NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Registration No.196400100R

MATERIAL DIFFERENCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS

The Board of Directors (the "Board") of Next-Generation Satellite Communications Limited (the "Company") and together with its subsidiaries (the "Group") refers to the unaudited full year results announcement for the financial year ended 31 March 2014 ("FY2014") released on 30 May 2014 and restated in accordance with the announcements released on 9 October 2015 (the "Unaudited FY2014 Results").

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that there were certain material differences between the audited financial statements for FY2014 and the Unaudited FY2014 Results following the finalisation of the audit. Details and clarifications of the differences are set out as follows:

Consolidated Statement of Comprehensive Income

	Unaudited S$'000	Audited S$'000	Difference S$'000	Please refer to Note
Revenue	**3,499**	**3,539**	**40**	n.m
Satellite communication service fee				
Data centre services and internet connectivity	4	4	-	n.m
Interest income (Convertible Note)	1,214	1,214	-	n.m
Rental income	2,281	2,321	40	
Cost of sales	**(1,341)**	**(2,670)**	**(1,329)**	1
Gross profit	**2,158**	**869**	**(1,289)**	
Other income	**38**	**26,244**	**26,206**	2
Finance expenses, net	**(954)**	**-**	**954**	3
Distribution expenses	**(10)**	**(15)**	**(5)**	n.m
Administrative expenses	**(2,429)**	**(2,042)**	**387**	4
Other expenses	**-**	**(4,206)**	**(4,206)**	5
Operating loss	**(1,197)**	**20,850**	**22,047**	
Share of loss of Joint Venture	(939)	(620)	**319**	6
(Loss) / Profit before income tax	**(2,136)**	**20,230**	**22,366**	
Income tax (expense) / credit:				
- Current	269	269	-	n.a
- Deferred	-	-	-	n.a
(Loss) / Profit for the financial year	**(1,867)**	**20,499**	**22,366**	
Other comprehensive (loss) / profit for the financial year:				
Currency translation differences arising from consolidation	285	425	**140**	n.m
Net fair value changes on avalaible-for sale financial assets	220	220	-	
Total comprehensive loss for the year attributable to equity holders of the Company	**(1,362)**	**21,144**	**22,506**	

Consolidated Statement of Financial Position

	Unaudited S$'000	Audited S$'000	Difference S$'000	Please refer to Note
ASSETS				
Non-current assets:				
Plant and equipment	1,417	131	**(1,286)**	1
Joint ventures	7,085	33,224	**26,139**	2,7
Goodwill	736	735	**(1)**	n.m
Deferred tax assets	-	-	**-**	n.a
Intangible assets	-	-	**-**	n.a
	9,238	**34,090**	**24,852**	
Current assets:				
Trade receivables	2,213	799	**(1,414)**	8
Other receivables,deposits and prepayment	5,290	3,458	**(1,832)**	9
Available for sale financial assets	22,891	22,891	**-**	n.a
Cash and bank balances	740	804	**64**	n.m
	31,134	27,952	**(3,182)**	
TOTAL ASSETS	**40,372**	**62,042**	**21,670**	
LIABILITIES				
Current liabilities:				
Trade payables	1,652	1,406	**(246)**	10
Other payables and accruals	5,988	5,395	**(593)**	11
Income tax payable	1,077	1,080	**3**	n.m
	8,717	7,881	**(836)**	
TOTAL LIABILITIES	**8,717**	**7,881**	**(836)**	
NET ASSET	**31,655**	**54,161**	**22,506**	
CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY				
Share capital	145,508	145,508	**-**	
Translation reserve	(215)	(75)	**140**	n.m
Capital reserve	(169)	(169)	**-**	
Fair value reserve	220	220	**-**	
Treasury shares	(1,219)	(1,219)	**-**	
Accumulated losses	(112,470)	(90,104)	**22,366**	
	31,655	**54,161**	**22,506**	

Statement of financial position (Company)

	Unaudited S$'000	Audited S$'000	Difference S$'000	Please refer to Note
ASSETS				
Non-current assets:				
Plant and equipment	13	13	-	
Subsidiaries	32,007	57,863	25,856	2,7
	32,020	**57,876**	**25,856**	
Current assets:				
Other receivables,deposits and prepayment	2,536	2,537	1	n.m
Amt due from subsidiaries (non-trade)	3,570	-	(3,570)	12
Cash and cash equivalents	503	502	(1)	n.m
	6,609	3,039	(3,570)	
TOTAL ASSETS	38,629	60,915		
LIABILITIES				
Current liabilities:				
Amount due to subsidiaries	8,288	8,287	(1)	n.m
Other payables	1,206	800	(406)	11
	9,494	9,087	(407)	
TOTAL LIABILITIES	**9,494**	**9,087**	**(407)**	
NET ASSET	**29,135**	**51,828**	**407**	
CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY				
Share capital	145,508	145,508	-	
Capital reserve	(169)	(169)	-	
Treasury shares	(1,219)	(1,219)	-	
Accumulated losses	(114,985)	(92,292)	22,693	
	29,135	**51,828**	**22,693**	

n.m – not material as amount in aggregate represents less than 3% of the revenue for the financial year ended 31 March 2014.
n.a – not applicable.

Notes:

(1) The increase in Cost of Sales was a result of additional depreciation charge on equipment used in our Universal Service Obligation ("USO") sites in Indonesia. The leasing agreements of these sites were terminated in June 2014. As a result, the Group adopted a change in accounting estimate for the depreciation policy and accelerated the useful life of the equipment.

(2) The significant increase in Other Income was mainly attributed to the reversal of impairment of S$25.9 million, in relation to the 55% stake in value of the Group's investment in the China joint venture.

(3) Finance expenses, net, has reduced significantly due to the reclassification of account to Other Expenses as further explained in Note 5 below.

(4) Administrative expenses further reduced by S$0.4 million due to the reversal of directors' fee for FY2014.

Notes (Continued)

(5) The significant variance in Other Expenses was mainly attributed to the following:
   a) S$2.2 million impairment charge on trade receivables;
   b) S$0.6 million impairment charge on other receivables; and
   c) S$1.3 million foreign currency loss, reclassified from Finance Expenses, net;

(6) Due to timing differences, part of revenue previously recognised by Hughes UnifiedNet Holding (China) Company Limited ("HUH") was reversed, resulting in an increase in the Group's share of loss in the joint venture for the year.

(7) Following an assessment of the carrying amount of the Group's investment in its joint venture, the Group recognised a reversal of impairment loss of S$25.9 million. This reversal of impairment loss was due to the higher net fair value of identifiable assets and liabilities of the various companies comprising the joint venture as compared to its carrying amount.

   A similar reversal of impairment loss of S$25.9 million was made at the Company level.

(8) An impairment loss of S$2.2 million was recognised by the Group. This arose in view of the termination of the leasing agreements of the Group's USO sites by 2 major customers in Indonesia, which would result in significant reduction in future cash flows. This was increased by the interest income from convertible notes of S$0.8 million reclassified from other receivables due to the nature of the income.

(9) The reduction in other receivables, deposits and prepayments are mainly attributed to the following:

   a) An impairment loss of S$0.6 million made against other receivables due to the uncertainty of repayment;
   b) A reclassification of balances to trade receivables amounted to S$0.8 million arising from interest income on convertible notes.
   c) Offsetting of balances against trade payables amounting to S$0.2 million.

10) The reduction mainly due to the offsetting of balances amounting to S$0.2 million.

11) This reduction is mainly due to the reversal of provision made for directors' fee amounting to S$0.4 million and over accruals of audit fee amounting to S$80,000.

12) This reduction arose from allowances made by the Company against balances due from its subsidiaries, having reviewed the underlying recoverable amounts of the same.

By Order of the Board
Next-Generation Satellite Communications Limited

Ku Vicente S.
Managing Director

25 July 2016