

Unaudited Third Quarter Financial Statements for the Financial Period Ended 31 December 2019

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Consolidated Statement of Comprehensive Income for the Financial Period Ended 31 December 2019

	Note	Group Nine months ended			Group Third quarter ended		
		31/12/2019	31/12/2018	%	31/12/2019	31/12/2018	%
		(unaudited)	(unaudited)		(unaudited)	(unaudited)	
		S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
Revenue		-	-	n.a.	-	-	n.a.
Cost of sales		-	-	n.a.	-	-	n.a.
Gross profit		-	-		-	-	
Other income	(i)	635	309	100	301	255	18
Other expense	(i)	-	(1,154)	(100)	-	(408)	(100)
Administrative expenses		(1,115)	(1,199)	(7)	(109)	(380)	(71)
Finance expenses, net		195	(613)	n.m	198	267	(26)
Share of profit/(loss) of joint venture		1,491	(1,395)	n.m	2,029	(857)	n.m
Profit/(loss) before tax		1,206	(4,052)		2,419	(1,123)	
Income tax expense		(5)	-	(100)	-	-	n.a
Profit/(loss) for the financial period	(ii)	1,201	(4,052)		2,419	(1,123)	
Attributable to:							
Owners of the Company		1,211	(4,094)	n.m	2,435	(1,187)	n.m
Non-controlling interests		(10)	42	n.m	(16)	64	n.m
Profit/(loss) for the financial period		1,201	(4,052)		2,419	(1,123)	
Other comprehensive income/(loss):							
Currency translation differences arising from consolidation		(667)	1,928	n.m	(744)	547	n.m
Total comprehensive income/(loss)		534	(2,124)		1,675	(576)	
Total Comprehensive income/(loss) attributable to:							
Owners of the Company		544	(2,166)	n.m	1,691	(640)	n.m
Non-controlling interests		(10)	42	n.m	(16)	64	n.m
		534	(2,124)		1,675	(576)	

Note:

n.a. – not applicable

n.m. – not meaningful

1 (a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group Nine months ended 31/12/2019 31/12/2018			Group Third quarter ended 31/12/2019 31/12/2018		
	(unaudited)	(unaudited)	%	(unaudited)	(unaudited)	%
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
(i) Other income/(expense)						
Interest income	102	232	(56)	84	212	(60)
Gain on disposal of subsidiary	13	-	100	-	-	n.a
Fair value loss on financial derivatives	-	(10)	(100)	-	(34)	(100)
Realised gain on financial derivatives	-	72	(100)	-	43	(100)
Impairment loss on investment in joint venture	-	(1,144)	(100)	-	(374)	(100)
Reversal of impairment of other receivables	163	-	100	-	-	n.a
Non trade payables written back	357	-	100	217	-	100
Others	-	5	100	-	-	n.a
	<u>635</u>	<u>(845)</u>	n.m	<u>301</u>	<u>(153)</u>	n.m
(ii) Total loss for the financial period is derived after crediting /(charging) the following:						
Depreciation of plant and equipment	(4)	(6)	(33)	(1)	(2)	(50)
Foreign exchange profit/(loss), net	195	(613)	n.m	198	267	(26)
	<u>195</u>	<u>(613)</u>		<u>198</u>	<u>267</u>	

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31/12/2019 (unaudited)	As at 31/03/2019 (audited)	As at 31/12/2019 (unaudited)	As at 31/03/2019 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	145,623	145,623	145,623	145,623
Treasury shares	(1,219)	(1,219)	(1,219)	(1,219)
	<u>144,404</u>	<u>144,404</u>	<u>144,404</u>	<u>144,404</u>
Other reserves				
Capital reserve	(169)	(169)	(169)	(169)
Settlement shares	(1,140)	(1,140)	(1,140)	(1,140)
Foreign currency translation reserves	1,472	2,139	-	-
	<u>163</u>	<u>830</u>	<u>(1,309)</u>	<u>(1,309)</u>
Accumulated losses	<u>(127,013)</u>	<u>(128,224)</u>	<u>(137,164)</u>	<u>(136,251)</u>
Equity attributable to owners of the Company	17,554	17,010	5,931	6,844
Non-controlling interests	(34)	(24)	-	-
TOTAL EQUITY	<u>17,520</u>	<u>16,986</u>	<u>5,931</u>	<u>6,844</u>
ASSETS				
Non-current assets				
Plant and equipment	4	8	2	6
Subsidiaries	-	-	26,877	26,877
Joint ventures	4,287	2,800	-	-
Current assets				
Other receivables, deposits and prepayments	186	334	81	102
Due from subsidiaries (non-trade)	-	-	12,805	686
Cash and cash equivalents	15,988	16,661	3,134	16,516
Derivative	-	600	-	-
	<u>16,174</u>	<u>17,595</u>	<u>16,020</u>	<u>17,304</u>
TOTAL ASSETS	<u>20,465</u>	<u>20,403</u>	<u>42,899</u>	<u>44,187</u>
LIABILITIES				
Current liabilities				
Trade payables	132	217	-	-
Other payables and accruals	1,986	2,386	989	1,395
Due to subsidiaries (non-trade)	-	-	35,979	35,948
Income tax payable	827	814	-	-
	<u>2,945</u>	<u>3,417</u>	<u>36,968</u>	<u>37,343</u>
TOTAL LIABILITIES	<u>2,945</u>	<u>3,417</u>	<u>36,968</u>	<u>37,343</u>
NET ASSETS	<u>17,520</u>	<u>16,986</u>	<u>5,931</u>	<u>6,844</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 19		As at 31 March 19 (audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Amount repayable after one year

As at 31 December 19		As at 31 March 19 (audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collaterals

Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Nine months ended		Group Third quarter ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before tax	1,201	(4,052)	2,419	(1,123)
Adjustments:				
Impairment loss on investment in joint venture	-	1,144	-	374
Depreciation	4	6	1	2
Fair value loss on financial derivative	-	10	-	34
Disposal of subsidiary	(13)	-	-	-
Realised loss on financial derivative	-	(72)	-	(43)
Reversal of impairment of other receivables	(163)	-	-	-
Share of loss/(profit) of joint venture	(1,491)	1,395	(2,029)	857
Unrealised foreign exchange differences	(650)	1,913	(790)	549
Interest income	(102)	(232)	(86)	(212)
Operating (loss)/profit before working capital changes	(1,214)	112	(485)	438
Other receivables, deposits and prepayments	311	1,346	82	(476)
Trade payables	(85)	1	(1)	(1)
Other payables and accruals	(400)	(152)	(153)	(39)
Interest received	102	232	86	212
Cash (used in)/generated from operations	(1,286)	1,539	(471)	134
Income tax paid	-	-	-	-
Net cash (used in)/generated from operating activities	(1,286)	1,539	(471)	134
Cash flows from investing activities				
Gain on disposal of subsidiary	13	-	-	-
Refund of deposits placed with broker for margin call	600	-	-	-
Purchase of plant and equipment	-	(2)	-	(2)
Net cash generated from/(used in) investing activities	613	(2)	-	(2)
Net (decrease)/increase in cash and cash equivalents	(673)	1,537	(471)	132
Cash and cash equivalents at beginning of financial period	16,661	15,261	16,459	16,666
Cash and cash equivalents at end of financial period	15,988	16,798	15,988	16,798
Fixed deposits	12,695	-	12,695	-
Cash and bank balances	3,293	16,798	3,293	16,798
	15,988	16,798	15,988	16,798

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Statement of Changes In Equity for the Financial Period ended 31 December 2019

<u>Group</u>	Share capital	Treasury shares	Capital reserve	Settlement shares	Translation reserve	Accumulated losses	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2019 (audited)	145,623	(1,219)	(169)	(1,140)	2,139	(128,224)	(24)	16,986
Profit for the financial period	-	-	-	-	-	1,211	(10)	1,201
Other comprehensive loss, net of tax	-	-	-	-	(667)	-	-	(667)
Total comprehensive income/ (loss) for the financial period	-	-	-	-	(667)	1,211	(10)	534
Balance at 31 December 2019	145,623	(1,219)	(169)	(1,140)	1,472	(127,013)	(34)	17,520

	Share capital	Treasury shares	Capital reserve	Settlement shares	Translation reserve	Accumulated losses	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2018 (restated)	145,623	(1,219)	(169)	(1,140)	1,552	(128,812)	26	15,861
Loss for the financial period	-	-	-	-	-	(4,094)	42	(4,052)
Other comprehensive income, net of tax	-	-	-	-	1,928	-	-	1,928
Total comprehensive income/ (loss) for the financial period	-	-	-	-	1,928	(4,094)	42	(2,124)
Balance at 31 December 2018 (unaudited)	145,623	(1,219)	(169)	(1,140)	3,480	(132,906)	68	13,737

<u>Company</u>	Share capital	Treasury shares	Settlement shares	Capital reserve	Accumulated losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2019 (audited)	145,623	(1,219)	(1,140)	(169)	(136,251)	6,844
Loss for the financial period	-	-	-	-	(913)	(913)
Total comprehensive loss for the financial period	-	-	-	-	(913)	(913)
Balance at 31 December 2019	145,623	(1,219)	(1,140)	(169)	(137,164)	5,931

	Share capital	Treasury shares	Settlement shares	Capital reserve	Accumulated losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2018 (restated)	145,508	(1,219)	(1,140)	(169)	(133,710)	9,270
Loss for the financial period	-	-	-	-	(778)	(778)
Total comprehensive loss for the financial period	-	-	-	-	(778)	(778)
Balance at 31 December 2018 (unaudited)	145,508	(1,219)	(1,140)	(169)	(134,488)	8,492

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued ordinary shares

	Number of shares	
	2020	2019
Balance at 1 April and 31 December	6,448,935,828	6,448,935,828

Outstanding convertibles

The Company did not have any outstanding share convertibles as at 31 December 2019 and 31 March 2019.

Treasury shares and subsidiary holdings

Included in the above issued ordinary shares as at 31 December 2019 was 24,200,000 (31 March 2019: 24,200,000) treasury shares held by the Company.

The subsidiary holdings as at 31 December 2019 and 31 March 2019 is NIL.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 December 2019	As at 31 March 2019
Total number of issued shares excluding treasury shares	6,424,735,828	6,424,735,828

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Treasury shares

	Number of ordinary shares	
	2019	2018
Balance at 1 April and 31 December	24,200,000	24,200,000

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied accounting policies and method of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the year ended 31 March 2019.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group		Group	
	Nine months ended		Third quarter ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	(cents)	(cents)	(cents)	(cents)
equity holder of the Company	0.01	(0.03)	0.03	(0.01)

As the Company does not have any outstanding share convertibles for the third quarter ended 31 December 2019 and 31 December 2018, the diluted loss per share is the same as basic loss per share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year**

	Group		Company	
	As at	As at	As at	As at
	31 December	31 March 2019	31 December	31 March 2019
	2019	(audited)	2019	(audited)
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.27	0.27	0.09	0.11

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

The Group recognised a foreign exchange gain of S\$0.2 million for the nine months ended 31 December 2019 ("**3QFY20**") compared to a foreign exchange loss of S\$0.6 million for the nine months ended 31 December 2018 ("**3QFY19**"). This was mainly due to the Group's exposure on its foreign currency against the Singapore dollar.

The Group also recorded a share of profit of S\$ 1.5 million from its joint venture in 3QFY20, as compared to a share of loss of S\$1.4 million in 3QFY19. This highlights the improvements the joint venture continues in its satellite broadband products and services in the Peoples Republic of China region.

Included in other income is interest received amounting to S\$0.1 million for 3QFY20 arising from deposits placed with licensed banks which derives an interest ranging from 1.68% to 1.87% per annum.

Overall, the Group recorded a net profit of S\$ 1.2 million for 3QFY20 as compared to a net loss of S\$4.1 million in 3QFY19.

Statement of Financial Position

As at 31 December 2019, the value of plant and equipment amounted to S\$4,000, compared to S\$8,000 as at 31 March 2019. This took into account a S\$4,000 depreciation of assets.

The share of profit from the Group's joint venture also resulted in a higher net carrying value of the joint venture as at 31 December 2019. The improved result is driven by the increased demand for the equipment and services supplied by its joint venture.

As at 31 December 2019, the Group's derivative asset decreased to zero as compared to approximately S\$0.6 million on 31 March 2019. This is due to the withdrawal of the deposits placed with broker for margin call.

Other payables and accruals as at 31 December 2019 were lower at S\$ 2.0 million, compared to S\$2.4 million as at 31 March 2019. The other payables and accruals mainly consists of provision of directors' fees, accruals and third party payables amounting to approximately S\$0.8 million, S\$0.7 million and S\$0.5 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 31 December 2019 stood at S\$16.0 million.

Update of Watch-List Status

As at the date of this announcement, the Company is on the watch-list (“**Watch-List**”) pursuant to Rule 1311 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**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 was placed on the watch-list under MTP entry criterion with effect from 5 June 2012, to meet the requirement of Rule 1314(2) of the SGX-ST Listing Manual pursuant to the MTP exit criterion and would update its shareholders in due course.

The Company had, in April 2018, 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.

On 3 December 2019, the Company has received a Notification of Delisting (the “Notification”) from the SGX-ST. The following was stated in the Notification:-

- (a) The Company has not met the requirements under Listing Rule 1314 for its removal from the Watch-list and hence, SGX-ST will proceed to delist the Company pursuant to Listing Rule 1315;
- (b) The issuer or its controlling shareholder(s) must comply with the Listing Rule 1309 which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders. The Company shall inform SGX-ST on the exit offer proposal as soon as practicable and no later than one month from the date of the Notification. The Company shall provide SGX-ST updates via SGXNET on the status of the Company’s exit offer proposal; and
- (c) Trading in the Company’s securities will continue until 5.16 pm, 2 January 2020 and will remain suspended from 9am, 3 January 2020 until completion of the exit offer..

The Company had, on 23 December 2019, made an application to SGX-ST for an appeal on the Notification and will update the shareholders on this as and when appropriate.

9. Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to the shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The group noted that the operating environment will remain highly competitive going forward. The onset of the COVID-19 situation is expected to have an impact on project rollouts and the Group will work hard on its businesses when the COVID-19 associated travel restrictions are lifted. The Group will remain vigilant on costs, credit and cash management in response to the business environment as it carries out its expansion strategies.

11. If a decision regarding dividend has been made:-

- (a) Whether an interim (final) ordinary dividend has been declared (recommended) – None
- (b) (i) Amount per share – Not applicable
(ii) Previous corresponding period - Not applicable
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated) – Not applicable
- (d) The date the dividend is payable – Not applicable
- (e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined – Not applicable

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared (recommended) for the financial period ended 31 December 2019. The Company did not declare any dividend as the continuing operations of the Company was in a loss-making position.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not seek nor obtain a shareholders' general mandate for interested person transactions.

14. Confirmation that the issuer has procured undertaking from all of its directors and executive officers (in the format as set out in Appendix 7.7) under Rule 720 (1).

Yes.

By Order of the Board
NGSC Limited

Lye Meng Yiau
Managing Director

14 February 2020



Unaudited Third Quarter Financial Statements for the Financial Period Ended 31 December 2019

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED FOR THE ANNOUNCEMENT OF UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

We, Lye Meng Yiau and Michael Kuan-Chi Sun, being Directors of the Company, do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited consolidated financial results for the third quarter ended 31 December 2019 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Lye Meng Yiau
Managing Director

Michael Kuan-Chi Sun
Executive Director

14 February 2020