NGSC LIMITED

Co. Reg. No.196400100R

Unaudited First Quarter Financial Statements for the Financial Period Ended 30 June 2018

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 30 June 2018

	Note	Group First quarter ended 30 Jun 2018	30 Jun 2017 (Restated)	%
		S$'000	S$'000	+/(-)
Revenue		**-**	**-**	n.a.
Cost of sales		-	-	n.a.
Gross profit		**-**	**-**	
Other income		79	23	100
Administrative expenses		(412)	(487)	(15)
Finance expenses, net		106	(67)	n.m.
Share of (loss)/profit of joint venture		(464)	289	n.m.
Loss before tax		**(691)**	**(242)**	
Income tax expense		-	-	n.a.
Loss for the financial period	**(i)**	**(691)**	**(242)**	
Attributable to:				
Owners of the Company		(680)	(240)	100
Non-controlling interests		(11)	(2)	100
Loss for the financial period		**(691)**	**(242)**	
Other comprehensive loss:				
Currency translation differences arising from consolidation		7	(202)	n.m
Total comprehensive loss		**(684)**	**(444)**	
Total Comprehsive loss attributable to:				
Owners of the Company		(673)	(442)	
Non-controlling interests		(11)	(2)	
		(684)	**(444)**	

Note:
n.a. – not applicable
n.m. – not meaningful

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

	Group Financial period ended		
	30 Jun 2018	**30 Jun 2017** (restated)	**%**
	S$'000	S$'000	+/(-)
(i) Total loss for the financial period is derived after crediting/(charging):			
Depreciation	(2)	(1)	100
Interest income	3	22	(100)
Foreign exchange (loss)/gain, net	106	(67)	n.m
	107	(46)	

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 30 Jun 2018	As at 31 Mar 2018 (audited)	As at 30 Jun 2018	As at 31 Mar 2018 (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)
	144,404	144,404	144,404	144,404
Other reserves				
Capital reserve	(169)	(169)	(169)	(169)
Foreign currency translation reserves	1,559	1,552	-	-
	1,390	1,383	(169)	(169)
Accumulated losses	(127,334)	(126,653)	(133,772)	(133,710)
Equity attributable to owners of the Company	18,460	19,134	10,463	10,525
Non-controlling interests	34	26	-	-
TOTAL EQUITY	18,494	19,160	10,463	10,525
ASSETS				
Non-current assets				
Plant and equipment	14	13	12	11
Subsidiaries	-	-	26,584	26,584
Joint ventures	2,037	2,539	-	-
Current assets				
Other receivables, deposits and prepayments	3,034	4,393	3,355	4,123
Due from subsidiaries (non-trade)	-	-	1,342	712
Cash and bank balances	16,484	15,261	16,433	15,215
Derivative	478	474	-	-
	19,996	20,128	21,130	20,050
TOTAL ASSETS	22,047	22,680	47,726	46,645
LIABILITIES				
Current liabilities				
Trade payables	217	215	-	-
Other payables and accruals	2,529	2,487	1,535	1,460
Due to subsidiaries (non-trade)	-	-	35,728	34,660
Income tax payable	807	818	-	-
	3,553	3,520	37,263	36,120
TOTAL LIABILITIES	3,553	3,520	37,263	36,120
NET ASSETS	18,494	19,160	10,463	10,525

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 30/06/18		As at 31/03/18 (unaudited)	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	S$'000	S$'000	S$'000
-	-	-	-

Amount repayable after one year

As at 30/06/18		As at 31/03/18 (unaudited)	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	S$'000	S$'000	S$'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 Financial period ended 30 June 2018	 30 Jun 2017 (restated)
	S$'000	S$'000
Cash flows from operating activities		
Loss before tax	(691)	(242)
Adjustments:		
Depreciation	2	1
Fair value loss on financial derivative	38	-
Realised gain on financial derivative	(42)	-
Share of (profit)/loss of joint venture	464	(289)
Unrealised foreign exchange differences	51	(225)
Interest income	(3)	(22)
Operating loss before working capital changes	(181)	(777)
Other receivables, deposits and prepayments	1,359	(2,993)
Trade payables	2	(2)
Other payables and accruals	42	(8)
Interest received	3	22
Cash used in operations	1,225	(3,758)
Income tax paid	-	-
Net cash used in operating activities	1,225	(3,758)
Cash flows from investing activities		
Proceeds from issuance of ordinary shares in subsidiary to non-controlling interest	-	45
Purchase of plant and equipment	(2)	(7)
Net cash generated from investing activities	(2)	38
Net increase/(decrease) in cash and cash equivalents	1,223	(3,720)
Cash and cash equivalents at beginning of financial period	15,261	23,124
Cash and cash equivalents at end of financial period	16,484	19,404

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 30 June 2018

Group	Share capital	Treasury shares	Capital reserve	Translation reserve	Accumulated losses	Non-controlling interests	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2018 (audited)	**145,623**	**(1,219)**	**(169)**	**1,552**	**(126,654)**	**45**	**19,178**
Loss for the financial year	-	-	-	-	(680)	(11)	(691)
Other comprehensive loss, net of tax	-	-	-	7	-	-	7
Incorporation of new subsidiary	-	-	-	-	-	-	-
Total comprehensive income/ (loss) for the financial period	-	-	-	7	(680)	(11)	(684)
Balance at 30 June 2018	**145,623**	**(1,219)**	**(169)**	**1,559**	**(127,334)**	**34**	**18,494**

	Share capital	Treasury shares	Capital reserve	Translation reserve	Accumulated losses	Non-controlling interests	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2017 (audited)	**145,508**	**(1,219)**	**(169)**	**1,942**	**(100,007)**	**-**	**46,055**
Loss for the financial year	-	-	-	-	(240)	(2)	(242)
Other comprehensive loss, net of tax	-	-	-	(202)		-	(202)
Incorporation of new subsidiary	-	-	-	-	-	45	45
Total comprehensive loss for the financial year	-	-	-	(202)	(240)	43	(399)
Balance at 30 June 2017 (restated)	**145,508**	**(1,219)**	**(169)**	**1,740**	**(100,247)**	**43**	**45,656**

Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2018 (audited)	**145,623**	**(1,219)**	**(169)**	**(133,710)**	**10,525**
Loss for the financial period	-	-	-	(62)	(62)
Total comprehensive loss for the financial period	-	-	-	(62)	(62)
Balance at 30 June 2018	**145,623**	**(1,219)**	**(169)**	**(133,772)**	**10,463**

	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2017 (audited)	**145,508**	**(1,219)**	**(169)**	**(99,873)**	**44,247**
Loss for the financial period	-	-	-	(522)	(522)
Total comprehensive loss for the financial period	-	-	-	(522)	(522)
Balance at 30 June 2017 (restated)	**145,508**	**(1,219)**	**(169)**	**(100,395)**	**43,725**

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 2018	2017
Balance at 1 April and 30 June	6,410,535,828	6,410,535,828

Outstanding convertibles

The Company did not have any outstanding share convertibles as at 30 June 2018 and 31 March 2018.

Treasury shares and subsidiary holdings

Included in the above issued ordinary shares as at 30 June 2018 was 24,200,000 (31 March 2018: 24,200,000) treasury shares held by the Company.

The subsidiary holdings as at 30 June 2018 and 30 June 2017 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 30/06/2018	As at 31/03/2018
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**	
	2018	**2017**
Balance at 1 April and 30 June	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 2018 as per announcement dated 30 May 2018.

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	
	First quarter ended	
	30/06/2018	**30/06/2017**
	(cents)	(cents) (restated)
Loss per share attributable to the equity holders of the Company		
- basic	(0.01)	(0.01)

As the Company does not have any outstanding share convertibles for the first quarter ended 30 June 2018 and 30 June 2017, 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 30/06/2018 (cents)	**As at 31/03/2018** (audited) (cents)	**As at 30/06/2018** (cents)	**As at 31/03/2018** (unaudited) (cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.29	0.30	0.16	0.16

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$106,000 for the first quarter ended 30 June 2018 ("**1QFY19**") compared to a foreign exchange loss of S$67,000 in the first quarter ended 30 June 2017 ("**1QFY18**"). This was mainly due to the weakening of Singapore dollars against United States dollar and Hong Kong dollar in 1QFY19.

The Group recorded a share of loss of S$0.46 million from its joint venture in 1QFY19, as compared to share of profit of S$0.29 million in 1QFY18. The negative result is driven by the lower demand for the equipment and services supplied by HUH Broadband Communication Company Limited.

Taking the above into account, the Group recorded a net loss of S$0.69 million for 1QFY19 compared to a net loss of S$0.24 million in 1QFY18.

Statement of Financial Position

Included in other receivables, deposits and prepayment is an amount due from Ban Joo Investment (Pte) Ltd arising from the settlement of 380 million shares of the Company with a market value of S$0.8 million. The shares are held in as a collateral and the Group has the economic and monetary rights and benefits as per announced by the Group on 20 February 2017. Included in other receivables is also an amount due from Zhong Ping Trading Development Company Limited being the balance of loan amounted to S$2.0 million.

The share of loss from the Group's joint venture in the current financial period resulted in a lower net carrying value of the joint venture as at 30 June 2018.

Other payables and accruals mainly consist of provision for directors' fee and accruals amounting to approximately S$1.1 million and S$1.0 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 30 June 2018 stood at S$16.5 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 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.

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

The current announced results are in line with the prospect statement in the results announcement for the financial period ended 31 March 2018 and the subsequent announcements released by the Group.

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 refers to the announcements dated 9th May 2018 in relation to the grant of the call option by Grand Harvest Resource Holdings Ltd. ("Vendor") and Tam Man Wai ("Mark Tam") to the Company to acquire 650,000 shares, representing 65% of the equity interest in Zhong Ping Trading Development Limited ("ZP") and a loan of the principle amount of S$3 million granted by the Company to ZP ("Loan").

The Company has decided not to proceed with the Call Option. Accordingly, the Company has entered into a settlement agreement with ZP, Mark Tam and the Vendor ("Settlement Agreement') pursuant to which the parties have agreed to terminate the Call Option Agreement subject to ZP agreeing to prepay the Loan and interest under Loan Agreement by 16 August 2018 or such later date as may be agreed by the Company and ZP in writing in accordance with the terms and conditions of the Settlement Agreement. Subsequent to the settlement agreement, ZP had repaid a principal amount of S$1 million, leaving a remaining balance of S$2 million which will be due on 16 August 2018.

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.

No dividend has been declared (recommended) for the financial period ended 30 June 2018.

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

Ku Vicente S.
Managing Director and Chief Executive Officer

14 August 2018