NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) for the Financial Period ended 31 December 2015

As of the date of this announcement, the statutory audit for the financial years ended 31 March 2014 ("FY2014") and 31 March 2015 ("FY2015") of Next-Generation Satellite Communications Limited ("Company") has not been completed.

As such, the comparative figures for FY2015 in this announcement are based on unaudited results for the third quarter ended on 31 December 2014 which was announced on 13 February 2015 and restated in accordance with the announcement released on 9 October 2015 arising from the completion of the statutory audit for the financial year ended 31 March 2013. In the event that there are material adjustments arising from the finalisation of the audit for FY2014 and FY2015, the Company will make the appropriate announcement(s) highlighting the variance and the reasons for the discrepancies.

1. Update on Financial Position for the financial period ended 31 December 2015

Statement of Comprehensive Income

Revenue for the nine months ended 31 December 2015 ("9M16") fell 48% to S$0.9 million, compared to S$1.8 million for the nine months ended 31 December 2014 ("9M15"). This was due to the absence of rental income following the termination and non-renewal of the Group's Universal Service Obligation ("USO") contracts in Indonesia at the end of June 2014, as well as the waiver of interest income from the convertible notes with effect from 5 October 2015, in compliance with the order issued by the Court of Hong Kong on 6 January 2016. The announcement on the waiver of interest income was made by the Group on 8 January 2016.

Cost of sales declined to S$0.2 million in 9M16, from S$0.7 million in 9M15, in line with the termination and non-renewal of the USO contracts and primarily due to USO equipment being fully depreciated in 9M15.

Other income in 9M16 was significantly lower year-on-year, in view of a S$1.1-million waiver of debt in 9M15 incurred by the Group for the purchase of equipment.

Higher administrative expenses of S$2.4 million in 9M16, compared to S$1.7 million in 9M15, arose as a result of large professional fees being incurred in the form of consultancy and legal costs.

The Group recorded a S$1.1 million share of loss from its joint venture in China in 9M16, compared to a share of profit of S$0.5 million in 9M15. This highlights the challenges the joint venture continues to face for its satellite broadband products and services in China.

Overall, the Group recorded a net loss of S$2.4 million for 9M16 compared to net profit of S$1.4 million for 9M15.

Statement of Financial Position

As at 31 December 2015, the value of plant and equipment amounted to S$0.5 million, compared to S$0.7 million as at 31 March 2015. This took into account a S$0.1 million depreciation of assets and a S$0.1 million foreign exchange translation difference in relation to IDR-denominated assets.

The share of loss from the Group's joint venture also resulted in a lower net carrying value of the joint venture in the books.

Other receivables, deposits and prepayments balances were maintained at S$5.9 million as at 31 December 2015. A S$0.4-million accrual of interest income on the Group's convertible notes was offset by a S$0.4-million partial repayment of an outstanding loan to a related party.

As at 31 December 2015, the available-for-sale financial assets of S$26.0 million reflected the fair value of the two convertible notes held by subsidiary companies Arch Capital Limited and Hillgo Asia Limited.

Other payables and accruals were higher at S$9.3 million, compared to S$7.6 million a year ago, as the result of higher professional fees incurred by the Group.

Cash Flow

The Group's cash and cash equivalents as at 31 December 2015 stood at S$254,000.

2. Update on Future Direction

The Group continues to work towards the settlement of outstanding matters relating to its legacy businesses in Indonesia. Specifically, it is working with its Indonesian customers to realise the collection of outstanding trade receivables.

In the meantime, the Group continues to seek out opportunities for business development and investment, in order to build a sustainable income stream.

3. Update of Watch-List status

As at the date of this announcement, the Company is on the watch-list ("Watch-List") pursuant to Rule 1311 of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Under Rule 1314 of the Listing Manual of the SGX-ST, an issuer on the Watch-List may apply to the SGX-ST for its removal from the Watch-List if it satisfies any one of the following requirements:-

(1) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of $40 million or more over the last 120 market days on which trading was not suspended or halted. For the purpose of this rule, trading is deemed to be suspended or halted if trading is ceased for the full market day; or

(2) the issuer satisfies the SGX-ST Mainboard admission criteria, either under Rule 210(2)(a) or Rule 210(2)(b).

SGX-ST had on 1 December 2010 granted to the Company an extension until 1 June 2012, to meet the requirements to exit the Watch-List (which are set out under Listing Rule 1314).

The Company had, in November 2014, made an application to SGX-ST for a further extension to meet the requirements to exit the Watch-List and will update the shareholders on this status as and when appropriate.

By Order of the Board
Next-Generation Satellite Communications Limited

Ku Vicente S.
Managing Director and Chief Executive Officer

5 February 2016