NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED

Co. Reg. No.196400100R

Quarterly Update Pursuant to Listing Rule 1313(2) for the Financial Year ended 31 March 2014

As of the date of this announcement, the statutory audit for the financial year ended 31 March 2013 ("FY2013") and independent audit (as announced on 25 July 2012) of Next-Generation Satellite Communications Limited ("Company") are still in progress and have not been finalised. As such, the comparative figures for FY2013 in this announcement are based on unaudited results as announced on 30 May 2013 and restated in accordance with the announcements released on 23 July 2013 and 27 August 2013. In the event that there are material adjustments arising from the finalisation of the audit for FY2013, 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 2014

Income Statement

The Group recorded a 30% increase in revenue to S$3.5 million for the year ended 31 March 2014 ("**FY2014**") from S$2.7 million recorded for the year ended 31 March 2013 ("**FY2013**"). This increase was mainly due to S$1.2 million interest income from the convertible notes acquired by the Group pursuant to an Agreement entered into the the Finance Company on 25 June 2013. Revenue from the Group's core Universal Service Obligation ("**USO**") business remained stable year-on-year. However, this revenue is denominated in Indonesian Rupiah ("**IDR**"). Due to unfavourable foreign exchange rates which has seen the IDR depreciate against the Singapore Dollar ("**SGD**"), there was a decrease in revenue from this source, in SGD terms at consolidation into the Group accounts. The Group also experienced a significant reduction in sales activity for its satellite equipment and satellite communication business in FY2014.

The Group booked foreign exchange loss of S$1.0 million in FY2014, against S$0.6 million in FY2013, primarily as a result of the depreciation of IDR against SGD.

Administrative expenses reduced to S$2.4 million in FY2014, from S$3.0 million in FY2013, as a result of lower payroll costs and professional fees.

Other expenses for FY2013 included a provision of doubtful debts in Trade Receivables totalling S$4.2 million, impairment of plant and equipment of S$0.5 million and an impairment of goodwill of S$0.2 million for the Group's data centre business in Indonesia. No significant Other expenses was incurred in FY2014.

In FY2014, the Group wrote back S$0.5 million in tax over-provided for in prior years, and consequently booked an income tax benefit of S$151,000 compared to an income tax expense of S$54,000 for FY2013.

Overall, the Group posted a reduced net loss of S$2.7 million for FY2014, compared to net loss of S$8.7 million in FY2013

1. Update on Financial Position for the financial year ended 31 March 2014 (Continued)

Balance Sheet

As at 31 March 2014, goodwill was higher at S$5.0 million, compared to S$4.3 million as at 31 March 2013, mainly due to the completion of acquisition of Arch and Hillgo which were transferred by the Finance Company to the Group pursuant to the Agreement entered with the Finance Company on 25 June 2013.

Available-for-sale financial assets of S$22.9 million as at 31 March 2014 reflects the fair value of the two convertible notes held by Arch and Hillgo. This is a slight increase of S$0.2 million since 31 December 2013.

As at 31 March 2014, plant and equipment stood at S$1.7 million, down from S$3.2 million the year before, mainly due to the depreciation of assets amounting to S$1.1 million and a S$0.4 million difference in the translation of IDR-denominated assets into SGD.

Other receivables, deposit and prepayments increased from S$3.5 million as at 31 March 2013 to S$5.6 million as at 31 March 2014, mainly due to a S$0.8 million interest income receivable from the convertible notes, S$0.6 million receivable from the Finance Company and another S$0.6 million receivable from directors of a subsidiary. As previously stated, the S$0.6 million recognized as receivable from the Finance Company relates to amounts withheld by the said company for the settlement of an invoice for 65 sets of Universal Service Obligation equipment which was purchased under an LC arrangement provided by it to one of the Group's subsidiaries. Pending confirmation that the invoice has been settled, the amount has been recorded as a receivable.

With respect to the S$0.6 million receivable from directors of a subsidiary, funds had been transferred out from the Company's accounts to the accounts of the directors of a subsidiary in December 2014. The directors had effected this as a result of an outstanding dispute arising prior to the acquisition of the subsidiary by the Group. As the Group has not been able to accurately determine the balance in the subsidiary's bank account, it has adopted a prudent approach of fully impairing the known balance, and recognizing this as a receivable from the directors of the subsidiary.

Investigations into this matter were initiated in the first quarter of 2014 and are at present on-going. The Company will provide further updates to shareholders when available.

The share of losses from the Group's joint-venture project also resulted in the decline in the net carrying value of joint ventures.

Cash Flow

For the financial year ended 31 March 2014, the Group received S$0.9 million from the Finance Company and S$0.8 million interest from the convertible notes of Arch and Hillgo. The Group has paid S$24.0 million for the acquisition of Arch and Hillgo through the settlement framework as set out in the Agreement entered with the Finance Company.

The Group's cash and cash equivalents as at 31 March 2014 was S$0.7 million.

2. Update on Future Direction

The Group's core Universal Service Obligation business is expected to contribute a steady recurring income going forward. However, the translation effects of the IDR to SGD as the Group's functional currency will have a negative impact on overall revenue should the IDR continue its weakening trend. The challenging operating environment in Indonesia has led to key customers maintaining a tight rein on their spending, which resulted in leaner margins. This has in turn affected the Group's bottom-line performance.

The Group has on 13 January 2014 entered into a sale and purchase agreement ("**SPA**") with C Media Limited (the "**Vendor**"), the parent company of Mobile Media (China) Limited with whom the Company entered into a non-binding term sheet as per announcement dated 6 August 2013, for the proposed acquisition of 75% of the paid-up capital ("**Sale Shares**") of Star Chariot Limited ("**Star**") by the Company from the Vendor for an aggregate purchase consideration of S$27.6 million. The Company is currently working closely with the Vendor to complete the acquisition and will update the shareholders on this as and when appropriate.

Going forward, the Group's priority is to manage its costs and improve operational efficiency while seeking growth opportunities in the telecommunication/satellite businesses in the PRC and the region.

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) 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

30 May 2014