NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) for the Financial Period ended 30 June 2014

As of the date of this announcement, the statutory audit for the financial years ended 31 March 2013 ("FY2013") and 31 March 2014 ("FY2014") of Next-Generation Satellite Communications Limited ("Company") has not commenced and the independent review conducted by Ernst & Young Advisory Pte Ltd (as announced on 25 July 2012) is still in progress and has not been finalised.

As such, the comparative figures for FY2014 in this announcement are based on unaudited results for the first quarter ended on 30 June 2013 which was announced on 14 August 2013. In the event that there are material adjustments arising from the finalisation of the audit for FY2013 and FY2014, 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 30 June 2014

Statement of Comprehensive Income

The Group's revenue increased from S$0.6 million in the first quarter ended 30 June 2013 ("**1Q14**") to S$0.9 million for the first quarter ended 30 June 2014 ("**1Q15**"), a 48% increase. This was primarily due to interest income derived from the convertible notes acquired pursuant to the Agreement entered with the Finance Company on 25 June 2013.

Revenue from the Group's core Universal Service Obligation ("**USO**") business in Indonesia remained stable year-on-year, although the significant reduction in sales activity for its satellite equipment and satellite communication business in 1Q15 continued to put downward pressure on this revenue source. The share of profits from its joint venture operation was S$72,000 in 1Q15, compared to share of loss of S$0.3 million in 1Q14. This positive result was attributed to the higher demand for the joint venture's satellite broadband products and services in China.

Other income for 1Q15 includes S$1.1 million waiver of debts from a trade payable. This pertains to a waiver being granted by the vendor for the purchase of equipment to the Group.

The Group recorded foreign exchange loss of S$0.5 million in 1Q15, against S$0.1 million gain in 1Q14. As the revenue from its USO business is denominated in Indonesian Rupiah ("**IDR**"), the continued depreciation of the IDR against the Singapore Dollar ("**SGD**") results in this negative impact.

Overall, the Group's net profit for 1Q15 was at S$0.4 million compared to net loss of S$0.7 million in 1Q14.

1. Update on Financial Position for the financial period ended 30 June 2014 (Continued)

Statement of Financial Position

Plant and equipment was S$1.3 million, against S$1.7 million as at 31 March 2014. This is attributed to fixed asset depreciation of S$0.3 million and a translation difference of IDR-denominated assets to SGD of S$0.1 million.

Available-for-sale financial assets of S$22.7 million as at 30 June 2014 reflects the fair value of the two convertible notes held by Arch and Hillgo. The share of profit from the Group's joint-venture project also resulted in an increase in the net carrying value of joint ventures as at 30 June 2014.

Other receivables, deposit and prepayments increased from S$5.6 million as at 31 March 2014 to S$5.9 million as at 30 June 2014. This was largely a result of a S$0.3 million interest income receivable from the convertible notes.

Trade payables stood at S$0.5 million as at 30 June 2014. This is due to the waiver of debts from a trade payable amounting to S$1.1 million which reduced the carrying value of trade payables from S$1.7 million as at 31 March 2014 to S$0.5 million as at 30 June 2014.

Statement of Cash Flow

The Group's cash and cash equivalents as at 30 June 2014 stood at S$0.4 million.

2. Update on Future Direction

The Group's core Universal Service Obligation business is affected by a challenging environment in Indonesia. The foreign exchange loss due to continued weakness of the IDR against the SGD (the Group's functional currency) remains a key concern affecting the Group's overall profitability.

The Group has ceased negotiations for the proposed acquisition announced on 13 January 2014 of 75% of the paid-up capital of Star Chariot Limited, a company engaged in the provision of mobile content development and distribution. The cessation was in accordance with the sale and purchase agreement (**"SPA"**) as certain conditions in the SPA were not fulfilled by either party within six months of the date of the SPA.

On 16 July 2014, the Group and its subsidiaries received a civil summon from the District Court of Central Jakarta relating to a dispute arising between the original shareholders of PT Multi Skies Nusantara, one of the Group's subsidiaries, prior to its acquisition by the Group. The Plaintiffs claim approximately S$5.6 million against the Group along with all cost, interest and damages. The Group will strenuously defend itself against these allegations and claims. It will make further announcements on this matter as it progresses.

The Group continues to explore opportunities that will enable it to turn around from its current position.

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) based on the Company's audited FY2012 results.

The Company will update the shareholders on its Watch-List status as and when appropriate.

By Order of the Board
Next-Generation Satellite Communications Limited

Lam Ah Seng @ Lam Pang Chuang
Executive Director

13 August 2014