NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) for the Financial Year ended 31 March 2016

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") is still in progress and has not been finalised.

As such, the comparative figures for FY2016 in this announcement are based on unaudited results for the financial year ended on 31 March 2015 as announced on 29 May 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 year ended 31 March 2016

Statement of Comprehensive Income

The Group recorded a 58% reduction in revenue to S$0.9 million for the financial year ended 31 March 2016 ("FY2016"), from S$2.2 million in the previous financial year ("FY2015"). This was due to the absence of rental income subsequent to 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.

Other income of S$27.3 million for FY2016 is due to a partial reversal of an impairment loss recorded in FY2013 for the Group's investment in the joint venture in China. Other income in FY2015 comprised only a S$1.2-million waiver of debt by a vendor in relation to the purchase of equipment by the Group.

In view of the weakening of the United States dollar ("USD") against the Singapore Dollar ("SGD"), The Group recognised a higher foreign exchange loss of S$328,000 in FY2016, versus a loss of S$62,000 in FY2015.

The Group recorded a S$1.6- million share of loss from its joint venture in China in FY2016, compared to a share of profit of S$0.3 million in FY2015. This highlighted the challenges the joint venture faced in the sale of its satellite broadband products and services in China in FY2016.

Taking the above into account, the Group recorded a net profit of $22.9 million for FY2016 compared to that of $1.3 million for FY2015.

Statement of Financial Position

As at 31 March 2016, the value of plant and equipment amounted to S$0.4 million, compared to S$0.7 million as at 31 March 2015. This took into account a S$0.2-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 declined to S$3.8 million as at 31 March 2016, compared to S$5.9 million as at 31 March 2015. The decline included a S$0.4-million partial repayment of an outstanding loan to a related party.

As at 31 March 2016, the available-for-sale financial assets of S$24.6 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$8.0 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 March 2016 stood at S$646,000.

2. Update on Future Direction

The Group is working towards the settlement of outstanding matters relating to its legacy businesses in Indonesia, specifically the collection of outstanding trade receivables from its Indonesian customers.

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

On 12 April 2016, the Group announced that it has reached a settlement agreement with Neo Telemedia Limited ("Neo Telemedia") and AR Evans Capital Limited ("AR Evans") to repay the outstanding sum of approximately HK$145.7 million. AR Evans is a financial advisor mandated to help the Group recover from Neo Telemedia the funds relating to the convertible notes that were due to the Group.

The settlement agreement involves a share allotment by Neo Telemedia. Once the arrangement has been approved by the Hong Kong Stock Exchange, AR Evans will place out these shares and disburse the money to the Group in five instalments.

3. Update of Watch-List status

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).

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

30 May 2016