NewSat Global Satellite Solutions

NewSat Limited
Appendix 4D

21 February 2014

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

- **Revenue from ordinary activities of $16.6 million, down 19% from $20.4 million in 1H13**
- **Gross Margin of $6.8 million, down 24% from $8.9 million in 1H13**
- **Negative profit before depreciation, amortisation, finance costs and tax (EBITDA)[1]: $0.9 million, down 142% from $2.2 million on 1H13**
- **Net Loss of $1.6 million, down $2.9 million on 1H13**
- **Negative operating cash flow of $1.6 million**
- **Cash and cash equivalents up $25.7 million to $32.7 million**

Results for Announcement to the Market

A$000s (unless indicated otherwise)	Half-year ended 31 December 2011	Half-year ended 31 December 2012	**Half-year ended 31 December 2013**	**H1FY13-H1FY14 Change**		**% Growth**
Revenue - from ordinary activities	17,138	20,360	**16,586**	**(3,774)**	▼	***-19%***
Gross Margin	7,610	8,906	**6,808**	**(2,098)**	▼	***-24%***
Profit before depreciation, amortisation, finance costs and tax (EBITDA)	1,308	2,174	**(908)**	**(3,083)**	▼	***-142%***
Net profit for the period attributable to members; and Profit from ordinary activities after tax attributable to members	497	1,313	**(1,593)**	**(2,905)**	▼	***-221%***
Operating cash flow	1,768	4,993	**(1,622)**	**(6,615)**	▼	***-132%***
Cash and cash equivalents	6,719	6,932	**32,660**	**25,728**	▲	***371%***
Net tangible assets per security - ($)	0.0243	(0.0853)	**0.0066**	**0.0920**	▲	***108%***
Basic earnings per share - (cents)	0.2811	0.5648	**(0.2827)**	**(0.8475)**	▼	***-150%***
Diluted earnings per share - (cents)	0.2399	0.5037	**(0.2827)**	**(0.7864)**	▼	***-156%***

Payment of a dividend is not proposed

[1] EBITDA is calculated as profit before depreciation, amortization, finance costs and tax (EBITDA) and is included to assist investors better understand the performance of the business. Non-IFRS information has not been subject to review from the group's external auditor.

Commentary on the Group Results

The NewSat Limited Board of Directors reports the Group performance for the half year ended 31 December 2013.

Revenue

Total revenue for the first half of FY14 was $16.6 million, down 19% from $20.4 million in the first half of FY13. This is largely due to a loss of contracts from a key partner to the US government (USG), which resulted in a total revenue loss of $2.1 million. NewSat has faced some challenging market conditions with declines in economic activity in the military, mining, oil and gas industries; this has led to lower than expected contract renewals and new business.

On a positive note, the Company has signed 256 new teleport contracts with a total value of $7.5 million over the life of these contracts. This includes new contracts with Custom SATCOM Solutions (CS2) Industry Partners, as well as a number of US and Australian systems integrators.

Profit

Gross margin of $6.8 million for the first half of FY14 was down 24% from $8.9 million in first half of FY13. This can be attributed to increases in cost of satellite capacity and teleport operational costs. The Company also purchased bulk satellite capacity upfront to realise cost efficiencies, but due to unexpected market movements, this has resulted in NewSat holding unsold capacity.

Profit before depreciation, amortisation, finance costs and tax (EBITDA) was negative $0.9 million, down 142% from $2.2 million in the first half of FY13. This is partly due to an increase in salary costs driven by key strategic hires as NewSat gears up to become a global satellite operator. This corresponds with an increase in occupancy costs as NewSat aims to build a local presence in key geographical locations where growth is expected. This will allow NewSat to explore further opportunities in these demand driven markets, and fits with the Company's long term strategy to migrate current teleport customers to the Jabiru platform. Therefore NewSat continues to build expertise as the Company transitions into a satellite operator, the next phase of growth.

During the first half of FY14, the Company incurred a net loss of $1.6 million in comparison to a $2.9 million net loss during the previous corresponding period; and had negative operating cash flow of $1.6 million, in comparison to a negative operating cash flow of $6.6 million during the previous corresponding period. Cash and cash equivalents were up $25.7 million to $32.7 million, equating to a 371% increase from the previous corresponding period.

Signs of improvement and NewSat well positioned

NewSat signed three new strategic customer contracts worth US$3.5 million with Custom SATCOM Solutions (CS2) Industry Partners to provide satellite communication services to the US Department of Defense (DoD) in the Pacific Command (PACOM) region. These new contracts allow NewSat to further diversify current revenue sources. As a result, NewSat is well placed as the satellite partner of choice for the region.

NewSat's teleports were also rated the highest in the Asia-Pacific region, featuring in the World Teleport Association's (WTA) Independent Top Twenty of 2013; this further highlights the strength of the Company's teleport business.

The Company has also signed $2.1 million worth of new contracts with a US based systems integrator to provide satellite communications to USG personnel in the Middle East and multiple new contracts with a growing Australian systems integrator to provide satellite communications to mining, oil, gas and construction customers across Australia. A leading supplier of network connectivity and reliable data services, NewSat is the preferred supplier to assist this partner in providing high quality and reliable connectivity for key resource projects in Australasia.

Jabiru-1 customer demand increases

NewSat has secured a new Jabiru-1 satellite capacity contract with a publicly listed South West Asian telecommunications company. The contract is for the supply of US$160.47 million worth of Jabiru-1 satellite transmission capacity over Pakistan, Afghanistan and the Middle East over a 15 year term. This new contract takes the total of binding pre-launch contracts for Jabiru satellite capacity to US$644 million.

Jabiru-1 satellite project fully funded

NewSat recently announced that financial close has been reached with the US Ex-Im Bank and COFACE for US$390.1 million of debt funding for the Jabiru-1 satellite project. The Company has completed or obtained waivers for all the conditions precedent to drawdown the debt funding. The favourable funding outcome includes US$390.1 million of cost-effective debt funding at around 3% interest on attractive terms, such as drawing down the debt during the construction period without any principal repayments until after launch.

The Company will commence the drawdown of the US$390.1 million of debt funding with a US$78.9 million payment to Lockheed Martin, which will take total progress payments for the construction of the Jabiru-1 satellite to US$169.9 million. In addition, a progress payment of US$34.7 million will be made to Arianespace for the launch service, and follows the initiation of mission analysis in December 2013 in Newtown, Pennsylvania USA.

Jabiru-2 launching in May 2014

The construction of NewSat's Jabiru-2 satellite has successfully been completed and the satellite is now in storage. The launch of Jabiru-2 has been confirmed for May 2014 and the Company has observed increased interest in Jabiru-2 with strong demand across the emerging and growth regions of Australasia. Once operational, Jabiru-2 is expected to enhance the profitability and growth of the base teleport business.

NewSat included in S&P/ASX 300 Index

The S&P Dow Jones Indices announced the changes in the S&P/ASX indices on 6 September 2013, which resulted in NewSat's inclusion in the S&P/ASX 300 Index, effective after the close of trading on 20 September 2013.

Outlook

NewSat will continue to pursue the diversification strategy to reposition itself for new growth, investing in sales, marketing, R&D and infrastructure for new vertical markets and geographical locations, and maintain world-class service and support to the Company's teleport customers, many of whom will become Jabiru customers in the future. As NewSat continues the focus on the construction and launch of Jabiru-1, the Company will build on the US$644 million of pre-launch customer contracts already secured. With Jabiru-2 scheduled for launch in May 2014, NewSat is establishing itself for scalable and profitable business growth into the future.

It is a very exciting time for NewSat, as the Company transforms from 'teleport operator' into a 'satellite operator', the realisation of a long term mission. Jabiru-1 is expected to generate in excess of US$3 billion of revenue over 15 years at 85% margins, creating a step-change in earnings and profitability. The Directors look forward to informing the market on the base teleport business and progress of the strategic growth project, the Jabiru Satellite Program, during the 2014 financial year.

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About NewSat:

NewSat is Australia's largest pure-play satellite communications company, delivering internet, voice, data and video communications via satellite. With its unique-to-Australia teleport infrastructure, NewSat provides a full range of managed satellite communication services and has established a reputation as the partner of choice for governments, corporations and private enterprises. Today, NewSat has the ability to provide coverage to 75% of the globe; from Australia, Asia, the Middle East, Africa, across the Indian Ocean extending into Europe and across the Pacific Ocean, reaching into the West Coast of the USA.

NewSat's world acclaimed teleports in Perth (Western Australia) and Adelaide (South Australia) were Top 3 Finalists in the World Teleport Association's 2012 and 2010 "Awards for Excellence" and made the 2013, 2012 and 2011 "Top Operator Rankings". Both teleports are accredited to supply services to the Australian Department of Defence and are recognised as highly secure Global Access Points, supporting certified classified networks to ensure the transmission of vital and sensitive information for government clients.

NewSat will be expanding its satellite capabilities with the Jabiru Satellite Program, beginning with the launch and operation of Jabiru-1, Australia's first commercial Ka-band satellite. Jabiru-1, a large next generation satellite, will provide superior coverage over South East Asia, the Middle East and North Africa. To date, Jabiru-1 has secured US$644 million of pre-launch customer contracts and a US$454 million forward sales pipeline. Jabiru-2, scheduled for launch in 2014, will deliver enhanced coverage over Australia, Timor Leste and Papua New Guinea. NewSat has rights to eight premium orbital slots and its fleet of next generation geostationary satellites will lead Australia's space quest. For more information, please visit www.newsat.com

For further information:

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NewSat Limited

ABN 12 003 237 303

Half-Year Financial Report

for the Half-Year Ended 31 December 2013

This condensed half year financial report is to be read in conjunction with the financial report for the year ended 30 June 2013.

Contents

Directors' Report

The Directors submit their report for the half-year ended 31 December 2013 and the auditor's review report thereon.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below, directors were in office for this entire period unless otherwise stated.

Richard R Green (Non-Executive Chairman)
Adrian M Ballintine (Chief Executive Officer)
Elwood C Ellison (Non-Executive Director)
Andrew J Plympton (Non-Executive Director)
Mark R Fishwick (Non-Executive Director)
William J Abbott (Non-Executive Director)
Ching Chiat Kwong (Non-Executive Director, Appointed 11 July 2013)
Brendan Fleiter (Non-Executive Director, Appointed 4 September 2013)

REVIEW AND RESULTS OF OPERATIONS

The NewSat Limited Board of Directors reports the Group performance for the half year ended 31 December 2013.

Total revenue for the first half of FY14 was $16.6 million, down 19% from $20.4 million in the first half of FY13. This is largely due to a loss of contracts from a key partner to the US government (USG), which resulted in a total revenue loss of $2.1 million. NewSat has faced some challenging market conditions with declines in economic activity in the military, mining, oil and gas industries; this has led to lower than expected contract renewals and new business.
On a positive note, the Company has signed 256 new teleport contracts with a total value of $7.5 million over the life of these contracts. This includes new contracts with Custom SATCOM Solutions (CS2) Industry Partners, as well as a number of US and Australian systems integrators.

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REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

NewSat will continue to pursue the diversification strategy to reposition itself for new growth, investing in sales, marketing, R&D and infrastructure for new vertical markets and geographical locations, and maintain world-class service and support to the Company's teleport customers, many of whom will become Jabiru customers in the future. As NewSat continues the focus on the construction and launch of Jabiru-1, the Company will build on the US$644 million of pre-launch customer contracts already secured. With Jabiru-2 scheduled for launch in May 2014, NewSat is establishing itself for scalable and profitable business growth into the future. It is a very exciting time for NewSat, as the Company transforms from 'teleport operator' into a 'satellite operator', the realisation of a long term mission. Jabiru-1 is expected to generate in excess of US$3 billion of revenue over 15 years at 85% margins, creating a step-change in earnings and profitability. The Directors look forward to informing the market on the base teleport business and progress of the strategic growth project, the Jabiru Satellite Program, during the 2014 financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 17 February 2014 NewSat announced that it has reached the financial close with the US Ex-Im Bank and COFACE for US$390.1M of debt funding for the Jabiru- 1 satellite project. NewSat has completed or obtained waivers for all the conditions precedent to drawdown the debt funding of US$300.5M from the US Ex-Im Bank and US$89.6M from the COFACE Promesse de Garantie.

ROUNDING

The amounts contained in the half-year 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 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

Adrian Ballintine
Director & Chief Executive Officer
21 February 2014

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Auditor's Independence Declaration to the Directors of NewSat Limited

In relation to our review of the financial report of NewSat Limited for the half-year ended 31 December 2013, 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
21 February 2014

Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2013

	Notes	**Half-year ended 31 December 2013 *$'000***	Half-year ended 31 December 2012 *$'000*
Revenue			
Sale of goods and services	3	**16,586**	20,360
Finance revenue	3	**75**	27
Revenue	3	**16,661**	20,387
Cost of Sales		**(9,853)**	(11,481)
Gross Margin		**6,808**	8,906
Salaries & employee benefits expense		**(4,143)**	(3,549)
Share based payments (non-cash)		**(163)**	(251)
Sales and marketing expense		**(708)**	(867)
Occupancy expense		**(514)**	(281)
Other expenses	3	**(2,188)**	(1,784)
Profit from operations before depreciation, amortisation, finance costs and tax (EBITDA)		**(908)**	2,174
Depreciation & amortisation		**(680)**	(855)
Finance costs		**(5)**	(6)
Profit before income tax		**(1,593)**	1,313
Income tax expense		**-**	-
Profit attributable to members of the parent		**(1,593)**	1,313
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive income		**(1,593)**	1,313

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

Basic earnings per share, cents	(0.283)	0.565
Diluted earnings per share, cents	(0.283)	0.504

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

Consolidated Balance Sheet

as at 31 December 2013

	Notes	31 December 2013 $'000	30 June 2013 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	10	**32,660**	112,781
Trade and other receivables		**4,232**	4,720
Inventories		**533**	495
Prepayments		**2,579**	2,745
Other financial assets		**3,946**	3,914
Total Current Assets		**43,950**	124,655
Non-current Assets			
Property, plant and equipment		**7,570**	7,474
Intangible assets and goodwill	7	**218,341**	125,878
Prepayments		**10**	-
Total Non-current Assets		**225,921**	133,352
Total Assets		**269,871**	258,007
LIABILITIES			
Current Liabilities			
Trade and other payables		**11,792**	12,270
Interest-bearing loans and borrowings	11	**42**	47
Provisions		**2,105**	2,129
Deferred income		**3,463**	5,032
Other post-employment benefit liability		**176**	141
Total Current Liabilities		**17,578**	19,619
Non-current Liabilities			
Interest-bearing loans and borrowings	11	**29,803**	31,759
Other liabilities		**115**	125
Provisions		**102**	74
Total Non-current Liabilities		**30,020**	31,958
Total Liabilities		**47,598**	51,577
Net Assets		**222,273**	206,430
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	4	**272,215**	265,583
Retained earnings		**(99,332)**	(97,738)
Reserves		**49,390**	38,585
Total Equity		**222,273**	206,430

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

Consolidated Cash Flow Statement

for the half-year ended 31 December 2013

	Notes	**Half-year ended 31 December 2013 *$'000***	Half-year ended 31 December 2012 *$'000*
Cash flows from operating activities			
Receipts from customers		**15,863**	20,835
Payments to suppliers and employees		**(17,560)**	(15,869)
Interest received		**75**	27
Net cash flows from operating activities		**(1,622)**	4,993
Cash flows from investing activities			
Purchase of property, plant and equipment		**(773)**	(1,122)
Investment in Satellite Development Project		**(82,703)**	(10,728)
Net cash flows used in investing activities		**(83,476)**	(11,850)
Cash flows from financing activities			
Proceeds from issue of shares		**5,000**	-
Transaction cost of issue of shares		**-**	51
Proceeds from borrowings (interest bearing loan)		**-**	10,000
Interest paid		**(5)**	(6)
Payment of finance lease liabilities		**(18)**	(17)
Net cash flows from financing activities		**4,977**	10,028
Net increase in cash and cash equivalents		**(80,121)**	3,171
Cash and cash equivalents at beginning of period		**112,781**	3,761
Cash and cash equivalents at end of period	10	**32,660**	6,932

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

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2013

	Attributable to equity holders of the parent					
	Issued capital	Retained earnings	Share Based Payment Reserve	Asset Revaluation Reserve	Equity Option Reserve	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 July 2013	265,583	(97,738)	37,370	1,215	-	206,429
Total comprehensive income for the period						
Profit / (Loss) from operations	-	(1,593)	-	-	-	(1,593)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(1,593)	-	-	-	(1,593)
Transactions with owners recorded directly in equity						
Shares issued (capital raising)	6,399	-	-	-	-	6,399
Shares issued (warrants exercised)	- *	-	-	-	-	-
Shares issued (in lieu of cash)	233	-	-	-	-	233
Cost of capital raising	-	-	-	-	-	-
Share based payments	-	-	10,805	-	-	10,805
Total transactions with owners	6,632	-	10,805	-	-	17,437
At 31 December 2013	**272,215**	**(99,332)**	**48,175**	**1,215**	**-**	**222,273**

* Amount is less than $1,000

	Attributable to equity holders of the parent					
	Issued capital	Retained earnings	Share Based Payment Reserve	Asset Revaluation Reserve	Equity Option Reserve	Total
	$'000	*$'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 / (Loss) from operations	-	1,313	-	-	-	1,313
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	1,313	-	-	-	1,313
Transactions with owners recorded directly in equity						
Shares issued (capital raising)	-					-
Shares issued (warrants exercised)	-					-
Shares issued (in lieu of cash)	-					-
Cost of capital raising	51					51
Share based payments	-	-	4,652	-	-	4,652
Total transactions with owners	51	-	4,652	-	-	4,703
At 31 December 2012	**162,008**	**(107,004)**	**11,614**	**1,215**	**130**	**67,963**

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

1 CORPORATE INFORMATION

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 6.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

This condensed financial report for the half-year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and *the Corporations Act 2001* .

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2013 and considered together with any public announcement made by NewSat Limited during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

The Group did not adopt any new and/or revised Standards, Amendments and Interpretations from 1 July 2013 which had a significant effect on the accounting policies of the Group.

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).

Going Concern

These accounts are prepared on a going concern basis.

for the half-year ended 31 December 2013

3 REVENUE, INCOME AND EXPENSES

	Half-year ended 31 December 2013 $'000	Half-year ended 31 December 2012 $'000
Revenue		
Sale of goods	**400**	647
Rendering of services	**16,186**	19,713
Finance revenue	**75**	27
	16,661	20,387
Other Expenses breakdown:		
Consulting Fees	**40**	30
Accounting, Audit and Tax Fees	**157**	139
Insurance	**185**	121
Legal	**92**	103
Director Fees	**305**	230
Travel expenses	**303**	161
Repairs & Maintenance	**170**	156
Foreign Currency Loss	**306**	197
Administrative expense	**630**	647
	2,188	1,784

4 CONTRIBUTED EQUITY

	31 December 2013 $'000	30 June 2013 $'000
Ordinary shares		
Issued and fully paid	**272,215**	265,583

	Number of Shares in Thousands	$'000
Movements in ordinary shares on issue		
At 1 July 2013	**539,579**	265,583
Shares issued (capital raising)	**17,221**	6,399
Shares issued (in lieu of cash)	**500**	233
Shares issued (warrants exercised)	**32,867**	-
Shares issued (options exercised)	**1,295**	-
Transaction costs arising on share issues	**-**	-
At 31 December 2013	**591,462**	272,215

5 FINANCIAL INSTRUMENTS

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 Half-year ended 31 December 2013 $'000	FAIR VALUE Half-year ended 31 December 2013 $'000
Financial assets		
Cash	**32,660**	**32,660**
Trade receivables	**4,232**	**4,232**
Other financial assets (current)	**3,946**	**3,946**
	40,838	**40,838**
Financial liabilities		
Trade payables	**(11,792)**	**(11,792)**
Obligations under finance leases and hire purchase	**(90)**	**(90)**
Interest bearing loans	**-**	**-**
Interest bearing convertible note	**(29,755)**	**(29,755)**
	(41,637)	**(41,637)**

6 SEGMENT REPORTING

(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.

(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 throughout the current financial year, the Group has completed the research phase of the Jabiru Satellite Project and 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 2015.

(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 customer accounts for in excess of 10% of consolidated revenue for the six months ended 31 December 2013. The customer is in the Delivery of Satellite Services segment. Revenue from the customer was approximately $3,046,000 for the six months ended 31 December 2013 (for the six months ended 2012: approximately $5,179,400)

(e) Information about reportable segments

	Delivery of Satellite Services	Jabiru Satellite Development	Unallocated Items	Total
	$000	*$000*	*$000*	*$000*
Half-year Ended 31 December 2013				
Revenue				
Sales to external customers	16,586	-	-	**16,586**
Total segment revenue	**16,586**	**-**	**-**	**16,586**
Segment profit / (loss) before depreciation, amortisation, finance costs and tax (Segment EBITDA)	**3,822**	**-**	**-**	**3,822**
Depreciation and amortisation	522	-	158	**680**
Capital expenditure (cash)	451	-	322	**773**
Investment in satellite development asset	-	92,465	-	**92,465**
Half-year Ended 31 December 2012				
Revenue				
Sales to external customers	20,360	-	-	**20,360**
Total segment revenue	**20,360**	**-**	**-**	**20,360**
Segment profit / (loss) before depreciation, amortisation, finance costs and tax (Segment EBITDA)	**5,792**	-	**-**	**5,792**
Depreciation and amortisation	761	-	94	**855**
Capital expenditure (cash)	1,063	-	60	**1,123**
Investment in satellite development asset	-	22,176	-	**22,176**

6 SEGMENT REPORTING (Continued)

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

	Half-year ended 31 December 2013 $'000	Half-year ended 31 December 2012 $'000
Revenue		
Total segment revenue	**16,586**	20,360
Interest revenue	**75**	27
Consolidated revenue	**16,661**	20,387

	Half-year ended 31 December 2013 $'000	Half-year ended 31 December 2012 $'000
Profit before income tax		
Reported segment profit before depreciation, amortisation, finance costs and tax	**3,822**	5,792
Unallocated items:		
Share based payments charge	**(162)**	(251)
Foreign exchange (losses)	**(306)**	(197)
Unallocated amounts - other corporate expenses	**(4,263)**	(3,170)
Profit before depreciation, amortisation, finance costs and tax (EBITDA) per the Statement of Comprehensive Income	**(908)**	2,174
Depreciation & amortisation	**(680)**	(855)
Finance costs	**(5)**	(6)
Profit before income tax per the Statement of Comprehensive Income	**(1,593)**	1,313

for the half-year ended 31 December 2013

7 INTANGIBLE ASSETS AND GOODWILL

	Customer Contracts $'000	Goodwill $'000	Satellite Development Asset $'000	Total $'000
Gross cost				
Opening Balance at 1 July 2013	1,004	11,206	117,252	129,462
Additions	-	-	92,465	92,465
Closing Balance at 31 December 2013	**1,004**	**11,206**	**209,717**	**221,927**
Accumulated amortisation and impairment				
Opening Balance at 1 July 2013	993	2,591	-	3,584
Amortisation expense for the period	2	-	-	2
Closing Balance at 31 December 2013	**995**	**2,591**	**-**	**3,586**
Net book value				
Opening as at 1 July 2013	11	8,615	117,252	125,878
Closing as at 31 December 2013	**9**	**8,615**	**209,717**	**218,341**

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.

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.

We have revisited the assumptions in relation to the valuations of goodwill and intangible assets and do not consider there to be any reasonably possible movements in these assumptions that would adversely impact asset valuations at 31 December 2013.

8 CONTINGENT ASSETS AND LIABILITIES

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$21M during the initial phase of the contract. On 3 July 2013 the contract was amended such that termination liabilities are limited to US$38M. 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. Significant termination liabilities existed but NewSat had the ability to limit these to US$51.9M. The termination liabilities increase as it gets closer to the satellite launch date. At balance date no conditions exist which would cause the Company to be liable for termination penalties.

Other

In addition, the Group has made further 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.

9 EVENTS AFTER THE BALANCE SHEET DATE

On 17 February 2014 NewSat announced that it has reached the financial close with the US Ex-Im Bank and COFACE for US$390.1M of debt funding for the Jabiru-1 satellite project. NewSat has completed or obtained waivers for all the conditions precedent to drawdown the debt funding of US$300.5M from the US Ex-Im Bank and US$89.6M from the COFACE Promesse de Garantie.

10 CASH AND CASH EQUIVALENTS

	31 December 2013 $'000	30 June 2013 $'000
Cash and cash equivalents	32,660	112,781
	32,660	112,781

Cash & cash equivalents include restricted cash and 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 into. At 31 December 2013, these deposits had a value of $1,472,437 (30 June 2013: $1,436,906) and restricted cash of $5,000,000 (30 June 2013: nil) .

11 INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	31 December 2013 $'000	30 June 2013 $'000
INTEREST BEARING			
Current			
Obligations under finance leases and hire purchase contracts	Dec-14 to Apr-15	42	47
		42	47
Non-Current			
Obligations under finance leases and hire purchase contracts	Dec-14 to Apr-15	48	61
Convertible note (a)	Feb-18	29,755	31,698
		29,803	31,759

(a) 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 Volume Weighted Average Price (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.

for the half-year ended 31 December 2013

12 RELATED PARTY DISCLOSURE

The only changes to the related parties disclosed in the most recent financial report are specified below.

	31 December 2013 $'000	30 June 2013 $'000
Loan to key management personnel	-	450
	-	450

The loan to a key management personnel that was provided to related parties of Mr A Ballintine was repaid during the current financial year.

13 COMMITMENTS

The only changes to the commitments disclosed in the most recent financial report are specified below.

Capital commitments

The Group has entered into a contract with Lockheed Martin Corporation on 8 December 2011 for the purchase of a commercial satellite. The Group has entered into a contract with Arianespace S.A. on 2 March 2012 for the purchase of a commercial satellite launch vehicle.

Commitments at reporting date but not recognised as liabilities are as follows:

	31 December 2013 $'000	30 June 2013 $'000
Within one year	300,480	336,702
After one year but not more than five years	10,179	40,193
	310,659	376,895

Directors' Declaration

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:

(i) give a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134 *"Interim Financial Reporting"* and *the Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Adrian Ballintine
Director and Chief Executive Officer
21 February 2014

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of NewSat Limited, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NewSat Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NewSat Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Robert Dalton
Partner
Melbourne
21 February 2014