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 2016 ("FY2016") ("Unaudited FY2016 Results") released on 30 May 2016.

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 FY2016 and the Unaudited FY2016 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	**923**	**923**	**-**	n.m
Interest income (Convertible Note)	923	923	**-**	n.m
Rental income	-	-	**-**	n.a
Cost of sales	**(204)**	**(21)**	**183**	1
Gross profit	**719**	**902**	**183**	
Other income	27,312	6	**(27,306)**	2
Administrative expenses	(2,650)	(2,961)	**(311)**	3
Other expenses	(328)	(2,657)	**(2,329)**	4
Operating loss	**25,053**	**(4,710)**	**(29,763)**	
Share of loss of Joint Venture	(1,551)	(1,757)	**(206)**	5
Profit/(Loss) before income tax	**23,502**	**(6,467)**	**(29,969)**	
Income tax expense:				
- Current	(152)	(152)	**-**	n.m
Profit/(Loss) for the financial year	**23,350**	**(6,619)**	**(29,969)**	
Other comprehensive (loss) / profit for the financial year:				
Currency translation differences arising from consolidation	(90)	88	**178**	n.a
Net fair value changes on avalaible-for sale financial assets	(2)	-	**2**	n.m
Total comprehensive profit/(loss) for the year attributable to equity holders of the Company	**23,258**	**(6,531)**	**(29,789)**	

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	421	23	**(398)**	1,6
Investment in joint venture	33,248	31,798	**(1,450)**	7
Goodwill	735	-	**(735)**	4 (iii)
	34,404	**31,821**	**(2,583)**	
Current assets:				
Trade receivables	2,548	-	**(2,548)**	8
Other receivables,deposits and prepayment	3,835	1,472	**(2,363)**	4 (i) & (ii), 9
Available for sale financial assets	24,645	-	**(24,645)**	10
Financial assets at fair value through profit and loss	-	24,645	**24,645**	10
Cash and bank balances	646	677	**31**	n.m
	31,674	26,794	**(4,880)**	
TOTAL ASSETS	**66,078**	**58,615**	**(7,463)**	
LIABILITIES				
Current liabilities:				
Trade payables	455	228	**(227)**	9
Other payables and accruals	7,626	7,538	**(88)**	11
Income tax payable	1,470	1,470	**-**	n.m
	9,551	9,236	**(315)**	
TOTAL LIABILITIES	**9,551**	**9,236**	**(315)**	
NET ASSET	**56,527**	**49,379**	**(7,148)**	
CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY				
Share capital	145,508	145,508	**-**	n.a
Translation reserve	1,315	1,729	**414**	n.a
Fair value reserve	325	-	**(325)**	n.a
Capital reserve	(169)	(169)	**-**	n.a
Treasury shares	(1,219)	(1,219)	**-**	n.a
Accumulated losses	(89,233)	(96,470)	**(7,237)**	
	56,527	**49,379**	**(7,148)**	

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	20	20	-	n.a
Subsidiaries	59,313	57,863	(1,450)	7
	59,333	**57,883**	**(1,450)**	
Current assets:				
Other receivables,deposits and prepayment	2,154	1,196	(958)	4 (ii)
Amt due from subsidiaries (non-trade)	4,687	-	(4,687)	12
Cash and cash equivalents	112	113	1	n.m
	6,953	1,309	(5,644)	
TOTAL ASSETS	66,286	59,192		
LIABILITIES				
Current liabilities:				
Amount due to subsidiaries	11,550	11,550	-	n.m
Other payables	2,307	2,273	(34)	13
	13,857	13,823	(34)	
TOTAL LIABILITIES	**13,857**	**13,823**	**(34)**	
NET ASSET	**52,429**	**45,369**	**34**	
CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY				
Share capital	145,508	145,508	-	n.a
Capital reserve	(169)	(169)	-	n.a
Treasury shares	(1,219)	(1,219)	-	n.a
Accumulated losses	(91,691)	(98,751)	(7,060)	n.a
	52,429	**45,369**	**(7,060)**	

n.m – not material as amount in aggregate represents less than 3% of the revenue for the financial year ended 31 March 2016.

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 decrease was due to the reversal of impairment in joint venture amounting to S$27.3 million which was adjusted during the finalisation of the audit for the financial year ended 31 March 2014 in July 2016.

3) The increase in administrative expenses was a result of the reversal of overprovision of directors fee which was taken up in the unaudited results for the financial year ended 31 March 2016 ("FY2016") and subsequently reversed during the finalisation of the audit for financial year ended 31 March 2015 ("FY2015") which was finalised in November 2016.

4) The significant increase in other expenses mainly due to the following:
   i) Impairment of other receivable amounting to S$0.63 million from Niaga Finance Limited;
   ii) Impairment of other receivable amounting to S$0.95 million from Ban Joo Investment (Pte) Ltd; and
   iii) Impairment of goodwill amounting to S$0.73 million.

Notes:

5) The increase in the loss of joint venture was mainly due to the interest expenses under-accrued for an outstanding loan amounted to S$0.2 million.

6) The decrease in property, plant and equipment was mainly due to Note 1 above and additional accelerated depreciation charged amounted to S$0.2 million was adjusted in FY2015, arising from the completion of the audit of FY2015 in November 2016.

7) The S$1.5 million decrease was a result of overprovision of reversal of impairment as per Note 2 from S$27.3 million to S$25.8 million arising from the completion of the audit for FY2015.

8) The decrease was a result of the trade receivables being fully impaired in FY2015 arising from the completion of the audit in November 2016.

9) The decrease of S$2.3 million was a result of Note 4 (i) and (ii) above and :

   i) Additional impairment in other receivables (third party) amounting to S$0.5 million arising from the completion of the audit of FY2014 and FY2015 in July 2016 and November 2016, being adjusted in the respective audited financial statements; and
   ii) An off-set against the trade payables amounting to S$0.2 million.

10) This pertains to the reclassification resulting from the completion of the audit of FY2016 to better reflect more appropriately its category of financial asset in accordance with FRS39, Financial Instruments: Recognition and Measurement.

11) The variance was due to the over-accrued audit fee of S$88,000 for FY2016 being adjusted upon the completion of the audit.

12) The significant decrease was mainly due to the provision of doubtful debts amounted to $3.57 million and S$1.32 million arising from the completion of the audit for FY2014 and FY2015 respectively being adjusted into the respective audited financial years.

13) The decrease of S$40,000 was a result of over-accrued audit fees for FY2016.

By Order of the Board
Next-Generation Satellite Communications Limited

Ku Vicente S.
Managing Director
21 April 2017