warren Rose, Lead Engineer at Mechtronics/Guidance Navigation and Control, Interorbital Systems; and Clayton Mowry, President at Arianespace, Inc.

Bas Smith rides “teleport-to-teleport”

NewSat Shift Engineer Bas Smith rode 2,800km over 20 days from the Perth teleport to the Adelaide teleport, to raise awareness and funds for the Black Dog Institute. An issue close to his heart after his partner developed a mental illness 15 years ago, the Black Dog Institute specialises in research, treatment and management of mood disorders such as Depression and Bipolar Disorder. Bas raised a total of \$8,760.

Tackling Asthma

NewSat was an inaugural campaign partner of the 2013 Tackling Asthma campaign, assisting in creating safer environments for children with asthma by providing training and resources to those who care for kids, whether at child care or grassroots sporting clubs. NewSat sponsored \$2 for every tackle laid by the Adelaide Football Club in each home and away game in season 2013, helping to raise \$40,720 in total.

Australian Youth Aerospace Association

NewSat is supportive of the Australian Youth Aerospace Association (AYAA), an organisation essential for the future Australian workforce and space industry. Aiming to ensure the continued drive for technology development and space innovation, NewSat attended the 2013 AYAA Careers Evening in Victoria. Spacecraft Systems Engineer Julia Leeson presented and met with students discussing NewSat, the Jabiru Satellite Program and her personal journey in becoming an engineer within the space industry. Approximately 100 students from RMIT and Monash University attended the evening alongside BAE Systems, Boeing, Defence Science and Technology Organisation, and Defence Recruiting.



NewSat’s Bas Smith, Andy Coxon
and Bruce Mayberry at the
Adelaide teleport

US\$11.7 MILLION CONTRACT FOR JABIRU-2 CAPACITY

"We are excited to secure this new Jabiru-2 contract with one of the world's largest satellite service providers, also a long term loyal customer of NewSat. They are fantastic to work with and we look forward to extending our already strong relationship and building new opportunities together across growth markets of Australasia."

ANDREW MATLOCK – SVP Global Sales, NewSat



Jabiru-2 satellite

OUTLOOK

As we continue to invest in our strategy to transform NewSat from a reseller of third-party satellite capacity to an owner and operator of geostationary satellites, we are building a more sustainable platform for the future. The large and long term Jabiru-1 capacity contracts, which to date total US\$644 million, are evidence of the step-change in earnings the Company will realise in future years.

Over the coming financial year we set our sights unencumbered by financial close, enabling us to deeply focus our attentions to the Jabiru-1 construction milestones with Lockheed Martin, such as integration and assembly of the spacecraft. Further, we will finalise the contract for the ground antennas and associated electronic systems, and award contracts for the flight dynamic system, carrier monitoring system and capacity management system. In addition, the Adelaide teleport expansion will commence shortly with Phase 1 of civil works and we will complete Preliminary Mission Analysis Review with Arianespace this financial year.

The base teleport business has been repositioned for the future. We are confident that the range of efficiency and sales diversification strategies

implemented will yield future results. The US\$13.6 million contract signed in June 2014 is evidence that our strategy is starting to work and we are confident in delivering medium term growth.

To our shareholders, thank you for your patience and vision. You will shortly see the results of our strategy to transform NewSat into a global satellite operator. I look forward to keeping you updated on our ground-breaking Jabiru-1 satellite project, from construction with Lockheed Martin to ground infrastructure and systems developments.

I would like to thank our Directors, leadership team and staff for their commitment and hard work throughout the year. All the hard work is starting to payoff, and while we still have much more to do, it is with greater readiness, energy and focus on the path and prosperous future ahead.

Adrian Ballintine
Founder and Chief Executive Officer
30 September 2014

MTN EXPANDS COMMUNICATIONS NETWORK WITH NEWSAT

"We are excited about implementing this strategic partnership with NewSat as we think ahead of our customers' needs in these already growing regions. The markets where we lead – cruise, megayachts, ferries, oil and gas, commercial shipping and government – are growing in vessel count and in demand on our already robust network. MTN seeks to exceed their needs in terms of access and connectivity to more applications. So, this is a key move to continue to lead our sectors in network capabilities and in value-added services."

ZAFAR KHAN – Vice President, Systems and Space Engineering, MTN



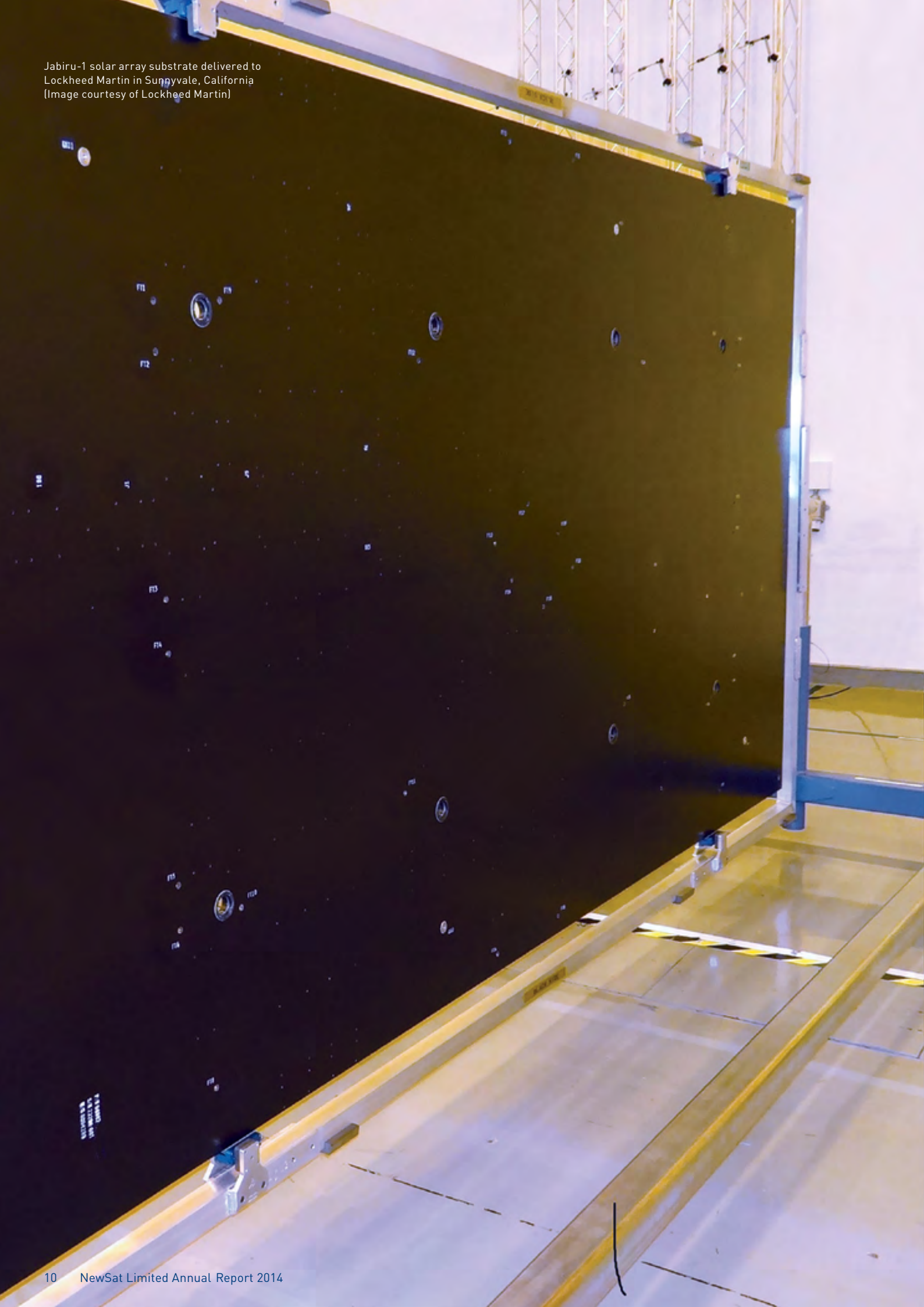
1. GO TO NEWSAT.COM/JABIRUUPDATE
Enter www.newsat.com/jabiruupdate
into your internet browser

2. ENTER YOUR DETAILS
Enter your name and email address,
and then click "submit"

You will now receive the Jabiru Satellite
Program Update via email.

(1) EBITDA is calculated as net profit before depreciation, amortisation, finance costs and tax (EBITDA) and is included to assist investors to better understand the performance of the business as management considers cash generation ability to be a key performance measure. Non-IFRS information has not been subject to review from the Group's external auditor.

Jabiru-1 solar array substrate delivered to Lockheed Martin in Sunnyvale, California
(Image courtesy of Lockheed Martin)



JABIRU-1 CONSTRUCTION

CHIEF EXECUTIVE OFFICER'S REPORT

2011 – 2012

- Signed contract with Lockheed Martin
- Satellite construction commenced
- Component supplier contracts in place

2013 – 2014

- Lockheed Martin A2100 satellite series achieved over 400 cumulative years of successful, in-orbit operations
- Successful Critical Design Review (CDR) of Jabiru-1 satellite and each subsystem
- Component manufacturing at Lockheed Martin and with external suppliers in the USA, Canada, France, Germany, Italy and Spain
- Key satellite components delivered to Lockheed Martin in advance of spacecraft integration

2015 – 2016

- Spacecraft assembly and integration at Lockheed Martin
- Testing including functional, thermal vacuum, mechanical and antenna final range
- Pre-shipment review of spacecraft
- Shipment of spacecraft to launch site
- Pre-launch review, spacecraft fuelling and combined operations
- Orbit raising and in-orbit testing
- Commercial service commences

- Completed
- Progressing
- To be completed

Ariane 5 launch
(Image courtesy of Arianespace)



JABIRU-1 LAUNCH VEHICLE

CHIEF EXECUTIVE OFFICER'S REPORT

2011 – 2012

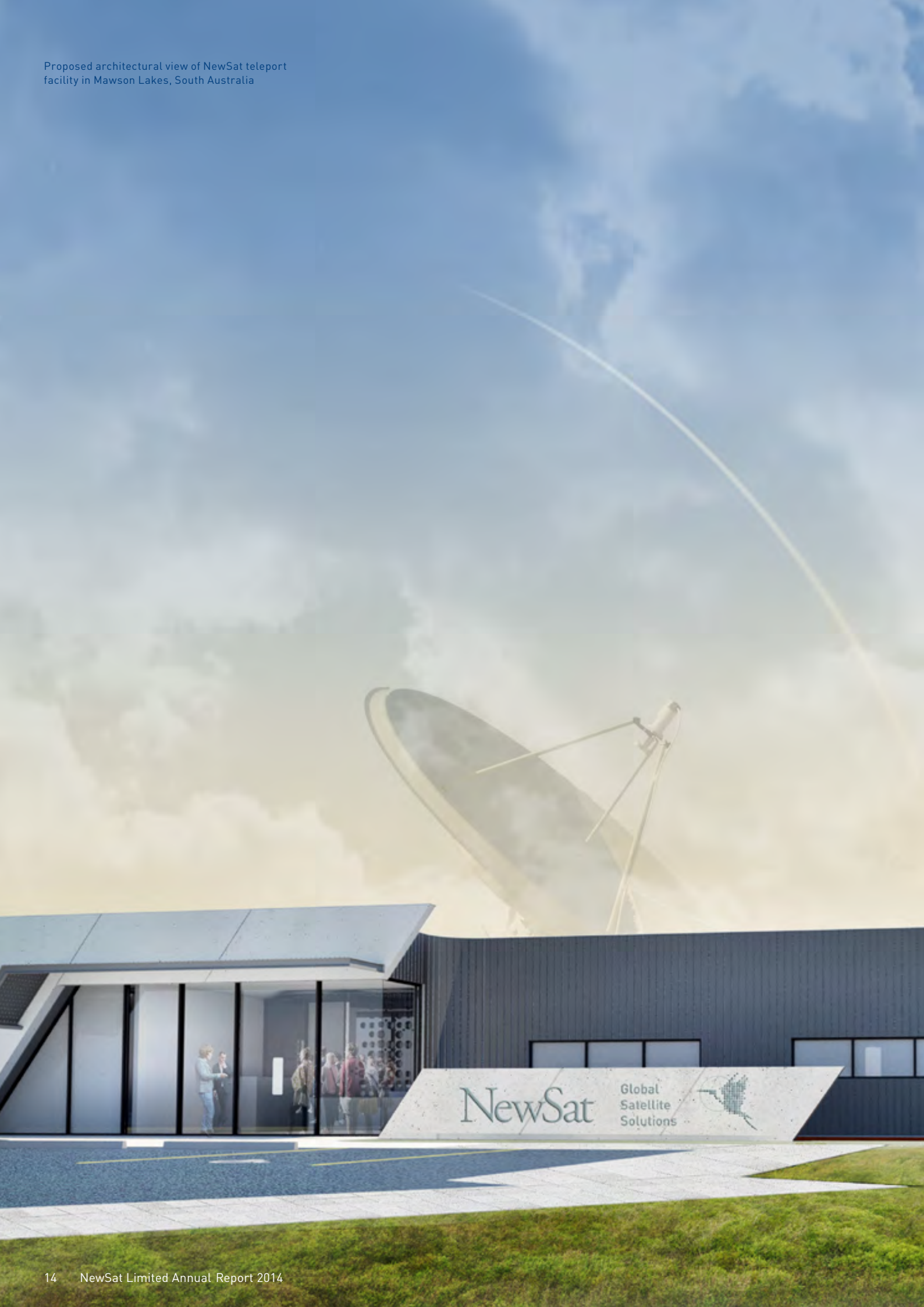
- Signed launch agreement with Arianespace
- Signed final launch services contract with Arianespace

2013 – 2014

- Secured launch and ongoing insurance from AON
- Mission analysis kick-off with Arianespace and Lockheed Martin
- Submission to initial draft of the Demande d'Utilisation Arianespace (DUA)
- 61 successful missions in a row for Ariane 5 launch vehicle
- Arianespace conducts preliminary mission analysis
- Formal review of preliminary mission analysis

2015 – 2016

- Coupled loads analysis and injection of orbit parameters
- Arianespace commence launch vehicle construction
- Co-passenger selected and final launch window
- Spacecraft integrated on launch vehicle
- Arming of the launch vehicle
- Launch readiness review
- Rollout to launch zone and fuelling
- Launch



JABIRU-1 GROUND SYSTEMS

CHIEF EXECUTIVE OFFICER'S REPORT

2013 – 2014

- Acquisition of land and Adelaide teleport facility expansion plans
- Received Development Plan consent from local government
- Tenders received for Phase 1 of the civil works
- Kratos Integral Systems International awarded contract to provide satellite command and control system
- Site development Phase-1 includes power system upgrade and site civil works

- Award contract for ground antennas and associated electronic systems
- Award contract for flight dynamics system
- Award contract for capacity management system
- Award contract for carrier monitoring system
- Critical Design Review of key satellite ground systems

2015 – 2016

- Site development Phase-2 and Phase-3
- Delivery of satellite command and control system
- Commissioning of the ground antennas and associated electronic systems



INDUSTRY LEADING ARIANESPACE

“Designated flight VA218 was Ariane’s 219th mission and the fourth Ariane 5 launch from French Guiana in 2014. We are also very pleased because this launch not only marks the 61st success in a row for Ariane 5, but also the 100th consecutive successful launch of a geostationary satellite in less than 12 years.”

STÉPHANE ISRAËL
– Chairman and CEO, Arianespace

Jabiru-2 launch in Kourou, French Guiana
(Image courtesy of Arianespace)



JABIRU-2 TIMELINE

CHIEF EXECUTIVE OFFICER'S REPORT

MEASAT-3b was one of two satellites carried by Flight VA218, a dual launch from the European Spaceport in French Guiana. The satellite, which hosts the Jabiru-2 payload, launched on the industry leading Ariane 5 ECA launch vehicle on 12 September at 8.05am (AEST) and will reside in orbital slot 91.5° E.

December 2011	Completed Preliminary Design Review
July 2012	Completed Critical Design Review
April – December 2013	Satellite construction and final integration and testing completed
April – May 2014	Satellite was transported by air to Kourou, French Guiana
April – May 2014	Completed launch preparations including filling operations, transfer to Final Assembly Building and integration on SYLDA – Internal structure
May 2014	Launch date rescheduled to allow co-passenger additional time to prepare
June 2014	Launch rescheduled for September 2014
July – August 2014	Satellite remained at the European Spaceport
August 2014	Revised launch date confirmed for 12th September 2014 (AEST)
3 September 2014	Composite integration with MEASAT-3b on launcher
4 September 2014	Completion of composite integration on launcher
5 September 2014	ESC-A final preparations and launch rehearsal
8 September 2014	Arming of launch vehicle
9 September 2014	Launch readiness review (RAL) and final preparation of launcher
10 September 2014	Rollout from Final Assembly Building to Launch Zone, launch vehicle connections and filling of the EPC liquid helium tank
11 September 2014	Launch success of the MEASAT-3b satellite, which hosts the Jabiru-2 payload
12 September 2014 (AEST)	

Watch Ariane 5 launch
of Jabiru-2



DIRECTORS' REPORT

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.



RICHARD R GREEN
Non-Executive Chairman

Richard Green was appointed Chairman of the Group on 27 August 2009. He has over 40 years of business experience, ranging from financial and corporate services, to Directorships of ASX listed companies, private enterprises and government entities.

Richard has considerable experience in stockbroking and corporate finance, specialising in small to medium enterprises handling listings, mergers and acquisitions, along with extensive funds management experience. He has worked for financial services companies JB Were, Ord Minnett, Ord BT, Epic Securities, Cygnet, and Cortis and Carr later renamed Prudential Bache Securities. Richard has served on the Board of numerous listed and unlisted companies; he was previously the Chairman of the Alpine Resorts Commission, a Board member of Tourism Victoria, and the former Chairman of St Catherine's School.

As the Chairman of NewSat, Richard has steered the Company's recent growth and increased profitability, into a world recognised teleport operator. NewSat is now entering the next stage of its planned journey, as it expands into a global satellite operator, set to launch Australia's first commercial Ka-band satellite.

Richard holds a Bachelor of Commerce from the University of Melbourne and is a Certified Practising Accountant, as well as a member of the Australian Institute of Company Directors. A passionate supporter of the Arts, Richard is a patron of the Australian Ballet, Victorian Opera and the Melbourne Theatre Company.



CHING CHIAT KWONG
Non-Executive Director

Ching Chiat Kwong was appointed Director on 11 July 2013. Mr Ching has extensive executive experience across sales, marketing, finance and operations throughout Asia, with considerable expertise in leading and managing private and listed companies.

Mr Ching has played an integral role in NewSat's recent growth, as both a significant investor and advisor. Currently Mr Ching is the Executive Chairman and CEO of Oxley Holding Limited, which he founded and listed on the Singapore Exchange (SGX) in 2010. Oxley Holding has undergone a period of significant growth under the leadership of Mr Ching, evolving into a prominent Singaporean property development company. Mr Ching is also serving as a Board member at Artivision Technologies Ltd (from 2013).

Mr Ching graduated with a Bachelor of Arts degree and a Bachelor of Social Sciences (Hons) degree from the National University of Singapore in 1989 and 1990 respectively. As well as his business commitments, Mr Ching is an active supporter of programs that benefit the elderly and socially disadvantaged.



RODERIC N SAGE
Non-Executive Director
(Appointed 13 August 2014)

Roderic "Roddy" Sage was appointed as an Independent Non-Executive Director on 13 August 2014. He has over 30 years' international experience in accounting, international tax and investment structuring, along with considerable knowledge of cross-border and onshore and offshore transactions.

Roddy is currently the co-founder and CEO of AFP Holdings Limited, a corporate services and taxation advisory group headquartered in Hong Kong. Prior to AFP, Roddy worked with KPMG Hong Kong for over 20 years, including 10 years as the Senior Tax Partner for Hong Kong and China.

Roddy has Fellow status with the Institute of Chartered Accountants in England and Wales and with the Hong Kong Institute of Certified Public Accountants. He is also an associate member of the Chartered Institute of Taxation in England. Further, Roddy serves as an Independent Non-Executive Director for three listed companies in Hong Kong and London, Tai Ping Carpets International Ltd (from 2005), Guoco Group Limited (from 2009) and Alpha Tiger Property Trust Ltd (from 2006).

Having held many senior appointments including the Chairmanship of the General Chamber of Commerce's Taxation Committee, Roddy's opinions are sought both at governmental level and by various associates and organisations internationally.

**FRED S GRIMWADE****Non-Executive Director***(Appointed 29 August 2014)*

Fred Grimwade was appointed as an Independent Non-Executive Director on 29 August 2014. Fred has over 30 years' experience in corporate finance, investor relations, corporate governance, law and management across a broad range of industry sectors including agriculture, finance, mining and IT. He is currently a Principal and Executive Director at Fawkner Capital Management Limited, an independent corporate advisory and investment firm based in Melbourne. Prior to Fawkner Capital, Fred was Managing Director of Colonial Agricultural Company and has held senior roles at Colonial First State Investments Group, Colonial Mutual Group, WMC Limited and Goldman, Sachs & Co.

Fred currently serves as Non-Executive Chairman of CPT Global Limited and is a Non-Executive Director of Australian United Investment Company Limited (from March 2014), Select Harvests Limited (from 2010), Troy Resources Limited (from 2010) and XRF Scientific Limited (from 2012). Further, Fred was a Non-Executive Director of AWB Limited from 2008 – 2010.

Presently, a Director and Chairman of the Finance Committee at Melbourne Girls Grammar School, Director of the Foundation for Rural and Regional Renewal, and Director of The Ian Potter Museum of Art at the University of Melbourne, Fred is a Senior Fellow and Life Member of the Financial Services Institute of Australasia (Finsia), a Fellow of Chartered Secretaries Australia and a Fellow of the Australian Institute of Company Directors. He holds a Bachelor of Laws and Bachelor of Commerce from the University of Melbourne and an MBA, majoring in finance, from Columbia University in New York, USA.

**PATRICK S MCVEIGH****Non-Executive Director***(Appointed 26 September 2014)*

Patrick McVeigh was appointed as an Independent Non-Executive Director on 26 September 2014. Patrick brings over 30 years of experience in high technology and telecommunications industries to the NewSat Board. He was the President and CEO of Palmsource (NASDAQ: PSRC), the developer of the Palm OS, transforming the company from a developer of proprietary handset OS's to a leader in the development of Linux based open source mobile operating systems.

Prior to Palmsource, Patrick served as CEO of Aliph, the developer of the "Jawbone" headset for mobile phones and was Chairman and CEO of OmniSky (NASDAQ: OMNY), where he developed and executed the launch of the first US nationwide wireless ISP in partnership with AT&T and Verizon. Further, Patrick has held senior roles at technology companies SoonR, Palm Computing, Knowledge Adventure and Apple Computer, where he worked for over 10 years in sales and marketing.

More recently Patrick has served as an advisor to Warburg Pincus, where he advised the company on investments related to infrastructure, applications and semi-conductors in the mobile telecommunications sector. He also served on the Board of Directors and as an advisor to companies in the Warburg Pincus portfolio. Currently Patrick serves as a Non-Executive Director at FastaCash, The Hunt and GroundCntrl, and is an advisor to a number of other high-tech start-ups.

**ADRIAN M BALLINTINE****Founder and
Chief Executive Officer**

Adrian Ballintine founded NewSat Limited, listing the Company on the ASX in 1999. He has over 30 years of global technology experience with extensive knowledge of the satellite industry.

Adrian has led NewSat's transformation into Australia's leading pure-play satellite company, acquiring NewSat's Australian teleport assets in 2005 from Dutch-based Newskies Satellites. Turning the teleports into world-class satellite communications infrastructure, Adrian has built NewSat's reputation as the supplier of choice for enterprises and governments around the world. Both teleports were finalists in the World Teleport Association's 2012 and 2010 "Awards for Excellence" and made the 2013, 2012 and 2011 "Top Operator Rankings".

Adrian's vision to expand NewSat from a reseller of satellite capacity into an owner of satellites is in its final stages, with NewSat set to launch Australia's first commercial Ka-band satellite, Jabiru-1.

In 2014, Adrian finalised US\$620 million in funding for the Jabiru-1 satellite project. The Jabiru-1 satellite project has achieved many global "firsts" under the leadership of Adrian: it is Australia's first commercial Ka-band satellite; the US Ex-Im Bank's first transaction for an Australian satellite project; the first transaction between the US Ex-Im Bank and Lockheed Martin for a commercial satellite; and it is NewSat's first satellite.

Adrian was a member of the World Teleport Association's Board of Directors from 2012 to 2014. Prior to this appointment, Adrian was awarded Teleport Executive of the Year at the 2011 World Teleport Awards in Washington DC, USA.

ELWOOD C ELLISON

Non-Executive Director and Deputy Chairman

[Resigned 29 August 2014]

Elwood "Chuck" Ellison was appointed Director on 14 June 2002 and brings over 30 years of experience in sales and marketing in high technology companies including Microsoft, Ashton-Tate, Asymetrix and ON24. He is currently President and COO of CrowdTwist, the leading developer of omni-channel customer loyalty and reward programs with clients including Pepsico, Barclay's and Nestle's.

An early employee of Microsoft, Chuck developed, launched and managed the company's first initiatives for the government, corporate and education markets. As Vice President of Sales at Ashton-Tate, Chuck was responsible for the sales strategies that resulted in revenue growing from less than US\$20 million to over US\$300 million in four years. He later led a turnaround effort at Paul Allen owned Asymetrix that repositioned the company, increased revenue and resulted in a successful initial public offering.

Chuck is highly regarded throughout the USA for his ability to drive technology start-ups to NASDAQ.

WILLIAM J ABBOTT

Non-Executive Director

[Resigned 13 August 2014]

William Abbott was appointed Director on 24 October 2012. He has practised commercial law for over 40 years and has extensive experience in international business transactions and foreign jurisdictions.

William's experience as a lawyer and advisor includes company and commercial structuring, both in Australia and overseas, mergers and acquisitions, capital raising, corporate and commercial financing, corporate governance and compliance and enforcement.

Prior to joining NewSat as a consultant in November 2010, acting as Corporate Counsel, William has acted as an external lawyer to the Company for many years. In 2005, William acted for the Company on the acquisition of the teleports in Adelaide and Perth from Dutch-based Newskies Satellites. More

recently, he was directly involved with the acquisition of eight orbital slots, and commercial negotiations and contracts with vendors and customers for the Jabiru-1 satellite project, including Lockheed Martin, Arianespace and MEASAT, and NewSat's funding arrangements with US Ex-Im Bank and COFACE.

ANDREW J PLYMPTON

Non-Executive Director

[Resigned 30 June 2014]

Andrew Plympton was appointed Director on 18 February 2010. An active entrepreneur with extensive experience in the financial services sectors, sports administration and listed companies, including CEO of two global insurance broking firms and successful long term President of the St Kilda Football Club. Currently Andrew is an Executive Member and Director of the Australian Olympic Committee, Commissioner of the Australian Sports Commission, past President of Yachting Australia Inc., and is a Non-Executive Chairman of three other Boards (two ASX listed companies).

Andrew is currently serving as a Board member at Shoply Limited, formally AdEffective Ltd (from 2010), Entellect (from 2010), Sunbridge Group Limited (from 2013) and NZX listed, Energy Mad Limited (from 2011). During the past three years Andrew has also served as Director of Intermoco Limited (2010 – 2011) and Bluestone Global Limited (2013 – 2014). In addition Andrew is an Advisory Board Member for Australia of the global Aon Risk Group.

MARK R FISHWICK

Non-Executive Director

[Resigned 30 June 2014]

Mark Fishwick was appointed director on 18 February 2010. An out-of-home (OOH) media veteran with 30 years global experience founding many well known brand names including: Nettlefold/NLD/Boyd (now Eye Corp), Cody (now APNO) and Claude Group including Torch Media.

Currently Mark is the Managing Director of Revolution360 and Captive Vision Outdoor (from 2014), Chairman of Titan Media Group Australia (from 2010) and a Director of Titan Media Group New Zealand (from 2010), Ambient

Advertising New Zealand (from 2008) and Eye Indonesia (from 2013).

BRENDAN W FLEITER

Non-Executive Director

[Appointed 4 September 2013]

and resigned 30 June 2014]

Brendan Fleiter was appointed as a Non-Executive Director on 4 September 2013. He has over 25 years of business experience, including Senior Executive roles and Non-Executive Directorships of ASX listed companies, large private and unlisted public companies, large government business enterprises, and not-for-profit and philanthropic organisations in sport, public health and education.

Bringing extensive telecommunications industry experience to NewSat, Brendan's previous positions include CEO of the Crazy John's Group which was acquired by Vodafone Australia in 2008 and as a Non-Executive Director of the ASX listed People Telecom for five years before it was acquired by M2 Telecommunications in 2009. Brendan practised commercial law for 15 years prior to his senior management and director roles.

Brendan is currently the Deputy Chairman of Australia Post (from 2011), Deputy Chair of Methodist Ladies' College and Chair of its Foundation (from 2008). He is a Non-Executive Director of Volleyball Victoria (from 2010), Our Neighbourhood Foundation (from 2013), The Ilhan Food Allergy Foundation (from 2006) and Kennards Hire (from 2014). During the past three years, Brendan has also served as a Director of Titan Media Group, Consegna Group and Royal District Nursing Service. A mentor to several senior executives and a qualified lawyer, Brendan holds a Bachelor of Laws and Bachelor of Jurisprudence from Monash University.

EXECUTIVE MANAGEMENT TEAM



MICHAEL HEWINS
Chief Operating Officer

Michael Hewins has over 30 years of executive management experience in the global space industry. Michael was the Chairman and CEO of AstroVision International, Inc. and the Chief Commercial Officer at Aon/International Space Brokers, and has held senior positions across global strategy, finance, business development and insurance for Willis Corroon Inspace, Johnson & Higgins, INTEC and Arianespace.

Michael joined NewSat in September 2011, providing extensive experience and leadership across the breadth of NewSat's business, from strategy and finance to operations and productivity. Michael was pivotal in the finalisation of US\$390.1 million of cost-effective debt funding from the US Ex-Im Bank and COFACE for the Jabiru-1 satellite project.

Michael received his law degree from Suffolk University and together with his process-driven approach and satellite industry knowledge is delivering measurable results, contributing to NewSat's transformation into a global satellite operator.



LINDA DILLON
Chief Financial Officer
and Company Secretary
BCom, FCA, FAICD, FFin, AGIA
(Appointed 8 September 2014)

Linda Dillon has over 25 years' experience in financial management, corporate finance, corporate governance and investor relations. Linda has held the position of Chief Financial Officer, Company Secretary and Finance Director in ASX listed entities and multinational organisations. Her experience also extends to professional services with Arthur Andersen & Co and senior financial roles at ASX 'Top 200' companies, AWB Limited and WMC Resources Limited. Prior to NewSat, Linda was Global Chief Financial Officer and Company Secretary at Woods Bagot, a large global architect and design group.

Linda is a Fellow of the Institute of Chartered Accountants in Australia, Financial Institute of Australasia and Australian Institute of Company Directors and a Chartered Secretary with the Governance Institute of Australia. She holds a Bachelor of Commerce from the University of Melbourne, along with certifications in Corporate Governance and Investor Relations.

Linda joined NewSat in September 2014 and provides financial leadership and expertise to support NewSat's growth and transition from a teleport operator into a global satellite operator.



DAVID BALL
Chief Technology Officer
BEng, GradDipBus

David Ball has 25 years of experience in the telecommunications, media and technology sectors with a significant portion of his career specialising in satellite communications. David has held senior positions encompassing sales team management, product development, engineering and space systems development. Prior to joining NewSat, David was the Regional Vice President Asia-Pacific for Intelsat and also held that position for PanAmSat prior to the merger between PanAmSat and Intelsat in 2006.

David holds a Bachelor of Engineering (Communications Engineering) from the Royal Melbourne Institute of Technology and a Graduate Diploma in Business Management from Deakin University. Prior to joining PanAmSat in 1995, David served as a commissioned officer in the Royal Australian Air Force specialising in communications systems management.

David joined NewSat in April 2011 and has been instrumental in the strategy and development of the Jabiru Satellite Program's first satellite Jabiru-1, which will deliver flexible Ka-band capacity for the Middle East, Africa and Asia.



DON BROWN

SVP Strategic Planning

Don Brown has over 20 years' experience in satellite communications, with significant expertise in government solutions and defence systems. Don began his satellite career in the Satellite Systems Division of Federal Express Corporation, subsequently working for American Mobile Satellite Corporation and Quincy Jones' Qradio, before his role as Vice President of DoD Systems at PanAmSat's G2 Satellite Solutions.

More recently, Don was the Vice President of Hosted Payloads and Business Development for Intelsat General Corporation. At Intelsat General, Don led the team which won the \$350 million UHF hosted payload contract with the Australian Defence Force, as well as the IP Router in Space (IRIS) hosted payload contract with Cisco.

Don joined NewSat in August 2013 as Senior Vice President of Strategic Planning. In this newly formed strategic role, Don provides leadership and expertise to support NewSat's continued growth and expansion into a satellite operator. Don leads NewSat's strategy and long-term priorities, from strategy formulation and market intelligence, to business case creation and financial analysis, through to the execution of complex cross-functional and cross-region projects.

Don is a co-founder of the Hosted Payload Alliance and has served on the Satellite Task Force of the National Security Telecommunications Advisory Committee to the President of the United States. A graduate of Princeton University, Don has also served as Co-Chair of the Government Services Working Group of the Satellite Industry Association and is a frequent speaker on satellite systems and national security.



ANDREW MATLOCK

SVP Global Sales

Andrew Matlock has a career spanning 25 years across telecommunications and technology sectors, much of it dedicated to building successful business teams and creating significant profitability and shareholder value. Andrew has worked as Regional Manager for Calcomp Inc, (a division of Lockheed Martin), CEO of Inspar Inc and co-founded successful start-up ventures in both the United States of America and Australia.

Andrew joined NewSat in 2007, becoming Vice President of Sales in June 2008. Through strong leadership, effective communications and genuine interpersonal skills, Andrew has built a successful, process-driven and scalable global sales team to support NewSat's future growth.

Andrew holds a Bachelor of Applied Science majoring in computer science and mathematics from Swinburne University, Australia. After a successful start as a computer programmer and analyst, Andrew then transitioned into sales and business management where he has created, developed and subsequently managed a number of divisional business units with full P&L accountability.



MERV KUEK

SVP Marketing and Corporate Communications

BCom, BEng(Hons)

Merv Kuek has over a decade of marketing experience that includes working for telecommunications companies Telstra Corporation and more recently Crazy John's / Vodafone Hutchison Australia. His extensive telecommunications experience also extends to commercial, product management and operations. Merv has a proven track record across the entire marketing mix including strategy development and execution, products, pricing, digital, branding, communications and end-to-end campaign management, across national and international markets and multi-channel environments.

Merv holds a Bachelor of Engineering Hons and Bachelor of Commerce from the University of Melbourne. He joined NewSat in July 2010 and with his results-driven marketing approach, has quickly developed a dedicated global marketing and communications function to drive brand awareness, customer acquisition, corporate relations and future business growth.



LEN MCGOLDRICK
VP Engineering and Operations

Len McGoldrick has a 40 year work history in the UK and Australia, specialising in satellite communications for 30 years of that period. During his career, Len has worked for British Telecom International (BTI), AAPT Sat-Tel and SES Newskies in various project management positions, commissioning satellite networks and supporting multiple special earth station projects throughout Europe and the Middle East.

Len was appointed VP of Engineering and Operations in July 2008 and has been integral to the growth of the teleport business across the Perth and Adelaide facilities. He is a current member of the World Teleport Association's Certification Standards Committee. Through his extensive satellite experience and leadership, Len has been instrumental in NewSat's transition into the teleport operator of choice for enterprise and government customers, supporting mission critical satellite communications around the world.



MIKE KENNEALLY
VP Satellite Strategy

Mike Kenneally has over 30 years global ICT and satellite experience, including managing large national and international ICT and satellite projects in several countries. During his career, Mike has worked or acted as a consultant for the Department of Defence, IBM, the California Highway Patrol, Los Angeles County, General Electric, Fujitsu Europe, Telstar, Lockheed Martin, Telstra, Optus and Telecom NZ. Mike was technical auditor for the first spatial census of Australia in 1996 and solution architect for the winning bid for the Australian defence spatial system. Mike was also the founding Director of Australian Private Networks in 2001.

Mike joined NewSat in 2006, fulfilling senior roles in sales, product management and business development. Mike has been instrumental in developing NewSat's strategic growth project, the Jabiru Satellite Program and growing NewSat's core teleport business since its acquisition.



SCOTT SPRAGUE
Chief Commercial Officer

[\(Left 6 June 2014\)](#)

Scott Sprague has over 30 years senior management experience in the satellite and telecommunications sectors. With responsibilities spanning global sales, marketing, operations and customer service, Scott has held senior positions at KPNQwest, Infonet Service Corporation and AT&T, before moving into the satellite sector as Senior Vice President of Global Sales for SES. At SES, Scott was responsible for leading sales teams and growing global revenues across media, enterprise and government verticals around the world.

Scott holds an Executive MBA in International Business from Western International University and a BS degree in Business Administration from Illinois State University. Most recently, Scott was based in Hong Kong as the Chief Operating Officer of Asia Broadcasting Satellite (ABS). Here Scott was responsible for managing the global sales, marketing, technical support and operations of value added services.

Jabiru-1 core structure
(Image courtesy of Lockheed Martin)



Directors' Report (continued)

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of NewSat Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
R R Green	677,534	2,700,000
A M Ballintine	3,551,578	5,500,000
E C Ellison (Resigned 29 August 2014)	612,750	1,800,000
A J Plympton (Resigned 30 June 2014)	300,000	1,100,000
M R Fishwick (Resigned 30 June 2014)	-	1,100,000
W J Abbott (Resigned 13 August 2014)	1,215,000	2,250,000
B W Fleiter (Appointed 4 September 2013, Resigned 30 June 2014)	-	1,400,000
C K Ching (Appointed 11 July 2013)	75,814,189	92,605,883
R N Sage (Appointed 13 August 2014)	116,000	-
F S Grimwade (Appointed 29 August 2014)	-	-
P S McVeigh (Appointed 26 September 2014)	-	-

COMPANY SECRETARY

M Hewins was Company Secretary during 2014 financial year until 8 September 2014

L Dillon was appointed Company Secretary effective 8 September 2014

DIVIDENDS

There were no dividends paid during the year and the Directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated group were the provision of satellite broadband & communication services.

OPERATING AND FINANCIAL REVIEW

Review & Results of Operations

The NewSat group has faced challenging conditions this year in its teleport business. A loss of renewal contracts from a US-based partner due to the US government withdrawal from Afghanistan and challenging market conditions in key markets has seen a lower than expected rate of contract renewals across the year. As a result, revenue, EBITDA, net profit and operating cash flow have all declined compared to the levels of the past 2-3 years.

	Year Ended 30 June 2014 \$'000	Year Ended 30 June 2013 \$'000
Revenue	31,252	39,260
Gross Profit	11,465	16,067
Profit before depreciation, amortisation, finance costs and tax (EBITDA)*	2,632	12,079
Net Profit Before Tax	701	10,449
Net Profit After Tax	1,607	10,449
Cash flow from Operating Activities	(3,459)	6,240

* The financial information that is included in this table is to assist investors to better understand the performance of the business as management considers cash generation ability to be a key performance measure. Non-IFRS information has not been subject to review from the Group's external auditor.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Review & Results of Operations (continued)

The NewSat Group profit before tax for the full year of \$701,000 (after tax \$1,607,000) includes significant items for the revaluation of cash and cash equivalents and interest bearing loans. As announced to the market in February 2014 NewSat reached financial close with export credit agencies (ECA), the US Ex-Im Bank and COFACE for US\$390.1 million of debt funding for the Jabiru-1 satellite project. At year end NewSat carried cash and cash equivalents and interest bearing loans denominated in United States Dollars. Cash and cash equivalents held in United States Dollars will be used to fund commitments for the Jabiru-1 satellite project that are denominated in United States Dollars. Post Jabiru-1 launch, repayments of loans denominated in United States Dollars will be funded by Jabiru-1 revenues, which are also contracted in United States Dollars.

Australian Accounting Standards require that foreign currency assets and liabilities be translated at the spot exchange rate at the end of the financial reporting period, potentially leading to volatility in the income statement. Excluding the impact of this significant item, NewSat Group's recorded a net loss after income tax of \$5,062,000 as follows:

	Year Ended 30 June 2014 \$'000	Year Ended 30 June 2013 \$'000
Statutory Net Profit After Tax	1,607	10,449
Revaluation of foreign currency - Loss / (Gain)	(6,669)	(8,621)
Net (Loss) / Profit After Tax	(5,062)	1,828

Notwithstanding the lower than expected level of contract renewals, during the course of the 2014 financial year NewSat secured a number of new projects to provide satellite communications to government, maritime, aeronautical, mining, oil and gas markets across Australia, Asia and the Middle East. The lifetime value of these contracts of US\$23.3 million represents 44% growth compared to the previous financial year and are incremental to NewSat's existing contract base. Significant contracts were secured with Custom SATCOM Solutions (CS2), Industry partners, US and Australian systems integrators, global satellite operators and an Asian telecommunications company.

The Asian telecommunications company contract, announced late in the financial year, will utilise steerable third party capacity, enabling the customer to provide cellular and Wi-Fi backhaul services across parts of Asia.

In response to the higher than expected rate of contract non-renewals over the course of the year, in the second half of the year NewSat commenced implementing strategies to reduce costs and further diversify its customer base to reposition for new growth across new vertical markets and geographical locations. Cost reduction strategies implemented include bandwidth consolidation, headcount reduction, voluntary reduction in executive remuneration of 10% - 25% and waiver of bonuses and reduced travel, marketing and consultancy expenses.

Growth Projects

The Group has continued to progress initiatives on the Jabiru satellite program. Through to the date of this report significant progress on the Jabiru project has been made:

- Successful launch of MEASAT-3b, hosting the Jabiru-2 payload, from Kourou, French Guiana. The Jabiru – 2 hosted payload initiative provides further competitive advantages to the teleport business with a more compelling product offering in key markets around Australia where NewSat has faced increased competition and decreased renewals. It also enables NewSat to return more expensive third party bandwidth capacity and consolidate demand where possible onto Jabiru-2
- Signed an additional US\$26 million of revenue on pre-launch customer contracts for Jabiru-1 satellite capacity, taking total binding pre-launch contracts for Jabiru-1 satellite capacity to US\$644 million
- Received confirmation letter from Malaysian Communications and Multimedia Commission (MCMC) to MEASAT with respect to the use of the orbital slot 91.5°E for Jabiru-1 satellite
- Reached financial close with US Ex-Im Bank and COFACE for US\$390.1 million of debt funding for the Jabiru-1 satellite project
- Successfully completed a comprehensive technical review of Jabiru-1 with Lockheed Martin, achieving Critical Design Review (CDR) of the satellite and each subsystem
- Component manufacturing is ongoing at Lockheed Martin and at numerous external suppliers in the USA, Canada, France, Germany, Italy and Spain
- Key satellite components have been delivered to Lockheed Martin in advance of spacecraft integration, scheduled to take place at Lockheed Martin's facilities in Denver, Colorado in late 2014
- Awarded Kratos Integral Systems International (Kratos ISI) business unit the contract to provide the satellite command and control system for the Jabiru-1 satellite. The system is scheduled for delivery in the second half of 2015
- Awarded contract for ground antennas and associated electronic systems, with commissioning of the system schedule for the second half of 2015
- Progressed ground system developments including flight dynamics system, the carrier monitoring system and the capacity management system
- Tenders have been received for Phase 1 of the civil works in regards to the expansion of the Adelaide teleport
- Conducted mission analysis kick-off with Arianespace and Lockheed Martin, including submission of the required inputs into the initial draft of the Demande d'Utilisation Arianespace (DUA), (translating to the Application to Use Arianespace's Launch Vehicle)

Directors' Report (continued)

REVIEW OF FINANCIAL CONDITION

Liquidity and Capital Resources

The consolidated cash flow statement illustrates a decrease in cash and cash equivalents in the year ended 30 June 2014 of \$65,003,000 (2013: increase of \$96,716,000). The cash outflow in comparison with the prior year of cash inflow caused by a number of factors. The operating activities has a cash outflow of \$3,459,000 (2013:\$6,240,000 cash inflow). The net cash outflow from investing activities of \$258,339,000 (2013: \$29,942,000 cash outflow) is mainly attributable to the investment in the Jabiru Satellite Program. There was also a net \$196,795,000 cash inflow (2013:\$120,418,000) from financing activities largely due to proceeds from debt and equity financing during the year.

At 30 June 2014 the balance sheet of the Group reflected a net current liability position of \$176 million. As a result of alleged technical breaches of covenants of its debt facilities, described in Note 18 of the financial statements, all interest bearing loans were required to be classified as current.

Profile of Debts

The profile of the Group's interest bearing debt finance is as follows:

	Year Ended 30 June 2014 \$'000	Year Ended 30 June 2013 \$'000
Current		
Obligations under finance leases and hire purchase contracts	56	47
Interest-bearing ECA (Export Credit Agencies) Debt Facility	158,503	-
Interest-bearing convertible note	28,887	-
Other financial liabilities	6,356	-
Non-Current		
Obligations under finance leases and hire purchase contracts	128	61
Interest-bearing convertible note	-	31,698
	193,930	31,806

As noted under 'Significant Events After the Balance Date' NewSat was granted a conditional waiver for the breach of technical loan covenants. The conditions of the waiver include a requirement for the raising of equity or mezzanine debt proceeds of not less than US\$20 million prior to 30 September 2014 and cumulatively, not less than US\$40 million prior to 30 November 2014. The proceeds of this fund raising is expected to be applied as follows:

- US\$25 million as additional equity to fund the Jabiru-1 program;
- US\$5 million to fund the working capital requirements of the Teleport business including the ramp up of operations of the newly launched Jabiru-2 satellite;
- US\$10 million to fund the repayment of other financial liabilities owing and expected to be owed to Ever Tycoon Limited, a director related entity.

Going Concern

In light of the circumstances disclosed in note 2 of the Financial Report, the auditor has included an emphasis of matter in their audit report.

Share issues during the year

There were 72,621,334 ordinary shares (2013: 306,526,350) with an average fair value of \$0.1424 per share (2013: \$0.3731) issued during the year.

Directors' Report (continued)

RISK MANAGEMENT

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Recognising that the company is entering a new phase in the maturity of its plans to become a global satellite operator, the Board is expanding the charter of the Audit Committee to now encompass Risk. For expanded discussion relating to NewSat's Corporate Governance practices covering Risk Management please refer to the Group's Corporate Governance statement on pages 42 to 45.

The Board embraces a number of mechanisms to ensure management's objectives and activities are aligned with the risks identified by the Board.

The Group has significantly progressed the development of the Jabiru project during the financial year. The project involves the development of a geostationary satellite program which has seen Jabiru-2 launch on 12 September 2014 and sees the Jabiru-1 launch anticipated in 2016 financial year. The long term success of the project and the potential to realise significant future value from investments made in the program to date is not without risk. Key risks actively managed by management and monitored by the Board include risks associated with:

Significant Customer Contracts: including risks associated with degradation of NewSat performance, deterioration in relationships, reduction in client expenditure or default that may impact revenues.

Customer demand: including risks that demand for Ka-band spectrum may decline or not increase as predicted, or that general pricing pressures have an adverse impact on revenue.

Schedule: Including risks associated with delays to obtaining financing, satellite and launch vehicle construction and deployment, obtaining and maintaining regulatory approvals and licences, including export controls, and/or the periodic unavailability of reliable launch opportunities.

Launch: Risks associated with the complete or partial failure of the Jabiru-1 Satellite launch leading to destruction or damage and delay in revenues.

Cost: Risks that costs exceed current forecasts for business development and construction and launch of Jabiru-1 and the consequent risk that in the future NewSat may be unable to raise adequate funding on satisfactory terms.

Debt: Risk of default under debt facilities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated group during the financial year were as follows:

- Investment of \$273.6 million in the Jabiru-1 satellite program intangible asset from a combined mix of debt and equity funding
- Completion of financial close in February 2014 which saw NewSat secure US\$390.1 million of debt funding from the US Ex-IM Bank and COFACE
- Drawdown of US\$165.4 million of funding from these combined debt facilities to fund activities related to the Jabiru-1 satellite program

An increase in contributed equity of \$10,343,982 (from \$265,583,340 to \$275,926,322) as a result of:

Issue of 72,621,334 full paid ordinary shares at average fair value of \$0.1424

Transaction costs arising on share issues (net of tax)

Year Ended
30 June 2014
\$'000

8,782

1,561

10,343

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 22 August 2014, ECA lenders approved a conditional waiver for NewSat's breach of technical loan covenants as at 30 June 2014. Following the satisfaction of all waiver conditions, the ECA lenders will recommence debt drawdowns for the Jabiru-1 project. Prior to the satisfaction of waiver conditions, NewSat will utilise existing cash reserves set aside to fund the Jabiru project and approved Teleport expenses.

Directors' Report (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue to focus on the growth of the corporate sector of its satellite communications business. This will be carried out through the existing operating business and the continuing investment in the Jabiru Satellite Program.

As NewSat continues to invest in its strategy to transform from a reseller of third-party satellite capacity to an owner and operator of geostationary satellites, a more sustainable platform is being built for the future. The long term Jabiru-1 capacity contracts, which to date total US\$644million, are evidence of the step-change in earnings the company will realise in future years. Over the coming financial year NewSat will focus its attention on Jabiru-1 construction milestones with Lockheed Martin, such as integration and assembly of the spacecraft. NewSat will also finalise and progress contracts for the ground antennas and associated electronic systems, flight dynamic system, carrier monitoring system and capacity management system. In addition the Adelaide teleport expansion is expected to commence in the first half of 2015 financial year. Finally, NewSat also expects to complete the Preliminary Mission Analysis Review with Arianespace this financial year.

Following a renewed focus on costs and sales diversification strategies, the teleport business has been repositioned for the future and we expect that the range of efficiency and sales diversification strategies implemented will yield future results. The more efficient organisational structure and lower operating cost will ideally position the teleport business for future years, and better support the Jabiru Satellite Program and the scale it will provide. Jabiru-2, which provides new capacity for Australasia, successfully launched on 12 September 2014. The Jabiru-2 hosted payload, which consists of 6 transponders of capacity, will generate further competitive advantages to the teleport business. It will provide NewSat with a more compelling and expanded service offering in key markets in and around Australia. It also enables NewSat to return third-party capacity to existing bandwidth suppliers, over time. Evidence that Jabiru -2 will satisfy growing demand is the recent US\$11.7million contract with a leading global systems integrator, which commences in the first half of 2015 financial year when the satellite enters operational services. This is expected to be by mid October 2014.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is not subject to any particular or significant environmental regulations.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 135,429,454 unissued ordinary shares under options (136,429,454 at the reporting date).

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

Shares issued as a result of the exercise of options

During the year, 49,900,686 options have been exercised (2013: 20,620,000).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with paragraph 99 of the Company's constitution, adopted at the General Meeting on 21 June 1999, the Company indemnified every person, who is or has been an officer of the Company, which includes Directors, against any liability incurred by that person in his or her capacity as an officer of the Company. The Board elected not to obtain insurance in respect of the indemnification prior to 12 February 2007.

On 30 April 2014, the Company renewed its annual insurance premium of \$162,616 to insure liabilities of legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers in their capacity as Directors and officers of entities in the consolidated entity and any other payments arising from liabilities incurred by the officers in connection with such proceedings. Liabilities arising out of conduct involving a wilful breach of duty by the officers, or the improper use by the officers of their position, or of information to gain advantage for themselves, or someone else, or to cause detriment to the Company, are not insured. There were no matters requiring indemnification during the year.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' Report (continued)

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) and the number of meetings attended by each director, during the year and up to the date of signing, were as follows:

	Meetings of Committees				
	Directors Meetings	Audit & Risk	Remuneration	Nomination	Expenditure Review
Number of meetings held:	16	5	2	-	2
Number of meetings attended:					
R R Green	16	5	2	-	-
A M Ballintine	16	4	-	-	2
E C Ellison	14	-	2	-	-
A J Plympton	13	3	-	-	1
M R Fishwick	14	-	-	-	-
W J Abbott ¹	14	-	2	-	-
C K Ching ²	12	-	-	-	2
B W Fleiter	10	1	-	-	1
R N Sage	2	2	-	-	-
F S Grimwade	1	1	-	-	-
P S McVeigh	-	-	-	-	-

¹ Attended either in person or through his alternate, Mr Charles Abbott

² Attended either in person or through his alternate, Mr Bryan Yap

Committee membership

As at the date of this report, the company had an Audit & Risk Committee, a Remuneration Committee, a Nomination Committee and an Expenditure Review Committee of the Board of Directors. Members acting on the committees of the Board during the year were:

Audit & Risk	Remuneration	Nomination	Expenditure Review ³
R N Sage (c) ⁴	F S Grimwade (c) ⁵	R R Green (c)	C K Ching (c)
R R Green	R R Green	A M Ballintine	A M Ballintine
F S Grimwade ⁵	W J Abbott ⁸	M R Fishwick ¹⁰	B W Fleiter ⁷
A J Plympton ⁶	E C Ellison ⁹		A J Plympton ⁶
B W Fleiter ⁷			

Notes

(c) Designates the chairman of the committee.

³ Expenditure review Committee was established on 2 June 2014

⁴ R N Sage joined the Audit & Risk committee effective 13 August 2014

⁵ F S Grimwade joined the Audit & Risk committee effective 25 September 2014 and joined the Remuneration Committee effective 29 August 2014

⁶ A J Plympton resigned on 30 June 2014

⁷ B W Fleiter was appointed as the Audit & Risk committee member on 4 September 2013 and resigned on 30 June 2014; He joined the Expenditure Review Committee on 2 June 2014 and resigned on 30 June 2014

⁸ W J Abbott resigned on 13 August 2014

⁹ E C Ellison resigned on 29 August 2014

¹⁰ M R Fishwick resigned on 30 June 2014

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors have received the Auditor's Independence Declaration from Ernst & Young (page 41) and it is deemed to be part of this Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of NewSat Limited support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained on page 42 to 45 of this annual report.

Directors' Report (continued)

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for directors and executives of NewSat Limited (the Company). This report also provides the audited disclosure required by Corporation Regulations 2.M.6.04.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company incorporates the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Have a portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer (CEO) and the senior management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and executive remuneration is separate and distinct.

Relationship of Rewards to Performance

The Company's core business during the past five financial years has been predominantly as a satellite communications service provider. As has been the case in those years, increase in shareholder wealth will for the foreseeable future be dependent on the improvement in the Company's earnings and share price. Accordingly variable remuneration and long term incentives presently consist of options over unissued shares in the Company.

	2010	2011	2012	2013	2014
Earnings / (loss) per share (cents per share)	0.0200	0.1969	1.1486	3.1127	0.2750

	2013	2014	Change
Share Price on 30 June	0.3700	0.2750	(0.0950)

Directors' Report (continued)

REMUNERATION REPORT (Audited) continued

Non-Executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held in November 2013 when shareholders approved an aggregate cash remuneration of \$750,000 per year. Additionally, all share based payments granted to Directors are approved by shareholders at a general meeting prior to issuance.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

The Company also provides Equity-settled transactions to the Non-Executive Directors in the form of options under the Shareholder approved Option Plans.

Non-Executive Directors are encouraged by the Board to hold shares in the Company (purchased by the Director on market). It is considered good governance for Directors to have a stake in the company on whose board they sit undertaken only in accordance with the Company's code of conduct for trading in the Company's securities.

The remuneration of Non-Executive Directors for the period ending 30 June 2014 is detailed in Table 1 on page 35 of this report.

Senior Manager and Executive Director remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee engaged an external consultant in prior years to provide independent advice both in the form of a written report detailing market levels of remuneration for comparable executive roles and by participating in the meeting from which the Committee makes its recommendations to the Board.

It is the Remuneration Committee's policy that a fixed term employment contract is entered into only with the Chief Executive Officer and executives. Details of the contracts are provided on page 34.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
 - Short Term Incentive Plans (STIP); and
 - Long Term Incentive Plans (LTIP).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each senior manager by the Remuneration Committee. Table 1 on page 35 details the fixed and variable components (%) of the key management personnel of the Group.

Directors' Report (continued)

REMUNERATION REPORT (Audited) continued

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of company wide, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the key management personnel of the Group are detailed in Table 1 on page 35.

Variable Remuneration — Short Term Incentive Plans (STIP)

Objective

The objective of the STIP program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STIP available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual STIP payments granted to each Senior Manager depends on the extent to which specific Operational Targets set at the beginning of the financial year are met. The Operational Targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as EBITDA against budget, customer service, risk management, product management, and leadership/team contribution. These measures were chosen as they represent the key drivers for short term success of the business and provide a framework for delivering long term value. The Group has predetermined benchmarks that must be met in order to trigger payments under the STIP scheme.

On an annual basis, after consideration of performance against KPIs, an overall performance rating for the Group and each individual business unit is approved by the Remuneration Committee. The individual performance of each executive is also rated and all three ratings are taken into account when determining the amount, if any, of the short term incentive pool that is to be allocated to each executive. This process usually occurs within 3 months after the reporting date. Payments made are delivered as a cash bonus in the following reporting period.

Variable Remuneration — Long Term Incentive Plan (LTIP)

Objective

The objective of the LTIP plan is to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

As such, LTIP grants are only made to executives who are able to influence the generation of Shareholder wealth and thus have a direct impact on the Group's performance against the relevant long term performance hurdle.

Structure

LTIP grants to executives are delivered in the form of options under the Shareholder approved Staff and Executive Option Plans.

Directors' Report (continued)

REMUNERATION REPORT (Audited) continued

Employment contracts

Remuneration and other employment terms for the CEO and other key management personnel are formalised in a contract of employment. The major remuneration provisions of the contracts are set out below:

Adrian Ballintine - Chief Executive Officer

- Term of Agreement – 2 August 2012 to 1 August 2015.
- Contract terms are one year rolling terms after expiration.
- The contract comprising fixed compensation and short and long term incentives may be extended for 1 year by mutual agreement.
- Where termination with cause occurs, only the fixed compensation is payable up to the date of termination.
- Either party may terminate the agreement on 12 months notice provided that the Company can terminate immediately for misconduct.

Michael Hewins - Chief Operating Officer

- Term of Agreement – 1 June 2013 to 31 May 2016.
- Contract terms are one year rolling terms after expiration.
- Either party may terminate the agreement on 12 months notice provided that the Company can terminate immediately for misconduct.
- No termination payments are applicable.

David Ball - Chief Technology Officer

- Term of Agreement – 1 July 2012 to 30 June 2015.
- Either party may terminate the agreement on 12 months notice provided that the Company can terminate immediately for misconduct.
- No termination payments are applicable.

Michael Kenneally – Vice President of Satellite Strategy

- Term of Agreement – unspecified.
- Either party may terminate the agreement on 1 months notice provided that the Company can terminate immediately for misconduct.
- No termination payments are applicable.

Len McGoldrick - Vice President of Engineering and Operations

- Term of Agreement – unspecified.
- Either party may terminate the agreement on 2 months notice provided that the Company can terminate immediately for misconduct.
- No termination payments are applicable.

Merv Kuek - Senior Vice President of Marketing and Communications

- Term of Agreement – 05 December 2013 to 04 December 2016
- Either party may terminate the agreement on 6 months notice provided that the Company can terminate immediately for misconduct.
- No termination payments are applicable.

Andrew Matlock - Senior Vice President of Global Sales

- Term of Agreement – unspecified.
- Either party may terminate the agreement on 1 months notice provided that the Company can terminate immediately for misconduct.
- No termination payments are applicable.

Don Brown - SVP Strategic Planning

- Term of Agreement – unspecified.
- Either party may terminate the agreement with no advance notice or term provided that the Company can terminate immediately for misconduct.
- No termination payments are applicable.

Directors' Report (continued)

REMUNERATION REPORT (Audited) continued

Remuneration of key management personnel

Table 1:

Remuneration for the year ended 30 June 2014

	Short term benefits			Post employment	Long-term benefits	Share based payments		Termination benefits	Total	%
	Cash Salary & Fees	Short term cash incentive	Non monetary benefits	Superannuation	Long service leave	Options #	Shares			Performance related
Non-executive directors										
R R Green - Chairman	160,000	-	-	-	-	69,011	-	-	229,011	30%
E C Ellison * (Resigned 29 August 2014)	105,000	-	-	-	-	138,022	-	-	243,022	57%
M R Fishwick (Resigned 30 June 2014)	90,000	-	-	-	-	69,011	-	-	159,011	43%
A J Plympton (Resigned 30 June 2014)	90,000	-	-	-	-	69,011	-	-	159,011	43%
W J Abbott ** (Resigned 13 August 2014)	-	-	-	-	-	439,188	-	-	439,188	100%
C K Ching (Appointed 11 July 2013)	90,000	-	-	-	-	184,196	-	-	274,196	67%
B W Fleiter (Appointed 4 September 2013, Resigned 30 June 2014)	75,000	-	-	-	-	184,196	-	-	259,196	71%
Sub-total non-executive directors	610,000	-	-	-	-	1,152,635	-	-	1,762,635	
Executive director										
A M Ballintine	1,077,981	1,200,000 ****	7,589	99,713	(79,456) *****	376,697	-	-	2,682,524	59%
Other key management personnel										
M Hewins *** - Chief Operating Officer	501,720	312,147 ****	5,400	56,782	5,608	1,107,142	-	-	1,988,799	71%
D Ball - Chief Technology Officer	318,425	200,000 ****	-	29,454	4,176	242,112	-	-	794,167	56%
S Sprague - Chief Commercial Officer (Appointed 11 June 2013, Left 6 June 2014)	465,307	-	-	43,041	2,225	616,062	-	251,275	1,377,910	45%
A Matlock - SVP Global Sales	233,997	110,609	5,400	31,876	5,227	610,245	-	-	997,354	72%
M Kenneally - VP Satellite Strategy	203,841	-	-	18,855	764	156,044	-	-	379,504	41%
L McGoldrick - VP Engineering & Operations	222,185	-	13,676	21,817	(6,920) *****	80,704	-	-	331,462	24%
M Kuek - SVP Marketing and Communications	227,064	102,743 ****	-	30,495	3,032	156,573	-	-	519,907	50%
D Brown - SVP Strategic Planning (Appointed 19 August 2013)	251,545	-	-	15,856	-	301,419	-	-	568,820	53%
Sub-total executive KMP	3,502,065	1,925,499	32,065	347,889	(65,344)	3,646,998	-	251,275	9,640,447	
Totals	4,112,065	1,925,499	32,065	347,889	(65,344)	4,799,633	-	251,275	11,403,082	

value includes unvested options.

* Resigned on 29 August 2014. E C Ellison's consulting fee for the year was \$103,471 (2013:\$262,416)

** Resigned on 13 August 2014. W J Abbott's consulting fee for the year was \$397,770 (2013: \$275,329)

*** M Hewins was appointed Chief Financial Officer on 24 June 2013. He has resumed as the Chief Operating Officer on 8 September 2014 after Linda Dillon was appointed Chief Financial Officer

**** Bonus was granted in first half of FY14 following the finalisation of the FY13 performance result. The bonus provides the KMPs with the opportunity to receive the performance-based incentive payment when the performance objectives are achieved. The bonus plan is design to incentivise and reward high performance. The Board implemented cost reduction strategies in June 2014 to reduce company operating costs. The bonus to KMPs is waived for FY15.

***** The negative value in long service leave benefit was due to the cost reduction strategies implemented in June 2014 to reduce the executive remuneration by 10% to 25%, hence reduction in long service leave value.

Remuneration for the year ended 30 June 2013

	Short term benefits			Post employment	Long-term benefits	Share based payments		Termination benefits	Total	%
	Cash Salary & Fees	Short term cash incentive	Non monetary benefits	Superannuation	Long service leave	Options #	Shares			Performance related
Non-executive directors										
R R Green - Chairman	160,000	-	-	-	-	65,636	-	-	225,636	29%
E C Ellison *	120,000	-	-	-	-	131,270	-	-	251,270	52%
M R Fishwick	90,000	-	-	-	-	65,635	-	-	155,635	42%
A J Plympton	90,000	-	-	-	-	65,635	-	-	155,635	42%
W J Abbott **	-	-	-	-	-	780,676	-	-	780,676	100%
Sub-total non-executive directors	460,000	-	-	-	-	1,108,852	-	-	1,568,852	
Executive director										
A M Ballintine	1,100,917	400,000	7,406	99,083	201,480	329,501	-	-	2,138,387	34%
Other key management personnel										
M Hewins - Chief Financial Officer ***	412,844	250,000	-	37,155	3,314	852,282	-	-	1,555,595	71%
A Shapiro - Chief Financial Officer ****	270,642	91,000	5,400	24,358	10,835	255,685	-	-	657,920	53%
D Ball - Chief Technology Officer	321,100	-	-	28,899	5,139	511,369	-	-	866,507	59%
S Sprague - Chief Commercial Officer *****	38,333	-	-	3,546	91	-	-	-	41,970	0%
A Matlock - SVP Global Sales	189,220	234,088	5,400	38,097	13,809	255,685	-	-	736,299	67%
M Kenneally - VP Satellite Strategy	206,422	-	-	18,578	3,360	236,357	-	-	464,717	51%
L McGoldrick - VP Engineering & Operations	225,000	-	13,850	21,496	4,577	170,456	-	-	435,379	39%
M Kuek - SVP Marketing and Communications	229,358	74,000	-	27,302	4,816	282,045	-	-	617,521	58%
Sub-total executive KMP	2,993,836	1,049,088	32,056	298,514	247,421	2,893,380	-	-	7,514,295	
Totals	3,453,836	1,049,088	32,056	298,514	247,421	4,002,232	-	-	9,083,147	

value includes unvested options.

* In addition, E C Ellison's consulting services were retained for the Jabiru Satellite Project for total amount of \$262,416 (2012:\$310,230)

** Appointed 24 October 2012. In addition, W J Abbott's consulting services were retained for the Jabiru Satellite Project for total amount of \$275,329

*** M Hewins was appointed Chief Financial Officer on 24 June 2013. Formerly he was the Chief Operating Officer

**** A Shapiro resigned as Chief Financial Officer on 24 June 2013

***** S Sprague was appointed on 11 June 2013

Directors' Report (continued)

REMUNERATION REPORT (Audited) continued

Remuneration of key management personnel (continued)

Table 2: Compensation options and performance rights: Granted and vested during the year (Consolidated)

Year Ended 30 June 2014	Granted		Terms & Conditions for each Grant					Vested
	No.(’000)	Grant Date	Fair Value per	Exercise price	Expiry Date	First Exercise Date	Last Exercise Date	No.(’000)
			option at grant date (\$) (note 16)	per option (\$) (note 16)				
Directors								
R R Green	-	02/12/11	0.684	0.000	20/10/16	31/08/13	20/10/16	300
E C Ellison	-	02/12/11	0.684	0.000	20/10/16	31/08/13	20/10/16	600
M R Fishwick	-	02/12/11	0.684	0.000	20/10/16	31/08/13	20/10/16	300
A J Plympton	-	02/12/11	0.684	0.000	20/10/16	31/08/13	20/10/16	300
B W Fleiter	300	18/12/13	0.243	0.500	18/12/18	18/12/14	18/12/18	-
B W Fleiter	500	18/12/13	0.143	0.000	18/12/18	18/12/14	18/12/18	-
B W Fleiter	300	18/12/13	0.485	0.000	18/12/18	18/12/14	18/12/18	-
B W Fleiter	300	18/12/13	0.385	0.000	18/12/18	31/01/16	18/12/18	-
C K Ching	300	18/12/13	0.243	0.500	18/12/18	18/12/14	18/12/18	-
C K Ching	500	18/12/13	0.143	0.000	18/12/18	18/12/14	18/12/18	-
C K Ching	300	18/12/13	0.485	0.000	18/12/18	18/12/14	18/12/18	-
C K Ching	300	18/12/13	0.385	0.000	18/12/18	31/01/16	18/12/18	-
W J Abbott	-	21/10/11	0.465	0.000	20/10/16	31/08/13	20/10/16	750
W J Abbott	-	08/06/12	0.785	0.000	20/10/16	31/08/13	20/10/16	1,000
A M Ballintine	-	21/10/11	0.465	0.000	20/10/16	31/08/13	20/10/16	2,500
Executives								
M Hewins	500	13/09/13	0.395	0.000	13/09/18	01/10/13	13/09/18	500
M Hewins	500	13/09/13	0.395	0.000	13/09/18	01/03/14	13/09/18	500
M Hewins	500	13/09/13	0.395	0.000	13/09/18	01/10/14	13/09/18	-
M Hewins	500	13/09/13	0.395	0.000	13/09/18	01/03/15	13/09/18	-
M Hewins	-	21/10/11	0.465	0.000	05/09/16	02/08/13	05/09/16	270
M Hewins	-	08/06/12	0.785	0.000	20/10/16	31/08/13	20/10/16	1,250
D Ball	-	08/06/12	0.785	0.000	20/10/16	31/08/13	20/10/16	750
S Sprague	500	13/09/13	0.395	0.000	13/09/18	01/12/13	13/09/18	500
S Sprague	500	13/09/13	0.395	0.000	13/09/18	01/06/14	13/09/18	500
S Sprague	500	13/09/13	0.395	0.000	13/09/18	01/12/14	13/09/18	-
S Sprague	500	13/09/13	0.395	0.000	13/09/18	01/06/15	13/09/18	-
A Matlock	375	13/09/13	0.395	0.000	13/09/18	01/10/13	13/09/18	375
A Matlock	375	13/09/13	0.395	0.000	13/09/18	01/03/14	13/09/18	375
A Matlock	375	13/09/13	0.395	0.000	13/09/18	01/10/14	13/09/18	-
A Matlock	375	13/09/13	0.395	0.000	13/09/18	01/03/15	13/09/18	-
A Matlock	-	08/06/12	0.785	0.000	20/10/16	31/08/13	20/10/16	375
M Kenneally	-	21/10/11	0.465	0.000	20/10/16	31/08/13	20/10/16	500
M Kenneally	-	08/06/12	0.785	0.000	20/10/16	31/08/13	20/10/16	250
L McGoldrick	-	08/06/12	0.785	0.000	20/10/16	31/08/13	20/10/16	250
M Kuek	-	21/10/11	0.465	0.000	20/10/16	31/08/13	20/10/16	200
M Kuek	-	08/06/12	0.785	0.000	20/10/16	31/08/13	20/10/16	375
D Brown	250	13/09/13	0.395	0.000	13/09/18	01/01/14	13/09/18	250
D Brown	250	13/09/13	0.395	0.000	13/09/18	01/07/14	13/09/18	-
D Brown	250	13/09/13	0.395	0.000	13/09/18	01/01/15	13/09/18	-
D Brown	250	13/09/13	0.395	0.000	13/09/18	01/07/15	13/09/18	-
Total	9,300							12,970

Directors' Report (continued)

REMUNERATION REPORT (Audited) continued

Table 3: Option holdings of Key Management Personnel

30 June 2014	Vested at 30 June 2014							
	Balance at beginning of period 01-Jul-13 ('000)	Granted as Remuneration ('000)	Options Exercised ('000)	Net Change Other # ('000)	Balance at end of period 30-Jun-14 ('000)	Total ('000)	Exercisable ('000)	Not Exercisable ('000)
Directors								
R R Green	3,000	-	(300)	-	2,700	2,700	2,400	300
A M Ballintine	8,000	-	(2,500)	-	5,500	5,500	3,000	2,500
E C Ellison (Resigned 29 August 2014)	2,400	-	(600)	-	1,800	1,800	1,200	600
M R Fishwick (Resigned 30 June 2014)	1,400	-	(300)	-	1,100	1,100	800	300
A J Plympton (Resigned 30 June 2014)	1,400	-	(300)	-	1,100	1,100	800	300
W J Abbott (Resigned 13 August 2014)	4,000	-	(1,750)	-	2,250	2,250	500	1,750
C K Ching (Appointed 11 July 2013) *	-	1,400	(29,131)	120,337	92,606	92,606	21,500	71,106
B W Fleiter (Appointed 4 September 2013, Resigned 30 June 2014)	-	1,400	-	-	1,400	1,400	-	1,400
Executives								
M Hewins	3,040	2,000	(2,520)	-	2,520	2,520	-	2,520
D Ball	1,500	-	(750)	-	750	750	-	750
S Sprague (Appointed 11 June 2013, Left 6 June 2014)	-	2,000	-	-	2,000	2,000	1,000	1,000
M Kenneally	3,000	-	(750)	-	2,250	2,250	1,500	750
L McGoldrick	2,000	-	(250)	-	1,750	1,750	1,500	250
A Matlock	2,250	1,500	(1,125)	-	2,625	2,625	1,500	1,125
M Kuek	2,050	-	(575)	-	1,475	1,475	900	575
D Brown	-	1,000	-	-	1,000	1,000	250	750
Total	34,040	9,300	(40,851)	120,337	122,826	122,826	36,850	85,976

Includes forfeitures.

* Total balance of options of 92,605,883 include 91,205,883 of warrants that NewSat issued to Ever Tycoon Limited, a related party of C K Ching. The number of options exercised during the year were related to these warrants.

30 June 2013	Vested at 30 June 2013							
	Balance at beginning of period 01-Jul-12 ('000)	Granted as Remuneration ('000)	Options Exercised ('000)	Net Change Other # ('000)	Balance at end of period 30-Jun-13 ('000)	Total ('000)	Exercisable ('000)	Not Exercisable ('000)
Directors								
R R Green	3,000	-	-	-	3,000	3,000	-	3,000
A M Ballintine	8,000	-	-	-	8,000	8,000	-	8,000
E C Ellison	2,400	-	-	-	2,400	2,400	-	2,400
M R Fishwick	1,400	-	-	-	1,400	1,400	-	1,400
A J Plympton	1,400	-	-	-	1,400	1,400	-	1,400
W J Abbott (Appointed 24 October 2012)	-	-	-	4,000	4,000	4,000	-	4,000
Executives								
M Hewins	3,310	-	(270)	-	3,040	3,040	-	3,040
A Shapiro (Resigned 24 June 2013)	2,650	-	-	-	2,650	2,650	-	2,650
D Ball	1,850	-	(350)	-	1,500	1,500	-	1,500
S Sprague (Appointed 11 June 2013)	-	-	-	-	-	-	-	-
M Kenneally	3,000	-	-	-	3,000	3,000	-	3,000
L McGoldrick	2,000	-	-	-	2,000	2,000	-	2,000
A Matlock	2,250	-	-	-	2,250	2,250	-	2,250
M Kuek	2,050	-	-	-	2,050	2,050	-	2,050
Total	33,310	-	(620)	4,000	36,690	36,690	-	36,690

Includes forfeitures.

Directors' Report (continued)

REMUNERATION REPORT (Audited) continued

Table 4: Shareholdings of Key Management Personnel

	Balance 01-Jul-13 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30-June-14 Ord
30 June 2014					
Directors					
R R Green	377,534	-	300,000	-	677,534
A M Ballintine	1,051,578	-	2,500,000	-	3,551,578
E C Ellison (Resigned 29 August 2014)	12,750	-	600,000	-	612,750
M R Fishwick (Resigned 30 June 2014)	-	-	300,000	(300,000)	-
A J Plympton (Resigned 30 June 2014)	-	-	300,000	-	300,000
W J Abbott (Resigned 13 August 2014)	190,000	-	1,750,000	(725,000)	1,215,000
C K Ching (Appointed 11 July 2013)	-	-	29,130,686	46,683,503	75,814,189
B W Fleiter (Appointed 4 September 2013, Resigned 30 June 2014)	-	-	-	-	-
Executives					
M Hewins	360,000	-	2,520,000	(2,194,963)	685,037
D Ball	700,000	-	750,000	(770,000)	680,000
S Sprague (Appointed 11 June 2013, Left 6 June 2014)	-	-	-	-	-
M Kenneally	187,027	-	750,000	(63,291)	873,736
A Matlock	141,081	-	1,125,000	(100,000)	1,166,081
L McGoldrick	-	-	250,000	(250,000)	-
M Kuek	-	-	575,000	-	575,000
D Brown	-	-	-	-	-
Total	3,019,970	-	40,850,686	42,280,249	86,150,905
	Balance 01-Jul-12 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30-June-13 Ord
30 June 2013					
Directors					
R R Green	377,534	-	-	-	377,534
A M Ballintine	1,051,578	-	-	-	1,051,578
E C Ellison	12,750	-	-	-	12,750
M R Fishwick	-	-	-	-	-
A J Plympton	-	-	-	-	-
W J Abbott (Appointed 24 October 2012)	-	-	-	190,000	190,000
Executives					
M Hewins	90,000	-	270,000	-	360,000
A Shapiro (Resigned 24 June 2013)	248,851	-	-	-	248,851
D Ball	350,000	-	350,000	-	700,000
S Sprague (Appointed 11 June 2013)	-	-	-	-	-
M Kenneally	187,027	-	-	-	187,027
A Matlock	141,081	-	-	-	141,081
L McGoldrick	-	-	-	-	-
M Kuek	-	-	-	-	-
Total	2,458,821	-	620,000	190,000	3,268,821

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Directors' Report (continued)

REMUNERATION REPORT (Audited) continued

Loans to Key Management Personnel and their related parties

(i) Details of aggregate of loans to key management personnel and their related parties:

	Balance at beginning of period 01-Jul-13 ('000)	Interest charge ('000)	Interest not charge ('000)	Write-off or allowance for doubtful debt ('000)	Balance at end of period 30-June-14 ('000)
Adrian Ballintine	807	68	22	-	915

(ii) Terms and conditions of loans to key management personnel and their related parties:

Loans to the key management personnel are charged interest at 10% per annum. The average commercial rate of interest during the year was in the range of 8% to 20%.

Other transactions and balances with key management personnel and their related parties

Details and terms and conditions of other transactions with key management personnel and their related parties:

Purchases

During the year, the Company retained services from Cresta Motor Yachts, a related party of CEO Adrian Ballintine for \$7,500 (inc. GST) for the purpose of executive marketing and business development associated with the development of the Jabiru satellite project.

Loans and Borrowings

On 17 March 2014 NewSat received US\$6 million in cash from Ever Tycoon Limited. Ever Tycoon Limited is a company associated with a director of NewSat, Mr Ching Chiat Kwong. On 27 June 2014 agreement was reached on the terms and conditions associated with the advancement of these funds. This agreement was not effective at 30 June 2014 given that certain material conditions precedent in the agreement had not been achieved. As such, these funds advanced from Ever Tycoon Limited have been recognised in current liabilities as an Other Financial Liability.

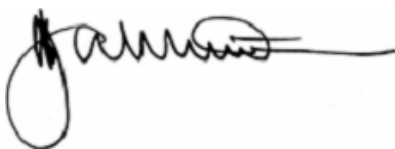
Directors' Report (continued)

NON-AUDIT SERVICES

NewSat may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

During the 2014 financial year, \$192,000 was paid or payable to the auditor (Ernst & Young) for non-audit services provided during the year (2013: \$31,000).

Signed in accordance with a resolution of the Directors.

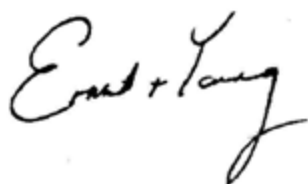
A handwritten signature in black ink, appearing to read 'Adrian Ballantine', with a large circular flourish at the end.

ADRIAN BALLINTINE
Director & Chief Executive Officer
Melbourne

30 September 2014

Auditor's Independence Declaration to the Directors of NewSat Limited

In relation to our audit of the financial report of NewSat Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Robert Dalton
Partner
30 September 2014

Corporate Governance Statement

NewSat supports the Australian Securities Exchange Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company's governance framework is in the process of being reviewed, in conjunction with independent consultants, to ensure consistency with the recommendations and the Company and its controlled entities are working together referred to as the Group in this statement. NewSat does however recognise that its ability to achieve all the best practice recommendations is limited in part by restraints of size and cost. The eight principles of the recommendations were in place during the entire 2014 year unless otherwise stated.

Principle 1 – Lay solid foundations for management and oversight

The matters reserved for the Board have been documented and published on the NewSat website. NewSat Board is responsible for the overall corporate governance of the Group including responsibility to:

- Providing strategic guidance for the Group, the setting and monitoring of goals and objectives and the effective oversight of management to maximise shareholder wealth;
- Select and appoint Directors and ratify the appointment of senior management;
- Approve the annual budget and monitor financial performance;
- Ensure significant business risks are identified and managed;
- Ensure adequate internal controls exist and are monitored for compliance;
- Approve divestments and acquisitions; and
- Ensure compliance of the Group's accounts with relevant accounting standards and their true and fair presentation.

The Chief Executive Officer has delegated responsibility for operating and administering the Group and is accountable to the Board for the performance of these duties.

The Company is in the process of enhancing the Board charter which will be published on the NewSat website when finalised. This will provide further details on the matters reserved for the Board and those delegated to senior executives. It will also include the process for evaluating the performance of senior executives.

In line with this, the Company is also in the process of enhancing the Delegation of Authority and Corporate Planning and Risk Management frameworks. It is expected that these will be in place in the first half of the next financial year.

Principle 2 – Structure the Board to add value

NewSat makes sure it has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. The Board facilitates the efficient discharge of the duties imposed by law on the Directors and adds value in the context of the Company's specific circumstances.

The Board is structured in such a way that it:

- Has a proper understanding of, and competence to deal with, the current and emerging issues of the business;
- Can effectively review and challenge the performance of management and exercise independent judgment.

Directors' Independence

To be deemed independent, a Director must be a Non-Executive and:

- Not be a substantial shareholder of the company or an officer of, otherwise associated directly with, a substantial shareholder of the company;
- Within the last three years, have not been employed in an executive capacity by the company or any other group member, or been a Director after ceasing to hold any such employment;
- Within the last three years, have not been a principal of a material professional adviser or a material consultant to the Company or any other group member, or an employee materially associated with the service provided;
- Not be a material supplier or customer of the Company or any other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Must have no material contractual relationship with the Company or a controlled entity other than as a Director of the Group;
- Not have been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- Be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Corporate Governance Statement (continued)

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or 5% of the individual Directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Directors' performance.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of NewSat Limited are considered to be independent:

Name	Position	
Richard R Green	Chairman, Non-Executive Director	
Andrew J Plympton	Non-Executive Director	(Resigned 30 June 2014)
Mark R Fishwick	Non-Executive Director	(Resigned 30 June 2014)
Brendan W Fleiter	Non-Executive Director	(Appointed 4 September 2013, Resigned 30 June 2014)
Roderic N Sage	Non-Executive Director	(Appointed 13 August 2014)
Fred S Grimwade	Non-Executive Director	(Appointed 29 August 2014)
Patrick S McVeigh	Non-Executive Director	(Appointed 26 September 2014)

The Company's Chairman is an independent Director. At times, during the financial year, the board composition was not a majority of independent Directors. It is the intention of the Company to appoint, in the first half of the next financial year, one more Non-Executive Director which is independent.

The Company is in the process of enhancing its framework for assessing the independence of Directors. This will become part of the Audit Committee responsibilities.

The Company has a Nomination Committee and a Remuneration Committee. The role and responsibilities of the Nomination Committee and Remuneration Committee are in the process of being updated and will form part of the enhanced Board charter, which will be documented on the NewSat website when finalised. The committees are chaired by an independent Director and the composition is a majority of independent Directors. Following the recent change in the composition of the Board the committee composition will be reviewed and reconfirmed.

Principle 3 – Promotion of ethical and responsible decision-making

The Board of NewSat approved a code of conduct as part of its Human Resources Policy to guide the Directors and Executives in the Company. This code has established the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals and investigating and reporting of unethical practices.

The code of conduct, embedded in the Human Resources Policy covers:

- Conflicts of interest;
- Corporate opportunities;
- Fair dealing;
- Protection and proper use of the Company's assets;
- Compliance with laws and regulations; and
- Encourages the reporting of unlawful/unethical behaviour.

The code of conduct is currently being enhanced and separated out of the Human Resources Policy so it can be disclosed on the NewSat website when finalised. In addition, a broader policy framework is being developed and after the Board approval they will be implemented throughout the Group. This framework will include policies such as Risk Management and Whistle-blower Policy.

The Company has had a policy concerning trading in Company Securities by Directors, Officers and employees. The policy was reviewed during the financial year and an enhanced policy was issued and disclosed to ASX and on the NewSat website.

Corporate Governance Statement (continued)

The main provisions of this Company Securities policy are that it:

- Provides a clear identification of Directors, Officers, employees or group of employees who are restricted from trading (“designated officers”);
- Identifies and raises awareness about the prohibitions under the law and the requirements of the policy;
- Requires designated Officers to provide notification to the Chairman of the Company of intended trading except for dividend reinvestment and the like;
- Requires subsequent confirmation of the trading that has occurred;
- Identifies when trading windows or blackouts are used and details of their application;
- Specifies there is discretion to permit trading by designated officers in specific circumstances (e.g. financial hardship) details of such circumstances, and the basis upon which discretion is applied;
- Specifies whether the Company prohibits designated officers from trading in financial products issued or created over the Company's securities by third parties, or trading in associated products; and
- Specifies whether the Company prohibits designated Officers from entering into transactions in associated products which operate to limit the economic risk of their security holding in the Company.

Diversity at NewSat

The Company recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Company will develop a Diversity Policy at an appropriate stage of the Company's development .

Principle 4 – Safeguard integrity in financial reporting

NewSat has created a structure which independently verifies and safeguards the integrity of the Company's financial reporting. This is performed through a process of review and authorisation designed to ensure the truthful and factual presentation of the Company's financial position.

This includes the review and consideration of the financial accounts by the Audit Committee. The structures do not diminish the ultimate responsibility of the Board to ensure the integrity of the Company's financial reporting. During the financial year the committee had at least three members with a majority of independent Directors and the Chairman was independent and not the chair of the Board.

The Company ensures that the CEO and CFO state in writing to the Board that the financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.

The Audit Committee has a charter, which is disclosed on the NewSat website.

In carrying out the Audit function, the Audit Committee charter includes the following responsibilities:

- Nominates the external auditor to the Board for appointment by shareholders. The Audit Committee approves the terms of the contract with the external auditor, agrees the annual audit plan and approves payments to the external auditor.
- Monitors and reviews any non-audit work carried out by the external auditors.
- Reviews accounting policies to ensure compliance with current laws, relevant regulations and accounting standards.
- Conducts any investigations relating to financial matters, records, accounts and reports which it considers appropriate.
- Reviews all material matters requiring exercise of judgment by management and reports those matters to the Board.
- Considers, in the absence of management and the external auditor, the quality of the information received by the Committee and, in considering the financial statements, discusses with management and the external auditor:
 - The financial statements and their conformity with accounting standards, other mandatory reporting requirements and statutory requirements; and
 - The quality of the accounting policies applied and any other significant judgments made.
- Discusses and receives assurances from the external auditors on the quality of the Company's systems, its account processes and its financial results. It also receives a report from the Auditor on any significant matters raised by the Auditors with management.
- Reviews all material accounting matters requiring exercise of judgment by management and reported on by the Committee to the Board.

NewSat's procedures for the selection and appointment of the External Auditors is that the Committee considers whether the external audit should be tendered.

Corporate Governance Statement (continued)

Principle 5 – Make timely and balanced disclosure

NewSat promotes timely and balanced disclosure of all material matters concerning the Group and has a documented Continuous Disclosure Policy and process to ensure compliance with the ASX listing rules such that:

- All investors have equal and timely access to information concerning the Company including its financial position, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced way i.e. disclosure of both negative and positive information.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance and the continuous disclosure of requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Company is in the process of enhancing the Continuous Disclosure Policy and will publish it with ASX and on the NewSat website when finalised. This is expected to be finalised in the first half of the next financial year.

Principle 6 – Respect the rights of shareholders

NewSat respects the rights of shareholders and endeavours to facilitate the effective exercise of those rights and the Company empowers its shareholders by communicating with them through:

- The annual report which is available to all shareholders;
- The annual general meeting and other meeting so called to obtain approval for Board action as appropriate;
- The Investor Update emails and shareholder newsletter; and
- The Investor Centre on the Company's website which:
 - Provides ready access to balanced and understandable information about the Company and corporate proposals
 - Provides information including media releases, announcements and financial data.

Principle 7 – Recognise and manage risk

The Company maintains a system of risk oversight and management and internal control. The system has been designed to identify, assess, monitor and manage risk. The structure enhances the environment for identifying and capitalising on opportunities to create value.

The Company is currently enhancing the framework, with the assistance of independent consultants, which will incorporate a revised charter for the Audit & Risk Committee, an enhanced delegation of authority framework, a policy framework and an enhanced risk management processes and systems. This is expected to be finalised and implemented in the first half of the next financial year.

The Audit & Risk Committee will manage the process through a risk management structure, headed by the CFO which answers directly to it.

Principle 8 – Remunerate fairly and responsibly

The Company has adopted remuneration policies that attract and maintain talented and motivated Directors and employees so as to encourage enhanced performance of the Company. There is a clear relationship between performance and remuneration, and this is the policy underlying executive remuneration.

The Board has a charter for the Remuneration Committee which is to review and make recommendations to the Board on:

- Non-Executive Directors and the Chief Executive Officer remuneration;
- Executive remuneration and incentive policies including share and share option plans;
- The remuneration packages of senior management;
- The Company's recruitment, retention and termination policies and procedures for senior management;
- Incentive schemes; and
- Superannuation arrangements and other retirement schemes.

The Company is in the process of enhancing the Remuneration Committee charter and the remuneration policies and approach. Once the revised charter is finalised it will be published on the NewSat website. This is expected to be finalised in the first half of the next financial year.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2014

		Year Ended 30 June 2014	Year Ended 30 June 2013
	Notes	\$'000	\$'000
Revenue			
Sale of goods and services		31,138	39,172
Finance revenue		114	88
Revenue	6(a)	31,252	39,260
Cost of Sales		(19,787)	(23,193)
Gross margin		11,465	16,067
Salaries & employee benefits expense	6(b)	(7,850)	(6,691)
Share based payments (non cash)	6(b)	(463)	(415)
Sales and marketing expense		(1,497)	(1,532)
Occupancy expense	6(c)	(1,038)	(613)
Other expenses / Income	6(d)	2,015	5,263
Profit before depreciation, amortisation, finance costs and tax (EBITDA)		2,632	12,079
Depreciation & amortisation	6(e)	(1,478)	(1,618)
Finance costs	6(f)	(453)	(12)
Profit before income tax		701	10,449
Income tax expense / benefit	7	906	-
Profit attributable to members of parent		1,607	10,449
Other comprehensive income for the period, net of tax		-	-
Total Comprehensive Income		1,607	10,449

Earnings per share for profit attributable to ordinary equity holders of the parent.

Basic earnings per share (cents)	0.2750	3.1127
Diluted earnings per share (cents)	0.2521	2.7521

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at 30 June 2014

		As at 30 June 2014	As at 30 June 2013	As at 1 July 2012
			Restated. See Note 29	Restated. See Note 29
	Notes	\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	9	45,545	112,781	3,761
Trade and other receivables	10	5,771	5,077	6,430
Inventories	11	445	495	531
Prepayments		2,785	2,745	3,076
Other financial assets	12	3,666	3,914	811
Total Current Assets		58,212	125,012	14,609
Non-current Assets				
Property, plant and equipment	13	8,357	7,474	6,197
Intangible assets and goodwill	14	399,190	125,553	65,545
Deferred Tax Assets	7	2,518	-	-
Total Non-current Assets		410,065	133,027	71,742
Total Assets		468,277	258,039	86,351
LIABILITIES				
Current Liabilities				
Trade and other payables	17	34,938	12,302	7,625
Interest-bearing loans and borrowings	18	187,446	47	3,547
Other financial liabilities	19	6,356	-	-
Provisions	20	1,825	2,129	1,594
Deferred income		3,443	5,031	5,466
Other post-employment benefit liability		244	141	119
Total Current Liabilities		234,252	19,650	18,351
Non-current Liabilities				
Interest-bearing loans and borrowings	18	128	31,759	5,985
Other liabilities		102	126	-
Provisions	20	82	74	68
Total Non-current Liabilities		312	31,959	6,053
Total Liabilities		234,564	51,609	24,404
Net Assets		233,713	206,430	61,947
Equity attributable to equity holders of the parent				
Contributed equity	21	275,926	265,583	161,957
Retained earnings	21	(96,132)	(97,738)	(108,317)
Reserves		53,918	38,585	8,307
Total Equity		233,713	206,430	61,947

The above Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

for the year ended 30 June 2014

		Year Ended 30 June 2014	Year Ended 30 June 2013
	Notes	\$'000	Restated \$'000
Cash flows from operating activities			
Receipts from customers		29,496	41,058
Payments to suppliers and employees		(33,069)	(34,906)
Interest received		114	88
Net cash flows (used in) / from operating activities	9	(3,459)	6,240
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,295)	(1,792)
Proceeds from sale of property, plant and equipment		37	24
Purchase of property for Satellite Development Project		-	(1,118)
Investment in Satellite Development Project		(256,081)	(27,056)
Net cash flows (used in) / from investing activities		(258,339)	(29,942)
Cash flows from financing activities			
Proceeds from issue of shares	21	2,150	96,900
Transaction costs of issue of shares		(51)	(9,175)
Proceeds from borrowings (interest bearing loan)		194,752	39,040
Repayment of borrowings (interest bearing loans)		-	(6,300)
Interest paid		(11)	(12)
Payment of finance lease liabilities		(45)	(35)
Net cash flows (used in) / from financing activities		196,795	120,418
Net increase / (decrease) in cash and cash equivalents		(65,003)	96,716
Net foreign exchange differences		(2,233)	12,304
Cash and cash equivalents at beginning of period		112,781	3,761
Cash and cash equivalents at end of period	9	45,545	112,781

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2014

	Attributable to equity holders of the parent					Total
	Issued capital	Retained earnings	Share Based	Asset	Equity Option	
			Payment	Revaluation	Reserve	
	\$'000	\$'000	Reserve	Reserve	Reserve	\$'000
At 1 July 2013	265,583	(97,738)	37,370	1,215	-	206,430
Total comprehensive income for the period						
Profit from operations	-	1,607	-	-	-	1,607
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	1,607	-	-	-	1,607
Transactions with owners recorded directly in equity						
Shares issued (capital raising)	2,150	-	-	-	-	2,150
Shares issued (in lieu of cash)	233	-	-	-	-	233
Shares issued (repayment of borrowings)	6,399	-	-	-	-	6,399
Shares issued (exercise of warrants)	-	-	-	-	-	-
Shares issued (exercise of options)	-	-	-	-	-	-
Cost of capital raising (net of tax)	1,561	-	-	-	-	1,561
Share based payments	-	-	15,333	-	-	15,333
Total transactions with owners	10,343	-	15,333	-	-	25,676
At 30 June 2014	275,926	(96,132)	52,703	1,215	-	233,713

	Attributable to equity holders of the parent					Total
	Issued capital	Retained earnings	Share Based	Asset	Equity Option	
			Payment	Revaluation		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2012	161,957	(108,317)	6,962	1,215	130	61,947
Total comprehensive income for the period						
Profit from operations	-	10,449	-	-	-	10,449
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	10,449	-	-	-	10,449
Transactions with owners recorded directly in equity						
Shares issued (capital raising)	96,900	-	-	-	-	96,900
Shares issued (in lieu of cash)	900	-	-	-	-	900
Shares issued (repayment of borrowings)	16,563	-	-	-	-	16,563
Shares issued (exercise of warrants)	-	-	-	-	-	-
Shares issued (exercise of options)	-	-	-	-	-	-
Transfer to / (from) reserves	-	130	-	-	(130)	-
Cost of capital raising	(10,737)	-	-	-	-	(10,737)
Share based payments	-	-	30,408	-	-	30,408
Total transactions with owners	103,626	130	30,408	-	(130)	134,034
At 30 June 2013	265,583	(97,738)	37,370	1,215	-	206,430

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

1 CORPORATE INFORMATION

The consolidated financial report of NewSat Limited (the Company) and its subsidiaries (the Group) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 30 September 2014. NewSat Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in note 5.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for land and buildings which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

(a) Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. A non IFRS measure EBITDA is included to assist investors better understand the performance of the business as management consider cash generation ability to be a key performance measure. It is calculated as profit before depreciation, amortisation, finance costs and tax (EBITDA).

(b) New accounting standards and interpretations

The group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2013 which had no significant impact to the disclosure or reported results in the financial statements.

- ▶ AASB 10 *Consolidated Financial Statements*
- ▶ AASB 12 *Disclosure of Interests in Other Entities*
- ▶ AASB 13 *Fair Value Measurement*
- ▶ AASB 119 *Employee Benefits*

The following Australian Accounting Standard and Interpretation has been early adopted by the Group for the annual reporting period ended 30 June 2014, as outlined in the following table:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1-Jan-14	The amended requirements have been considered in making impairment disclosures.	1-Jul-13

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations (continued)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2014, outlined in the following table:

IFRS 15	Revenue from Contracts with Customers	<p>IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.</p> <p>IFRS 15 supersedes:</p> <ul style="list-style-type: none"> (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p>	1-Jan-17	The impact on the Group has not yet been assessed	1-Jul-17
AASB 9	Financial Instruments	<p>AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value. The new standard also:</p> <ul style="list-style-type: none"> - simplifies requirements for embedded derivatives. - removes the tainting rules associated with held-to-maturity assets. - provides an opportunity to fair value investments in equity instruments to other comprehensive income, with no separate impairment test, whilst taking dividends to income. - requires entities to reclassify their financial assets when there is a change in the entity's business model. 	1-Jan-18	The Group expects no significant impact to the disclosure or reported results in the financial statements following adoption of this standard.	1-Jul-18

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of NewSat Limited and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(d) Going Concern

The financial statements have been prepared on a going concern basis, which assumes the normal continuity of business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The balance sheet of the group reflects a net current liability position of \$176 million. NewSat has previously disclosed that there was an alleged technical / documentary breach of loan covenants with ECA (Export Credit Agencies) lenders. As a consequence, ECA borrowings of \$158.5 million and convertible note borrowings of \$28.9 million are considered to be in default at 30 June 2014 and have been classified as current liabilities.

On 25 August 2014 NewSat reached a formal agreement for a waiver of the alleged breach from ECA lenders on agreed terms and conditions. Once the conditions to the waiver are satisfied, the ECA lenders will recommence debt drawdowns for the Jabiru-1 project. Prior to the satisfaction of waiver conditions, NewSat is able to utilise existing cash reserves set aside to fund the Jabiru project and approved Teleport expenses.

The key waiver conditions to be satisfied by NewSat include:

- The raising of equity or mezzanine debt proceeds of not less than US\$20 million prior to 30 September 2014 and cumulatively, not less than US\$40 million prior to 30 November 2014;
- The appointment of a further two directors to the Board;
- The appointment of a Chief Financial Officer;
- The satisfactory conclusion of an in progress review of NewSat accounts on behalf of lenders;
- The implementation of certain corporate governance recommendations.

The Directors have satisfied themselves of the inherent uncertainties of the Group's current financing and are of the view that the continued application of the going concern basis is appropriate due to the following factors:

- Satisfactory progression of capital raising activities.
- Satisfactory progression of remaining waiver conditions including:
 - The appointment of Ms Linda Dillon as Chief Financial Officer on 19 August 2014;
 - The appointment to the Board of Mr Fred S Grimwade on 29 August 2014;
 - The appointment to the Board of Mr Patrick S McVeigh on 26 September 2014;
 - The implementation of key governance recommendations; and
 - The review of NewSat accounts on behalf of lenders is continuing and NewSat continues to support this review.

The ability of the company to continue as a going concern is dependent on its satisfaction of waiver conditions (including the raising of required capital) and the ongoing support of ECA lenders.

However, if these conditions are not satisfied or satisfactorily renegotiated with the ECA lenders, there will be an inherent uncertainty as to whether the company and the consolidated entity can continue as going concerns, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(e) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 15.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, under the assumptions detailed in note 16.

The Group measures the cost of equity-settled transactions with non employees as the fair value of goods and services received, if the fair value of the goods and services received cannot be determined then the cost shall be measured as the fair value of the equity instruments at the date the goods and services are received.

(iii) Carrying Value of Satellite Development Asset

The key assumptions on which management has based its valuation of the intangible satellite asset have reference to market factors (competition, demand), operational factors (launch, operation, life, co-ordination), financing factors and general economic environment factors. In the event that any of these assumptions change, or risks associated with these factors eventuate, there may be a requirement to revisit the carrying value assessment of the intangible asset at that time.

(iv) Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the satisfaction of either the same business or continuity of ownership tests, the likely timing and level of future taxable profits together with future tax planning strategies.

The group has incurred tax losses in prior years and is in the process of quantifying the amount of losses that it expects to be available for future use. As this position remains uncertain at balance date, only a portion of the deferred tax asset has been able to be recognised in relation to these tax losses. Refer to Note 7.

(v) Loans and borrowings

The Group has entered into agreements to amend certain terms and conditions of the convertible notes. These amendments are subject to conditions precedent. As at 30 June 2014, these conditions precedent were not satisfied and as a result the amended terms and conditions were not effective as at 30 June 2014.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(f) 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. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue from a contract to provide services is recognised when the service is rendered. Revenue received in advance of the provision of the service is deferred until the service is rendered. Deferred Income relates to the customers billed in advance.

(iii) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(g) Fair value measurement

The Group measures financial instruments, such as, derivatives and non-financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for fair value measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(g) Fair value measurement (continued)

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Group's external valuers provide the valuation results. The results and underlying assumptions are discussed with the audit committee and/or the Group's independent auditors.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(h) Borrowing costs

Borrowing costs that are directly attributable to the Satellite Development asset are capitalised as part of the cost of the asset. All other borrowing costs are recognised as an expense when incurred.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. 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 recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that ownership will transfer to the Group on expiry of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

(j) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and other receivables

Trade receivables, which generally have 7 to 30 day terms, are recognised and carried at original invoice amount less allowance for impairment.

An allowance for impairment is made when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. Bad debts are written off when identified.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis; and

Finished goods and work-in-progress – cost of direct materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(m) Foreign currency translation

Both the functional and presentation currency of NewSat Limited and its Australian subsidiaries is Australian dollars (\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

(n) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value.

The policy of measuring land and building at fair value was adopted with effect from 30 June 2008. The previous policy was to measure land and buildings at cost less accumulated depreciation. The new policy was adopted to provide more relevant information about land and buildings values. The change in accounting policy resulted in an increase in the carrying amount of land and buildings of \$1,734,797 at 30 June 2008.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Land - Not Depreciated

Buildings – 15 years

Leasehold improvements - lease term

Plant and equipment – over 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(o) Property, plant and equipment (continued)

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

(p) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, or loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(q) Goodwill and intangibles

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(q) Goodwill and intangibles (continued)

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, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 *Operating Segment*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that 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 manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Research and Development

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits and the availability of resources to complete the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting.

Development costs in relation to the Jabiru - 1 project are capitalised if they meet the conditions set out in AASB 138 'Intangible Assets' which are that development costs are only capitalised once a business case has been demonstrated as to the technical feasibility and commercial viability. Capitalised development costs are amortised over the expected useful life of the asset.

Where the conditions are not met the costs are expensed through the statement of comprehensive income.

Other Intangibles

Intangibles assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangibles assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits incorporated in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to definite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(r) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that such reversal would be appropriate.

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources incorporating economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(v) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and (accumulating sick leave) expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(w) Other post-employment benefits

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred. Contributions are made by the Group in accordance with statutory requirements of each jurisdiction. Contributions by the Group of up to 9.25% of employee's wages and salaries are legally enforceable in Australia.

(x) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The following plans are currently in place to provide these benefits:

- (i) the Executive and Staff Option Plan No.3 (EOOP), which provides benefits to directors and senior executives;
- (ii) the Performance Rights Plan (PRP), which provides benefits to all employees, including senior executives and directors.

Each of these plans has been approved by the Remuneration Committee and shareholders in a general meeting. Under the Employee Option Plan, the board may offer options to any full time employee.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial pricing model, further details of which are given in note 16.

In addition, the following warrants plans are in place:

- (i) the Jabiru Warrants Plan, which provides to the convertible note holder and certain advisors at the discretion of the Directors;
- (ii) the Warrants on FY11 Share Placement, which provides to sophisticated and professional investors.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of NewSat Limited (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 8).

The Group measures the cost of equity-settled transactions with non employees as the fair value of goods and services received. If the fair value of the goods and services received cannot be determined then the cost shall be measured as the fair value of the equity instruments at the date the goods and services are received.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(y) Convertible notes

The component of the convertible note that exhibits characteristics of a liability is recognised as a liability in the Balance Sheet, net of transaction costs.

On issuance of the convertible note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability using the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a borrowing cost.

(z) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ab) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current period.

(ac) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

3 PARENT ENTITY INFORMATION

	PARENT	
	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
(a) Financial Information relating to NewSat Ltd:		
Current assets	1,381	110,727
Total assets	236,621	214,326
Current liabilities	38,830	3,007
Total liabilities	39,303	34,953
Contributed equity	275,927	265,583
Retained earnings	(131,312)	(123,710)
Other reserves	52,703	37,500
Total shareholders' equity	197,318	179,373
Profit/(loss) of the parent entity	(7,732)	2,321
Total comprehensive income of the parent entity	(7,732)	2,321

(b) Other information

Contingent assets and liabilities of the parent entity. Refer to note 24 for discussion of the company's contingent assets and liabilities.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

4 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, cash and short-term deposits, other financial assets, payables and interest bearing liabilities.

The Group is exposed to credit risk, foreign currency risk and liquidity risk. The Group's senior management oversees the management of these risks. Senior management provides assurance to the Board that the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Board reviews and agrees policies for managing each of these risks as summarised below.

The consolidated entity holds the following financial instruments at the reporting date:

	Note	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Financial Assets			
Cash and Cash equivalents	9	45,545	112,781
Trade and other receivables	10	5,771	5,077
Other financial assets	12	3,666	3,914
		54,982	121,772
Financial Liabilities			
Trade and other payables	17	34,938	12,302
Obligations under finance leases and hire purchase contracts	18	184	108
ECA (Export Credit Agency) Debt Facility	18	158,503	-
Convertible note	18	28,887	31,698
Other financial liability	19	6,356	-
		228,868	44,108

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, other financial assets and available-for-sale financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group. The credit risk relating to cash on hand and cash equivalents and other financial assets is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the CFO.

(b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the US denominated ECA lendings and convertible notes and the Group's net investments in foreign subsidiaries.

The functional currency for the Group is in Australian dollars. The Group's invoices significant contract revenues in United States Dollars (USD). It is the Group's policy to match sales directly with purchases of satellite space capacity also denominated in USD. For sales denominated in other currencies where costs are either USD or AUD based, the foreign exchange risk is not considered significant.

Under the terms of the ECA lending agreement, the Company cannot enter into a hedging transaction. However, the Company believes that with the launch of Jabiru-1 in the future with the USD revenue, the exposure to foreign currency risk will be mitigated.

	Change in USD rate relative to AUD	Effect on profit before tax \$'000	Effect on equity \$'000
FY14	+ 10%	(21,542)	(21,542)
	- 10%	21,542	21,542
FY13	+ 5%	3,891	3,891
	- 5%	(3,891)	(3,891)

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

4 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, preference shares, finance leases and committed available credit lines.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2014.

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Trade payables and non interest bearing loans mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital eg inventories and trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, NewSat Ltd has established comprehensive risk reporting covering its operating business units that reflects expectations of management of expected settlement of financial assets and liabilities.

Maturity Analysis of financial assets and liabilities based on contractual maturity**

	Carrying Amount		6 months or less		>6 months	
	Year ended 30 June 2014	Year ended 30 June 2013	Year ended 30 June 2014	Year ended 30 June 2013	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and Cash equivalents	45,545	112,781	45,545	112,781	-	-
Trade and other receivables	5,771	5,077	5,771	5,077	-	-
Other financial assets	3,666	3,914	3,666	3,914	-	-
	54,982	121,772	54,982	121,772	-	-
Financial Liabilities						
Trade and other payables	34,938	12,302	34,938	12,302	-	-
Obligations under finance leases and hire purchase contracts	184	108	24	23	160	85
ECA (Export Credit Agency) Debt Facility ***	158,503	-	-	-	158,503	-
Interest bearing loans ***	28,887	31,698	-	-	28,887	31,698
Other financial liability	6,356	-	6,356	-	-	-
	228,868	44,108	41,318	12,325	187,550	31,783

**Management's expectation is consistent with the contractual maturity profile detailed above.

*** NewSat has previously disclosed that there was an alleged technical / documentary breach of loan covenants with ECA (Export Credit Agencies) lenders. As a consequence, ECA borrowings of \$158.5 million and convertible note borrowings of \$28.9 million are considered to be in default at 30 June 2014 and have been classified as current liabilities.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the US denominated ECA lendings and convertible notes. The exposure is minimal as the Group entered the borrowing agreements with fixed interest rates. As at 30 June 2014, 100% of the Group's borrowings are at fixed rates of interest (2013: 100%).

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

5 OPERATING SEGMENTS

(a) Identification of Reportable Segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers - "CODM") in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature and markets in which the products and services are sold. Discrete financial information about each of these operating businesses is reported by the Executive Management Team to the Board of Directors on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Property, plant and equipment as detailed in note 13 is predominantly held in Australia. The construction of the Jabiru satellite, the cost of which is detailed in note 14, will occur in the United States of America.

(b) Reportable Segments

Delivery of Satellite Communications Solutions

The NewSat Limited Group provides satellite communications solutions to its customers, including sale of space capacity, VOIP and data services, up linking and down linking and other related services.

Satellite Development

As announced to the market in recent months, the Group is in the construction phase of the first satellite as part of the Jabiru Satellite Project and continues to significantly progress the development of the project. The project involves the development of a geostationary satellite program with the first launch anticipated in 2016 financial year.

(c) Accounting Policies and Inter-Segment Transactions

The accounting policies used by the Group in reporting segments internally are the same as those applied in the 2013 Annual Report (note 2).

(d) Major customers

Sales from one customers account in excess of 10% of consolidated revenue. The customer is in the Delivery of Satellite Services segment. Revenue from the customer was approximately \$5,242,858 (2013: approximately \$10,438,463).

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

5 OPERATING SEGMENTS (continued)

(e) Information about reportable segments

	Delivery of Satellite Services \$000	Jabiru Satellite Development \$000	Unallocated Items \$000	Total \$000
Year Ended 30 June 2014				
Revenue				
Sales to external customers	31,138	-	-	31,138
Total segment revenue	31,138	-	-	31,138
Segment profit / (loss) before depreciation, amortisation, finance costs and tax (Segment EBITDA)				
	4,564	(7)	-	4,557
Depreciation and amortisation	1,057	-	421	1,478
Capital expenditure	2,078	-	338	2,416
Investment in satellite development asset	-	273,642	-	273,642
Year Ended 30 June 2013				
Revenue				
Sales to external customers	39,172	-	-	39,172
Total segment revenue	39,172	-	-	39,172
Segment profit / (loss) before depreciation, amortisation, finance costs and tax (Segment EBITDA)				
	10,091	(1)	-	10,090
Depreciation and amortisation	1,405	-	213	1,618
Capital expenditure	2,695	-	213	2,908
Investment in satellite development asset	-	60,016	-	60,016

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

5 OPERATING SEGMENTS (continued)

(f) Reconciliation of reportable segment revenues and profit or loss

Revenue

	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$'000	\$'000
Total segment revenue	31,138	39,172
Interest revenue	114	88
Consolidated revenue	31,252	39,260

Profit before income tax

	Year Ended 30 June 2014	Year Ended 30 June 2013
	\$'000	\$'000
Reported segment profit before depreciation, amortisation, finance costs and tax	4,557	10,090
<i>Unallocated items:</i>		
Share based payments charge	(463)	(415)
Foreign exchange gains / (losses)	6,669	8,183
Unallocated amounts - other corporate expenses	(8,131)	(5,779)
Profit before depreciation, amortisation, finance costs and tax (EBITDA) per the Statement of Comprehensive Income	2,632	12,079
Depreciation & amortisation	(1,478)	(1,618)
Finance costs	(453)	(12)
Profit before income tax per the Statement of Comprehensive Income	701	10,449

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

6 REVENUE, INCOME AND EXPENSES

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
(a) Revenue		
Sale of goods	782	1,131
Rendering of services	30,356	38,041
Finance revenue	114	88
	31,252	39,260
(b) Employee benefits expense		
Wages and salaries	7,327	6,133
Workers' compensation costs	33	36
Defined contribution plan expense	535	457
Long service leave provision	(45)	65
Employee benefits expense (cash settled)	7,850	6,691
Share-based payments expense	463	415
Employee benefits expense (cash and equity settled)	8,313	7,106
(c) Occupancy expenses		
Operating lease expense	880	497
Other occupancy expense	158	116
Total occupancy expenses	1,038	613
(d) Other expenses / Income		
Consulting fees	162	65
Audit and tax fees	337	268
Insurance	394	256
Legal fees	249	120
Director fees	610	460
Travel expenses	558	331
Repair & maintenance	303	326
Loss on disposal of property, plant & equipment	25	-
Administrative expense	2,016	1,094
Foreign currency (gain) / loss	(6,669)	(8,183)
	(2,015)	(5,263)
(e) Depreciation and amortisation		
Amortisation of intangible assets	5	8
Depreciation	1,473	1,610
	1,478	1,618
(f) Finance costs		
Interest expenses	443	-
Finance charges payable under finance leases and hire purchase contracts	10	12
Total finance costs	453	12

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

7 INCOME TAX

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Accounting profit before income tax	701	10,449
At the Group's statutory income tax rate of 30% (2013: 30%)	(210)	(3,135)
<u>Adjustments:</u>		
Tax effect of amount not assessable for tax purposes	2,001	2,455
Capital raising costs	536	533
Tax benefit of losses not brought to account	(2,327)	-
Utilisation of previously unrecognised tax losses	-	147
Movement in deferred tax from temporary differences	906	-
Aggregate income tax expense / benefit	906	-

The Group has the following deferred tax arising from temporary differences recognised:

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Deferred Tax Liabilities		
Revaluation of Land & Buildings	(520)	(520)
Unrealised foreign exchange losses/ (gains)	(2,001)	(2,455)
	(2,521)	(2,975)
Deferred Tax Assets		
Provisions	625	520
Capital raising costs	1,612	-
Tax losses	2,802	2,455
	5,039	2,975
Net deferred tax assets on consolidated balance sheet	2,518	-
Net deferred tax recognised in		
- Income statement	906	-
- Directly to equity	1,612	-

The Group may have unrecognised tax losses of up to \$31,201,000 (2013: \$22,863,000) which can be utilised provided the carry forward loss rules in the Income Tax Assessment Act 1997 are satisfied.

Tax consolidation

NewSat Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 January 2006. NewSat Limited is the head entity of the tax consolidated group.

Tax effect accounting by members of the tax consolidated group

The Group has applied the Group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. The Group does not have a tax funding agreement and all allocations under UIG 1052 (Tax Consolidation Accounting) are accounted for as equity. No entries were made in the current year (2013: nil).

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

8 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Net profit attributable to ordinary equity holders of the parent	1,607	10,449
	Year ended 30 June 2014 Thousands	Year ended 30 June 2013 Thousands
Weighted average number of ordinary shares for basic earnings per share	585,072	335,634
Effect of dilution:		
Share options	53,138	43,984
Weighted average number of ordinary shares adjusted for the effect of dilution	638,210	379,618

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

9 CASH AND CASH EQUIVALENTS

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Cash at bank and in hand	44,200	111,344
Short-term deposits	1,345	1,437
	45,545	112,781

Cash and cash equivalents include term deposits held with financial institutions that either back letters of credit or guarantees to fund security obligations of certain operating leases the group has entered in to. At 30 June 2014 these deposits had a value of \$1,344,953 (2013: \$1,436,906)

As at 30 June 2014, US\$25 million was restricted by ECA (Export Credit Agencies) lenders for contingent events for Jabiru-1 project.

Under the conditions of the waiver to covenant breaches approved by lenders and announced by NewSat on 25 August 2014, NewSat is now able to access this US\$25 million immediately for the purpose of Jabiru-1 approved project costs, whilst other conditions associated with the waiver, including capital raising are undertaken. Refer Note 26 Events after Balance Date for further details.

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

Cash at bank and short-term deposits	45,545	112,781
	45,545	112,781

Reconciliation of net profit before tax to net cash flows from operations

Net Profit before tax	701	10,449
<u>Adjustments for:</u>		
Depreciation	1,473	1,610
Amortisation of intangibles	5	8
Doubtful debts	29	-
Stock adjustment	39	41
Employee entitlements	(177)	535
Loss on disposal of property, plant and equipment	25	-
Interest expense	453	12
Unrealised FX (Gain) / Loss	(6,669)	(8,621)
Share options expensed	463	415
<u>Changes in assets and liabilities</u>		
(Increase)/decrease in inventories	11	(4)
(Increase)/decrease in trade and other receivables	(170)	812
(Increase)/decrease in prepayments	54	375
(Decrease)/increase in trade and other payables	(869)	844
(Decrease)/increase in provisions	1,173	(236)
Net cash from operating activities	(3,459)	6,240

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

10 TRADE AND OTHER RECEIVABLES

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Current		
Trade receivables	4,604	5,133
Allowance for impairment loss (a)	(31)	(888)
Other Receivables(b)	1,198	832
	5,771	5,077

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 7-30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A net impairment loss of \$28,612 (2013: nil) has been recognised by the Group.

Movements in the provision for impairment loss were as follows:

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
At 1 July 2013	888	872
Amounts written off (included against Trade Receivables)	(888)	-
Charge for the year	29	-
Other	2	16
At 30 June 2014	31	888

At 30 June 2014, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI*	61-90 days CI*	90+ days PDNI*	90+ days CI*
2014 Consolidated	4,604	3,947	230	20	-	376	31
2013 Consolidated	5,133	4,028	66	109	-	42	888

* Past due not impaired ('PDNI')
Considered Impaired ('CI')

Receivables past due but not considered impaired are : Consolidated \$396,000 (2013: \$151,000). Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full or related trade payables will be offset with the customer. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Also the Group has no significant concentrations of credit risk. The Group has a policy to ensure all sales of products and services are made to customers with an appropriate credit history.

(b) Other Receivables

\$915,000 (2013: \$357,000) in other receivables related to receivable from CEO - Mr A Ballintine.

Loans to the CEO Adrian Ballintine are charged interest at 10% per annum. The terms are less than 12 months.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

11 INVENTORIES

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Finished goods	1,134	1,142
Provisions for inventory obsolescence	(689)	(648)
Total inventories on hand	445	495

(a) Inventory expense

Inventories recognised as an expense for the year ended 30 June 2014 total \$616,479 (2013:\$961,639) for the Group.

12 OTHER FINANCIAL ASSETS

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Current		
Refundable deposit	2,652	2,347
Loan to key management personnel	-	450
Other financial deposit	1,014	1,117
	3,666	3,914

During last financial year, the loan to a key management personnel was provided to CEO - Mr A Ballintine on an arm's-length basis. The loan of \$250,000 was provided on 27 November 2012 for a term of one year. Interest is charged at 10%. The loan is secured by and is an advance against his bonus or, if his employment is terminated prior to repayment on the loan, any termination payment including statutory entitlements. An additional loan of \$200,000 was provided on 2 May 2013 on the same terms and conditions as the loan issued on 27 November 2012. The loan was fully repaid in the 2014 financial year.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

13 PROPERTY, PLANT AND EQUIPMENT

(a) Movement in property, plant and equipment

Year ended 30 June 2014

At 1 July 2013,
net of accumulated depreciation and impairment

Additions

Disposals

Depreciation charge for the year

Accumulated depreciation - disposals

**At 30 June 2014,
net of accumulated depreciation and impairment**

At 1 July 2013

Cost or fair value

Accumulated depreciation and impairment

Net carrying amount

At 30 June 2014

Cost or fair value

Accumulated depreciation and impairment

Net carrying amount

Year ended 30 June 2013

At 1 July 2012,
net of accumulated depreciation and impairment

Additions

Disposals

Depreciation charge for the year

Accumulated depreciation - disposals

**At 30 June 2013,
net of accumulated depreciation and impairment**

At 1 July 2012

Cost or fair value

Accumulated depreciation and impairment

Net carrying amount

At 30 June 2013

Cost or fair value

Accumulated depreciation and impairment

Net carrying amount

Freehold land, buildings & leasehold improvements	Plant and equipment	Total
\$'000	\$'000	\$'000
4,238	3,236	7,474
511	1,905	2,416
-	(145)	(145)
(150)	(1,323)	(1,473)
-	85	85
4,599	3,758	8,357
5,805	18,547	24,352
(1,567)	(15,311)	(16,878)
4,238	3,236	7,474
6,316	20,307	26,623
(1,717)	(16,549)	(18,266)
4,599	3,758	8,357
2,949	3,248	6,197
1,443	1,465	2,908
-	(26)	(26)
(154)	(1,456)	(1,610)
-	5	5
4,238	3,236	7,474
4,362	17,108	21,470
(1,413)	(13,860)	(15,273)
2,949	3,248	6,197
5,805	18,547	24,352
(1,567)	(15,311)	(16,878)
4,238	3,236	7,474

(b) Additional information

The useful life of the assets was estimated as follows both for 2013 and 2014:

Land	Indefinite useful life (not depreciated)
Buildings	15 years
Leasehold improvements	Lease term
Plant and equipment	2 to 5 years

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Finance leases

The carrying value of property, plant and equipment held under finance leases and hire purchase contracts at 30 June 2014 was \$167,552 (2013: \$114,972). Additions during the year include \$151,495 (2013: nil) of property, plant and equipment under finance leases and hire purchase contracts.

(d) Assets pledged as security

The above property, plant & equipment with the original cost are pledged as security for the ECA borrowings (2013: nil).

(e) Revaluation of land and buildings

From 1 July 2007, the Group has changed its accounting policy for the measurement of land and buildings to the revaluation model.

If the land and buildings were measured using the cost model, the carrying amount would be as follows:

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Cost	1,747	1,747
Accumulated depreciation	-	-
Net Carrying Amount	1,747	1,747

The revalued land and buildings consist of teleport properties in Perth and Adelaide. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valour are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation, the properties' fair values are based on valuations performed by Herron, Todd & White Pty Ltd, an accredited independent valuer.

(f) Assets measured at fair value

As at 30 June 2014, the Group held the following assets carried at fair value in the Statement of Financial Position:

	Significant unobservable inputs (Level 3) \$'000
Land & Buildings (Date of valuation: 30 June 2014)	3,482

Land and Buildings are categorised as Level 3 in the fair value hierarchy given the valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Significant unobservable valuation input:

	Significant unobservable inputs	Range	Sensitivity
Bayswater, Western Australia	Price per square metre	\$380 - \$420	The higher this value the higher the land value
Mawson Lakes, South Australia	Price per square metre	\$180 - \$220	The higher this value the higher the land value

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

14 INTANGIBLE ASSETS AND GOODWILL

	Customer Contracts ¹	Goodwill ²	Satellite Development Asset ³	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2013				
Cost (gross carrying amount)	1,004	11,206	116,927	129,137
Accumulated amortisation and impairment	(993)	(2,591)	-	(3,584)
Net carrying amount at 1 July 2013	11	8,615	116,927	125,553
Year ended 30 June 2014				
Net carrying amount at 1 July 2013	11	8,615	116,927	125,553
Addition - Internal development	-	-	273,642	273,642
Amortisation	(5)	-	-	(5)
Net carrying amount at 30 June 2014	6	8,615	390,569	399,190
At 30 June 2014				
Cost (gross carrying amount)	1,004	11,206	390,569	402,779
Accumulated amortisation and impairment	(998)	(2,591)	-	(3,589)
Net carrying amount at 30 June 2014	6	8,615	390,569	399,190
	Customer Contracts ¹	Goodwill ²	Satellite Development Asset ³	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2012				
Cost (gross carrying amount)	1,004	11,206	56,911	69,121
Accumulated amortisation and impairment	(985)	(2,591)	-	(3,576)
Net carrying amount at 1 July 2012	19	8,615	56,911	65,545
Year ended 30 June 2013				
Net carrying amount at 1 July 2012	19	8,615	56,911	65,545
Addition - Internal development	-	-	60,016	60,016
Amortisation	(8)	-	-	(8)
Net carrying amount at 30 June 2013	11	8,615	116,927	125,553
At 30 June 2013				
Cost (gross carrying amount)	1,004	11,206	116,927	129,137
Accumulated amortisation and impairment	(993)	(2,591)	-	(3,584)
Net carrying amount at 30 June 2013	11	8,615	116,927	125,553

1 The customer contracts are for a finite period and therefore have a finite life. In accordance with AASB 138 'Intangible Assets', the depreciation in relation to an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. The Group has considered diminishing value method to be the most appropriate method to apply.

2 Purchased as part of business combinations. Goodwill acquired through business combinations has been allocated to the Teleport cash generating unit which is included in the Delivery of Satellite Services segment. The key assumption on which management has based its valuation of goodwill was that the business will generate cash flows as per the most recent financial budgets. This is reliant on the following factors: gross margins, market share during the budget period and growth rate used to extrapolate cash flows beyond the budget period.

3 The Group has significantly progressed the development of the project during the financial year. The project involves the development of a geostationary satellite program with the first launch anticipated in 2016 financial year. The key assumptions on which management has based its valuation of the intangible satellite asset have reference to market factors (competition, demand), operational factors (launch, operation, life, co-ordination), financing factors and general economic environment factors. In the event that any of these assumptions change, or risks associated with these factors eventuate, there may be a requirement to revisit the carrying value assessment of the intangible asset at that time. \$14,413,921 (2013: \$4,253,087) of borrowing costs relating to the project have been capitalised.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

15 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

Goodwill acquired through business combinations has been allocated to the Teleport cash generating unit which is included in the Delivery of Satellite Services segment. The value-in-use calculations are based on discounted cash flow calculations. The pre-tax discount rate utilised in the calculations is 15%.

The key assumption used was that the business will generate cash flows as per the most recent financial budgets. This is reliant on the following factors: gross margins, market share during the budget period and growth rate used to extrapolate cash flows beyond the budget period. Approved projected cash flows are considered for a period of five years. A terminal value has been calculated using the perpetuity growth model which accounts for the value of free cash flows expected to be generated by the teleport cash generating unit in the future.

Gross margins: They are based on average values achieved in the years preceding the start of the budget period. These are increased over the budget period for anticipated improvements.

Market share: Management expects the group's share of the satellite communications market to increase over the budget period.

Growth rate: The growth rates do not exceed the long term average for the industry.

As at 30 June 2014, Management assessed the recoverable amount of goodwill and the contracts acquired through acquisition, and determined based on value-in-use assessment and discounted forecast future cash flows. No write-down of the carrying amount of goodwill or customer contracts was necessary. The recoverable amount of this cash-generating unit was assessed by reference to the expected future cash flows.

Based on the result of the sensitivity analysis, the goodwill will be impaired if the forecast EBITDA is reduced by more than 33% in the coming financial years.

16 SHARE-BASED PAYMENT PLANS

(a) Types of share-based payment plans

Employee Share Option Plan

All full time employees of NewSat Ltd (excluding Directors) are eligible to participate in the Executive and Staff Option Plan No3 at the discretion of the Directors. The total number of options of the Company has been authorised to issue under Executive and Staff Option Plan No3 ("the plan"), excluding the number able to be disregarded, must not exceed 5% of the total number of shares on issue at any time. The Options are non-transferable and will not be quoted on the ASX.

All options issued under the Plan are granted for no consideration and carry an exercise price of not less than the price which is calculated by discounting the closing price for ordinary shares on the date of issue by not more than 10%. Each option is convertible into one ordinary share.

In addition the Directors resolved to issue a number of options to executives, that were not issued pursuant to the Executive and Staff Option Plan No.3, upon conditions imposed by the Board. These options are non-transferable and will not be quoted on ASX. These options have also been issued for no consideration and are exercisable at a price which is calculated by discounting the closing price for ordinary shares on the date of issue by more than 10%.

Each option is convertible into one ordinary share. The contractual life of each option granted is three months to five years. There are no cash-settlement alternatives.

The Company issued 2,200,000 (2013: 100,000) options in the year ended 30 June 2014 and 19,550,000 (2013: 20,220,000) options are outstanding at balance date.

Performance Rights Plan

All employees, as defined in the plan, of NewSat Ltd are eligible to participate in the Performance Rights Plan at the discretion of the Directors. The total number of performance rights the Company has been authorised to issue under the Performance Rights Plan ("the plan"), excluding the number able to be disregarded, must not exceed 5% of the total number of shares on issue at any time. The Options are non-transferable and will not be quoted on the ASX.

All rights issued under the Plan are granted for no consideration and carry an exercise price as determined by the Directors. Each performance right is convertible into one ordinary share.

The Company issued 7,100,000 (2013: 1,400,000) performance rights in the year ended 30 June 2014 and 17,300,000 (2013: 24,450,000) rights are outstanding at balance date. The exercise price of the rights was zero cents. The rights issued in the year ended 30 June 2014 vest if the holder is continuously employed at the time the following conditions are satisfied and/or on the public announcement by NewSat that it has successfully launched Jabiru-1 into orbit and has successfully completed in-orbit testing of Jabiru-1. The rights lapse if the vesting conditions are not met and expire five years from grant date.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

16 SHARE BASED PAYMENT PLANS (continued)

(a) Types of share-based payment plans (continued)

Jabiru Warrants Plan

The convertible note holder and certain advisors are eligible to participate in the Jabiru Warrants Plan at the discretion of the Directors.

All warrants issued under the Plan are granted for no consideration. Each Jabiru warrant is convertible into one ordinary share.

The Company issued 21,500,000 (2013: 127,855,077) Jabiru warrants in the year ended 30 June 2014 and 91,205,883 (2013: 107,855,081) warrants are outstanding at balance date. The exercise price of the warrants range from \$0.00001 to \$0.40. The warrants issued to advisors vest on grant date. The warrants issued to the convertible note holder vest from grant date and in tranches every subsequent 6 months for 5 years. The warrants that do not vest on grant date are subject to automatic cancellation for no consideration based on the Company's average VWAP for the 20 trading days prior to each vesting date. The warrants expire five years from grant date.

Warrants on FY11 Share Placement

During FY11 NewSat completed a Share Placement to sophisticated and professional investors. The investors also received one warrant for every two placement shares purchased. The warrants have an exercise price of \$0.50 and expire five years from the date of issue. 8,373,571 (2013: 8,373,571) warrants are outstanding at balance date.

The expense recognised in the income statement in relation to share-based payments is disclosed in note 6(b).

(b) Summary of options, performance rights and warrants granted under plans

The following table illustrates the number (No.) and weighted average exercise price (WAEP) and movement in share options, performance rights and warrants issued during the year.

	2014 No. ('000)	2014 WAEP	2013 No. ('000)	2013 WAEP
Outstanding at the beginning of the year	160,899	0.100	52,264	0.340
Granted during the year	30,800	0.289	129,355	0.000
Forfeited during the year	(5,369)	0.097	(100)	(0.000)
Exercised during the year	(49,901)	0.000	(20,620)	(0.000)
Expired during the year	-	-	-	-
Outstanding at the end of the year	136,429	0.123	160,899	0.100

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is between 0 and approximately 4 years (2013: 0 and 5 years).

The range of exercise prices for options outstanding at the end of the year was \$0.00-\$1.00 (2013: \$0.00-\$1.00).

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

16 SHARE BASED PAYMENT PLANS (continued)

(c) Share options, performance rights and warrants pricing model

The weighted average fair value of share options, performance rights and warrants granted during the year was \$0.27 (2013: \$0.29).

The fair value of the equity-settled share options, performance rights and warrants granted under the plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the share options, performance rights and warrants were granted.

The following table lists the inputs to the model used for the years ended 30 June 2014 and 30 June 2013:

	2014	2013
Dividend yield (%)	nil	nil
Expected volatility (%)	50% - 100%	50% - 100%
Risk-free interest rate (%)	2.71% - 3.67%	2.71% - 3.12%
Expected life of option (years)	0 - 5	0 - 5
Option exercise price (\$)	0.00 - 1.00	0.00 - 1.00
Weighted average share price at grant date (\$)	0.395 - 0.500	0.395 - 0.500

The expected life of the share options, performance rights and warrants is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of share options, performance rights and warrants granted were incorporated into the measurement of fair value.

The fair value of the equity-settled share options, performance rights and warrants is measured at the grant date using the Binomial option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in profit or loss.

The total share-based payment expense for the year ended at 30 June 2014 was \$463,397 (2013: \$415,305). The Group has included the value of the share options, performance rights and warrants in the Satellite Development Asset if the nature of the vesting conditions are dependent on the success of Jabiru-1. For the year ended at 30 June 2014 \$10,823,653 (2013: \$29,227,056) was capitalised. All other amounts have been recognised in the share-based payment expense.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

16 SHARE BASED PAYMENT PLANS (continued)

(d) Summary of terms and conditions of options and performance rights

The following table illustrates the number (No.) and terms & conditions of share options and performance rights on issue as at 30 June 2014.

Year Ended 30 June 2014			Terms & Conditions for each Grant					Vested
Instrument	No. ('000)	Grant Date	Exercise price per option (\$)	Hurdle price per option (\$)	Expiry Date	First Exercise Date	Last Exercise Date	No.('000)
Options	500	4/12/09	0.500	-	4/12/14	4/12/12	3/12/14	500
Options	500	4/12/09	1.000	-	4/12/14	4/12/12	3/12/14	500
Options	4,340	24/03/10	0.00005	1.000	23/03/15	24/03/13	23/03/15	4,340
Options	1,940	24/03/10	0.500	-	23/03/15	24/03/13	23/03/15	1,940
Options	4,940	14/05/10	0.00005	1.000	13/05/15	14/05/13	13/05/15	4,940
Options	3,160	14/05/10	0.500	-	13/05/15	14/05/13	13/05/15	3,160
Options	1,200	7/10/10	0.00005	1.000	6/10/15	7/10/13	6/10/15	1,200
Options	400	7/10/10	0.500	-	6/10/15	7/10/13	6/10/15	400
Options	270	21/10/11	-	-	5/09/16	2/08/14	5/09/16	-
Options	100	1/08/12	0.500	-	31/07/15	1/08/13	31/07/15	100
Options	600	18/12/13	0.500	-	18/12/18	18/12/14	18/12/18	-
Options	1,000	18/12/13	0.00001	1.000	18/12/18	18/12/14	18/12/18	-
Options	600	18/12/13	0.0001	-	18/12/18	18/12/14	18/12/18	-
Jabiru Warrants	5,074	28/02/13	0.00001	-	28/02/18	28/08/14	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.00001	-	28/02/18	28/02/15	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.00001	-	28/02/18	28/08/15	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.00001	-	28/02/18	28/02/15	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.00001	-	28/02/18	28/08/16	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.00001	-	28/02/18	28/02/15	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.00001	-	28/02/18	28/08/17	28/02/18	-
Jabiru Warrants	34,191	28/02/13	0.00001	-	28/02/18	28/02/18	28/02/18	-
Jabiru Warrants	21,500	17/09/13	0.400	-	17/09/18	17/09/13	17/09/18	21,500
Warrants	8,374	25/05/11	0.500	-	25/05/16	25/05/11	25/05/16	8,374
Performance Rights	100	21/10/11	-	-	20/10/16	*	20/10/16	100
Performance Rights	4,300	21/10/11	-	-	20/10/16	**	20/10/16	-
Performance Rights	1,500	2/12/11	-	-	20/10/16	**	20/10/16	-
Performance Rights	250	8/06/12	-	-	7/06/17	*	7/06/17	250
Performance Rights	5,200	8/06/12	-	-	7/06/17	**	7/06/17	-
Performance Rights	600	28/03/13	-	-	27/03/18	1/02/15	27/03/18	-
Performance Rights	500	13/09/13	-	-	13/09/18	1/12/13	13/09/18	500
Performance Rights	250	13/09/13	-	-	13/09/18	1/01/14	13/09/18	250
Performance Rights	500	13/09/13	-	-	13/09/18	1/06/14	13/09/18	500
Performance Rights	250	13/09/13	-	-	13/09/18	1/07/14	13/09/18	-
Performance Rights	875	13/09/13	-	-	13/09/18	1/10/14	13/09/18	-
Performance Rights	500	13/09/13	-	-	13/09/18	1/12/14	13/09/18	-
Performance Rights	250	13/09/13	-	-	13/09/18	1/01/15	13/09/18	-
Performance Rights	875	13/09/13	-	-	13/09/18	1/03/15	13/09/18	-
Performance Rights	500	13/09/13	-	-	13/09/18	1/06/15	13/09/18	-
Performance Rights	250	13/09/13	-	-	13/09/18	1/07/15	13/09/18	-
Performance Rights	600	18/12/13	-	-	18/12/18	31/01/16	18/12/18	-
Total	136,429							47,304

* Performance rights are exercisable on public announcement that NewSat has reached financial close on Jabiru-1

** Performance rights are exercisable on public announcement that NewSat has successfully completed in-orbit testing of Jabiru-1

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

16 SHARE BASED PAYMENT PLANS (continued)

(d) Summary of terms and conditions of options and performance rights (continued)

The following table illustrates the number (No.) and terms & conditions of share options and performance rights on issue as at 30 June 2013

Year Ended 30 June 2013		Terms & Conditions for each Grant						Vested
Instrument	No. ('000)	Grant Date	Exercise price per option (\$)	Hurdle price per option (\$)	Expiry Date	First Exercise Date	Last Exercise Date	No.('000)
Options	500	4/12/09	0.500	-	4/12/14	4/12/12	3/12/14	500
Options	500	4/12/09	1.000	-	4/12/14	4/12/12	3/12/14	500
Options	5,640	24/03/10	0.001	1.000	23/03/15	24/03/13	23/03/15	5,640
Options	2,840	24/03/10	0.500	-	23/03/15	24/03/13	23/03/15	2,840
Options	5,200	14/05/10	0.001	1.000	13/05/15	14/05/13	13/05/15	5,200
Options	3,300	14/05/10	0.500	-	13/05/15	14/05/13	13/05/15	3,300
Options	1,200	7/10/10	0.001	1.000	6/10/15	7/10/13	6/10/15	-
Options	400	7/10/10	0.500	-	6/10/15	7/10/13	6/10/15	-
Options	270	21/10/11	-	-	5/09/16	2/08/13	5/09/16	-
Options	270	21/10/11	-	-	5/09/16	2/08/14	5/09/16	-
Options	100	1/08/12	0.500	-	31/07/15	1/08/13	31/07/15	-
Jabiru Warrants	22,500	28/02/13	0.000	-	28/02/18	28/02/13	28/02/18	22,500
Jabiru Warrants	5,502	28/02/13	0.000	-	28/02/18	8/05/13	28/02/18	5,502
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/08/13	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/02/14	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/08/14	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/02/15	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/08/15	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/02/15	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/08/16	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/02/15	28/02/18	-
Jabiru Warrants	5,074	28/02/13	0.000	-	28/02/18	28/08/17	28/02/18	-
Jabiru Warrants	34,191	28/02/13	0.000	-	28/02/18	28/02/18	28/02/18	-
Warrants	8,374	25/05/11	0.500	-	25/05/16	25/05/11	25/05/16	8,374
Performance Rights	4,300	21/10/11	-	-	20/10/16	*	20/10/16	-
Performance Rights	4,300	21/10/11	-	-	20/10/16	**	20/10/16	-
Performance Rights	1,500	2/12/11	-	-	20/10/16	*	20/10/16	-
Performance Rights	1,500	2/12/11	-	-	20/10/16	**	20/10/16	-
Performance Rights	5,725	8/06/12	-	-	7/06/17	*	7/06/17	-
Performance Rights	5,725	8/06/12	-	-	7/06/17	**	7/06/17	-
Performance Rights	700	28/03/13	-	-	27/03/18	1/02/14	27/03/18	-
Performance Rights	700	28/03/13	-	-	27/03/18	1/02/15	27/03/18	-
Total	160,899							54,356

* Performance rights are exercisable on public announcement that NewSat has reached financial close on Jabiru-1

** Performance rights are exercisable on public announcement that NewSat has successfully completed in-orbit testing of Jabiru-1

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

17 TRADE AND OTHER PAYABLES

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Trade payables	29,015	10,642
Other creditors	5,923	1,660
	34,938	12,302

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled in a range of 7 to 60 day terms
- Other payables are non-interest bearing and have individually agreed terms

18 LOANS AND BORROWINGS

		Year ended 30 June 2014	Year ended 30 June 2013
		\$'000	\$'000
INTEREST BEARING	Maturity		
Current			
Obligations under finance leases and hire purchase contracts	Dec-14 to Feb-19	56	47
ECA (Export Credit Agencies) Debt Facility - secured (a)	Jul-24	158,503	-
Convertible note - unsecured (b)	Feb-18	28,887	-
		187,446	47
Non-Current			
Obligations under finance leases and hire purchase contracts	Dec-14 to Feb-19	128	61
Convertible note - unsecured (b)	Feb-18	-	31,698
		128	31,759

Refer to note 23 for information relating to the obligations under finance leases and hire purchase.

(a) In February 2014, NewSat announced their financial close was reached with the Ex-Im Bank for US\$300.5 million and COFACE for US\$89.6 million, a total of US\$390.1 million of debt funding for the Jabiru-1 project. As at 30 June 2014, the Company has drawn down US\$139.1 million from Ex-Im Bank and US\$26.3 million from COFACE.

As at 30 June 2014, NewSat was in technical breach of certain covenants as NewSat had not obtained lenders' approval for entering into a US\$10 million unsecured short term loan facility with Ever Tycoon Limited, a related party of a director of NewSat, Mr. Ching Chiat Kwong. This technical breach has also caused the US\$30 million convertible notes loan to be in technical default. Consequently all interest bearing loans are classified as current liabilities at 30 June 2014.

As noted in Note 26 subsequent events, NewSat obtained a waiver from the ECA lenders for technical breaches that were current at 30 June 2014. Refer to Note 26 for further details of the waiver and attached conditions.

(b) The parent entity issued 30,000 non interest-bearing convertible notes with a face value of US\$1,000 on 28 February 2013. On maturity date, the notes are repayable by payment of the face value plus a redemption premium of 3% per annum if there is sufficient free cash available and may be paid under the terms of the ECA funding. Otherwise, the notes will convert into US\$30,000,000 of equity valued at 85% of the average VWAP for the 20 trading days prior to maturity subject to a floor price of \$0.34 per share.

Following approval by shareholders on 23 August 2013, at any time prior to maturity the holder has the option to redeem by converting the notes into ordinary shares of the parent entity valued at 85% of the average VWAP for the 20 trading days prior to maturity subject to a floor price of \$0.34 per share. Partial redemption of the notes is not permitted. The noteholder's right to convert is subject to the company obtaining approval from the company's shareholders for the issue of shares upon conversion of the notes. The company can redeem the notes at any time prior to maturity by paying the face value plus a redemption price of 15% per annum of the face value.

On 27 June 2014, NewSat has entered into agreements with the note holder to amend certain terms and conditions of the convertible notes. These amendments are subject to conditions precedent. As at 30 June 2014, these conditions precedent were not satisfied and as a result the amended terms and conditions were not effective as at 30 June 2014. The convertible notes and associated options and warrants continue to be accounted for according to the terms of the 28 February 2013 agreement.

19 OTHER FINANCIAL LIABILITIES

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Other Financial Liabilities (a)	6,356	-
	6,356	-

On 17 March 2014 NewSat received US\$6 million in cash from Ever Tycoon Limited. Ever Tycoon Limited is a company associated with a director of NewSat. On 27 June 2014 agreement was reached on the terms and conditions associated with the advancement of these funds. This agreement was not effective at 30 June 2014 given that certain material conditions precedent in the agreement had not been achieved. As such, these funds advanced from Ever Tycoon Limited have been recognised in current liabilities as an Other Financial Liability.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

20 PROVISIONS

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Current Liabilities - provisions		
Annual leave	878	1,093
Long service leave	947	1,036
	1,825	2,129
Non-Current Liabilities - provisions		
Long service leave	82	74
	82	74

21 CONTRIBUTED EQUITY AND RESERVES

	As at 30 June 2014 \$'000	As at 30 June 2013 \$'000
<i>(i) Ordinary shares</i>		
Issued and fully paid	275,926	265,583

Fully paid ordinary shares have no par value and carry one vote per share and the right to dividends.

	No of shares (thousands)	\$'000
<i>(ii) Movement in ordinary shares on issue</i>		
At 1 July 2012	233,052	161,957
Shares issued (in lieu of cash)	2,250	900
Shares issued (repayment of borrowings)	41,406	16,563
Shares issued (financing)	242,250	96,900
Shares issued (warrants exercised)	20,000	-
Shares issued (options exercised)	620	-
Transaction costs on share issue	-	(10,737)
At 1 July 2013	539,578	265,583
Shares issued (in lieu of cash)	500	233
Shares issued (capital raising)	5,000	2,150
Shares issued (repayment of borrowings)	17,221	6,399
Shares issued (warrants exercised)	36,631	-
Shares issued (options exercised)	13,270	-
Transaction costs on share issues - Net of Tax	-	1,561
At 30 June 2014	612,200	275,926

On 28 February 2013 NewSat issued 191,250,000 shares as a placement to institutional and sophisticated investors, 21,250,000 shares as repayment of promissory notes and 20,156,250 shares as repayment of a bridge loan from Orbital Capital LP at a price of 40 cents per share. This issue raised \$76.5 million.

On 1 March 2013 NewSat issued 47,750,000 shares as a placement to institutional and sophisticated investors and 2,250,000 shares for the placement of the convertible note at a price of 40 cents per share. This issue raised \$19.1 million.

On 10 May 2013 NewSat issued 3,250,000 shares as a private placement at a price of 40 cents per share. This issue raised \$1.3 million.

On 29 October 2013 NewSat issued 17,220,648 shares as a repayment of a short term loan from Orbital Capital GP Limited at a price of 37.16 cents per share.

On 14 February 2014 NewSat issued 5,000,000 shares as a placement to institutional and sophisticated investors. This issue raised \$2.15 million.

(iii) Retained earnings

Movements in retained earnings were as follows:

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Balance 1 July	(97,738)	(108,317)
Net profit for the year	1,607	10,449
Transfer from Equity Option Reserve	-	130
Balance 30 June	(96,132)	(97,738)

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

21 CONTRIBUTED EQUITY AND RESERVES (continued)

(iv) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Further issue of shares on the market will be determined by development of the Jabiru satellite program.

As noted in Note 26, on 22 August 2014 ECA lenders approved a waiver to technical breaches of borrowing covenants as at 30 June 2014. Under the terms and conditions of this waiver, NewSat is required to raise a minimum of US\$40 million in further capital to support its Jabiru-1 program and to provide continued working capital finance to its teleport operations.

(v) Nature and purpose of reserves

Asset revaluation reserve

The reserve is used to record increases and decreases in the fair value of land and buildings to the extent that they offset one another.

Equity option reserve

The reserve is used to record the fair value of the equity option component of the convertible note.

Share based payment reserve

The reserve is used to recognise the value of share based payments provided to the convertible note holder, advisors and employees, including KMP, as part of their remuneration. Refer to Note 16 for further details of these plans.

22 FINANCIAL INSTRUMENTS

Fair values

The fair values of all of the Group's financial assets and financial liabilities approximate their carrying value due to the short term to maturity or that they were issued near the end of the financial year. The carrying amount and fair value of financial assets and financial liabilities of the Group at reporting date are:-

	CARRYING AMOUNT		FAIR VALUE	
	Year ended 30 June 2014	Year ended 30 June 2013	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash	45,545	112,781	45,545	112,781
Trade receivables	5,771	5,077	5,771	5,077
Other financial assets (current)	3,666	3,914	3,666	3,914
	54,982	121,772	54,982	121,772
Financial liabilities				
Trade and other payables	(34,938)	(12,302)	(34,938)	(12,302)
Obligations under finance leases and hire purchase contracts	(184)	(108)	(184)	(108)
ECA (Export Credit Agency) Debt Facility	(158,503)	-	(158,503)	-
Convertible note	(28,887)	(31,698)	(28,887)	(31,698)
Other financial liability	(6,356)	-	(6,356)	-
	(228,868)	(44,108)	(228,868)	(44,108)
Contingencies				

The Company and certain controlled entities have potential financial liabilities that may arise from certain contingencies disclosed in note 24. As explained in that note, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the directors' estimate of amounts that would be payable by the Group as consideration of the assumption of those contingencies by another party.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

23 COMMITMENTS

Operating lease commitments – Group as lessee

The Group has entered into commercial property leases for office use. These leases have an average life of between 6 and 7 years. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2014 are as follows:

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Within one year	376	354
After one year but not more than five years	1,259	1,563
More than five years	-	35
	1,635	1,952

Finance lease and hire purchase commitments – Group as lessee

The Group has finance lease and hire purchase contracts for various items of plant and equipment with a carrying amount of \$140,862 (2013: \$108,385) for both the Group and Company. These lease contracts have an average life of between 2 and 5 years. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable finance leases as at 30 June 2014 are as follows:

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Within one year	59	47
After one year but not more than five years	104	74
Total minimum lease payments	163	121
Less amounts representing finance charges	(22)	(13)
Present value of minimum lease payments	141	108

Capital commitments

The Group has entered into contracts with the following third parties:

- Lockheed Martin Corporation on 8 December 2011 for the purchase of a commercial satellite;
- Arianespace S.A. on 2 March 2012 for the purchase of a commercial satellite launch vehicle;
- Kratos Integral Systems International on 2 May 2014 for the purchase of Satellite Control Systems;
- General Dynamics SATCOM on 30 June 2014 for the purchase of Ka-Band Communication Gateway Antenna Systems and a Ku-Band TCR Antenna System.

These commitments are contingent on the Group completing each milestone embedded in each contract.

Commitments to these contractors and suppliers contracted for at reporting date but not recognised as liabilities are as follows:

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Within one year	154,703	336,702
After one year but not more than five years	31,092	40,193
	185,795	376,895

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

23 COMMITMENTS (continued)

Other expenditure commitments

Commitments to various Contractors and Suppliers contracted for at reporting date but not recognised as liabilities are as follows:

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
<i>Contractors and Suppliers</i>		
Within one year	14,512	10,565
After one year but not more than five years	6,107	9,698
After more than five years	-	-
	20,619	20,263

The Group is a re-seller of satellite bandwidth and has entered into long term contracts with satellite bandwidth providers to match recurring revenue streams from customer contracts and maintain stability of key supplier costs. The commitments will be settled progressively over the next years.

24 SIGNIFICANT CONTRACTS

Contingent Liabilities

The Group entered into a contract with Lockheed Martin Corporation on 8 December 2011 for the purchase of a commercial satellite. Termination liabilities arising from the contract are contingent on the Company issuing a notice of termination or failing to satisfy contractual requirements. Significant termination liabilities existed but NewSat had the ability to limit these to US\$21 million during the initial phase of the contract. On 3 July 2013 the contract was amended such that termination liabilities are limited to US\$18.32 million. At balance date no conditions exist which would cause the Company to be liable for termination penalties.

The Group entered into a contract with Arianespace on 8 December 2011 for the reservation of a launch period for the Jabiru-1 satellite. The contract was updated on 14 March 2012 to include further launch service specifications. Termination liabilities arising from the contract are contingent on the Company issuing a notice of termination or failing to satisfy contractual requirements. On 4 February 2014 the contract was amended such that termination liabilities are limited to US\$28.89 million. At balance date no conditions exist which would cause the Company to be liable for termination penalties.

The Company has received notification of a possible claim from an employee relating to its failure to seek shareholder approval with respect to an agreed issue of performance rights and is seeking Counsels opinion with respect to the veracity of the claim.

The Company has received a claim from a former employee for amounts the employee believes they are entitled to. NewSat is in current negotiations on this matter and does not believe it will be required to pay the amounts claimed.

In prior years, the Group made certain amendments to the contract with AP Kypros Satellite Limited. In consideration for the contractual amendments an amount is to be settled in equity (2,500,000 ordinary shares). This is contingent on AP Kypros Satellite Limited receiving regulatory approval from the Republic of Cyprus for these contractual amendments.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

25 RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of NewSat Limited and the subsidiaries listed in the following table.

Name	Principal activities	Country of incorporation	% Equity interest 2014	% Equity interest 2013
NewSat Services Pty Ltd	Satellite telecommunication activities	Australia	100	100
NSN Holdings Pty Ltd, owns	Holding Company	Australia	100	100
- 100% NewSat Networks Pty Ltd	Satellite telecommunication activities	Australia		
Jabiru Satellite Holdings Pty Ltd, owns	Holding Company	Australia	100	100
- 100% of Jabiru Satellite Ltd	Satellite development and satellite telecommunication activities	Australia		
NewSat Space Resources Pty Ltd	Satellite telecommunication activities	Australia	100	100
NewSat (Cyprus) Ltd	Satellite telecommunication activities	Cyprus	100	100
NewSat America Inc	Satellite telecommunication activities	USA	100	100
NewSat Pte Ltd	Satellite telecommunication activities	Singapore	100	100

NewSat Limited is the ultimate Australian parent entity.

Terms and conditions of transactions with related parties:

- Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances on intercompany loans at year-end are unsecured, interest free with no fixed terms for the repayment of loans and are payable on demand.

Transactions and balances with key management personnel and their related parties

(i) As at 30 June 2014, loans to CEO Adrian Ballintine is \$915,000 and are charged interest at 10% per annum. The terms are less than 12 months.

(ii) During the year, the Company retained services from Cresta Motor Yachts, a related party of CEO Adrian Ballintine for \$7,500 (inc. GST) for the purpose of executive marketing and business development associated with the development of the Jabiru satellite project.

(iii) During the year, the Company has entered into a binding arrangement for a US\$10 million unsecured short term loan with Ever Tycoon Limited, a related party of a director, Mr. Ching Chiat Kwong. The Company has drawn down US\$6 million. The interest is charged at 11% per annum and repayable on or before 16 December 2014.

26 EVENTS AFTER BALANCE SHEET DATE

On 22 August 2014, ECA lenders approved a conditional waiver for NewSat's breach of technical loan covenants as at 30 June 2014. Following the satisfaction of all waiver conditions, the ECA lenders will recommence debt drawdowns for the Jabiru-1 project. Prior to the satisfaction of waiver conditions, NewSat will utilise existing cash reserves set aside to fund the Jabiru project and approved Teleport expenses.

27 AUDITORS' REMUNERATION

The auditor of NewSat Limited is Ernst & Young.

Amounts received or due and receivable by Ernst & Young (Australia) for:

- an audit or review of the financial report of the entity and any other entity in the consolidated group
- other assurance services in relation to the entity and any other entity in the consolidated group

Year ended 30 June 2014	Year ended 30 June 2013
\$'000	\$'000
224	174
192	31
416	205

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2014

28 KEY MANAGEMENT PERSONNEL

Compensation of Key Management Personnel

	Year ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Short-term employee benefits	6,070	4,535
Post-employment benefits	348	299
Long-term benefits	(65)	247
Share-based payment	4,800	4,002
Termination benefits	251	-
	11,403	9,083

Share options held by key management personnel:

Issue Date	Expiry Date	Exercise Price	Year ended 30 June 2014 Number outstanding (thousands)	Year ended 30 June 2013 Number outstanding (thousands)
FY10	4/12/14	0.50000	500	500
FY10	4/12/14	1.00000	500	500
FY10	23/03/15	0.00005	3,000	4,300
FY10	23/03/15	0.50000	1,500	2,100
FY10	13/05/15	0.00005	4,400	4,400
FY10	13/05/15	0.50000	2,800	2,800
FY11	6/10/15	0.00005	1,100	1,100
FY11	6/10/15	0.50000	300	300
FY12	5/09/16	-	270	540
FY12	20/10/16	-	3,950	7,900
FY12	20/10/16	-	1,500	3,000
FY12	20/10/16	-	4,250	9,250
FY13	28/02/18	0.00001	69,706	-
FY14	13/09/18	-	4,750	-
FY14	17/09/18	0.40000	21,500	-
FY14	18/12/18	0.50000	600	-
FY14	18/12/18	0.00001	1,000	-
FY14	18/12/18	0.00010	600	-
FY14	18/12/18	-	600	-
			122,826	36,690

29 CORRECTION OF ERRORS

(i) Incorrect accounting for advances to related party

During the year ended 30 June 2012 payments of \$110,000 and 30 June 2013 payments of \$247,500 (total of \$357,500) were made on behalf of a related party, CEO Adrian Ballintine. At this time of payment the amounts were incorrectly accounted for as investment in the satellite project (hence GST has been incorrectly recognised).

This error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet (extract)	30 June 2013 \$'000	Increase / (Decrease) \$'000	30 June 2013 Restated \$'000	30 June 2012 \$'000	Increase / (Decrease) \$'000	30 June 2012 Restated \$'000
Trade and other receivables	4,720	357	5,077	6,284	146	6,430
Intangible assets and goodwill	125,878	(325)	125,553	65,681	(136)	65,545
Trade and other payables	12,270	32	12,302	7,615	10	7,625

(ii) Incomplete related party disclosures

During the following financial years, the Company omitted disclosures of certain related party transactions as follows:

30 June 2011	\$177,375 paid to Cresta Motor Yachts (in. GST)
30 June 2012	\$165,000 paid to Cresta Motor Yachts (in. GST)

The CEO of the Company, Adrian Ballintine, is the owner and President of Cresta Motor Yachts.

The Company retained the services of Cresta Motor Yachts for the purposes of executive marketing and business development associated with the development of the Jabiru satellite project.

Directors' Declaration

for the year ended 30 June 2014

In accordance with a resolution of the directors of NewSat Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

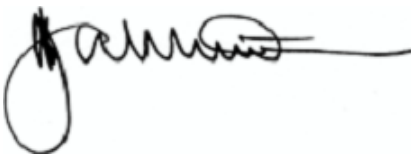
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

(d) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

On behalf of the Board



ADRIAN BALLINTINE

Founder and Chief Executive Officer

30 September 2014

Independent auditor's report to the members of NewSat Limited

Report on the financial report

We have audited the accompanying financial report of NewSat Limited, which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of NewSat Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of Matter

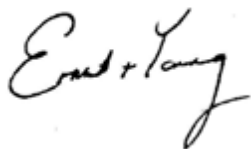
Without qualifying our opinion, we draw attention to Note 2(d) in the financial report which indicates that there is significant uncertainty as to whether the Group will continue as a going concern as the Group is dependent on the satisfaction of waiver conditions and the ongoing support of Export Credit Agencies lenders. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of NewSat Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Robert Dalton
Partner
Melbourne
30 September 2014



ABN 12 003 237 303

Directors

Richard Green
Non-Executive Chairman

Ching Chiat Kwong
Non-Executive Director

Roderic Sage
Non-Executive Director

Fred Grimwade
Non-Executive Director

Patrick McVeigh
Non-Executive Director

Adrian Ballintine
Chief Executive Officer and Founder

Company Secretary

Linda Dillon

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of Lockheed Martin

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which ensures that all virgin pulp is derived
from well-managed forests and controlled
sources. It is manufactured by an ISO 14001
certified mill.

