NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Reg. No.196400100R

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

As such, the comparative figures for FY2014 in this announcement are based on unaudited results for the third quarter ended on 31 December 2013 which was announced on 14 February 2014. 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 31 December 2014

Statement of Comprehensive Income

The Group recorded a 54% reduction in revenue to S$0.4 million for the third quarter ended 31 December 2014 ("**3Q15**") compared to S$0.9 million in the previous corresponding period ("**3Q14**"). This was due to loss of rental income from the termination and non-renewal of the Group's Universal Service Obligation ("**USO**") contracts at the end of June 2014.

Similarly, revenue for the nine months ended 31 December 2014 ("**9M15**") was S$1.8 million, 31% lower than that reported for the nine months ended 31 December 2013 ("**9M14**"). The impact of the loss of rental income from USO contracts was, however, partially mitigated by higher interest income in the 1st quarter ended 30 June 2013 ("**1Q14**"), derived from the convertible notes acquired by the Group pursuant to the Settlement Agreement entered with the Finance Company on 25 June 2013.

Other income in 9M15 includes S$1.2 million waiver of debt by a vendor in relation to the purchase of equipment by the Group. Lower professional fees resulted in administrative expenses in 9M15 being lower than the same period in the prior year (S$1.7 million from S$2.1 million).

In view of the strengthening of the Indonesian Rupiah ("IDR") against the Singapore Dollar ("SGD"), the Group recognised lower foreign exchange losses of S$0.1 million in 9M15, versus losses of S$1.5 million in 9M14.

The Group's joint venture in China recorded a third consecutive quarter of profits, contributing S$0.1 million and S$0.5 million to the Group's share of profits in 3Q15 and 9M15 respectively. This is in contrast with the share of loss of S$0.3 million in 3Q14 and S$0.9 million in 9M14. The positive result is driven by sustained demand for the equipment and services supplied by Hughes UnifiedNet Holding (China) Company Limited ("HUH"), which owns and manages Beijing China Satcom Unified Network Systems Technology Co., Ltd, which in turn holds the highly coveted VAS (value added services) and Satellite Operating licences in China.

Taking the above into account, the Group recorded a net profit of $1.3 million for 9M15 compared to net loss of $3.4 million for 9M14.

1. Update on Financial Position for the financial period ended 31 December 2014 (Continued)

Statement of Financial Position

As at 31 December 2014, plant and equipment balance was S$1.0 million, compared to S$1.7 million as at 31 March 2014, mainly due to the depreciation of assets amounting to S$0.7 million.

The positive share of profit from the Group's joint-venture also resulted in a higher net carrying value of the joint venture company.

Other receivables, deposits and prepayments balances were higher by S$0.5 million this year due to accrual of interest income receivable on the Group's convertible notes.

As at 31 December 2014, the available-for-sale financial assets of S$24.0 million reflected the fair value of the two convertible notes held by Arch and Hillgo.

The reduction in trade payables balance from S$1.7 million as at 31 March 2014 to S$0.5 million as at 31 December 2014 was mainly due to the S$1.2 million waiver of a trade payable referred to above in the review of the statement of comprehensive income.

Cash Flow

The Group held cash and cash equivalents totalling S$ 0.3 million as at 31 December 2014.

2. Update on Future Direction

As reported in the Q2 results announcement, the Group's investment in Hughes UnifiedNet Holding (China) Company Limited ("HUH"), a technology enabler in China, has continued to report profits. The quarter under review marked the third consecutive quarter of profit and the Group is hopeful of continued positive contribution from this business going forward.

Encouraged by the turnaround, the Group will continue to support the business activities of HUH. HUH has been working on a two-pronged strategy: adding new contracts in the area of satellite technology deployment to its existing portfolio in the natural resources and education sectors – it expects to sign a further contract for 100 coal mines with the Government of Guizhou later in 2015 - as well as penetrating new industries such as the supply of equipment for in-flight broadband capability for the airline industry in China. These have been progressing well and the Group expects HUH to report further progress in its business development effort going forward.

Outstanding matters relating to the Group's legacy businesses in Indonesia are in the process of being settled.

At the same time, the Group has continued to reorganise its structure. It has set up a subsidiary company in Singapore, NGSC Investment Management Pte Ltd, which it intends to develop into a platform to streamline the management of Group assets and invest in new business opportunities as and when these arise. These will include acquisitions and/or investments to expand the Group's technology related business, and/or to diversify the Group's investments into other long term growth sectors to the benefit of shareholders.

3. <u>Update of Watch-List status</u>

As at the date of this announcement, the Company is on the watch-list (the "Watch-List") pursuant to Rule 1311 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "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 has, 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

Andrew Coulton
Chairman and Executive Director

13 February 2015