

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF NEXT-GENERATION SATELLITE  
COMMUNICATIONS LIMITED (NOW KNOWN AS NGSC LIMITED)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

**Report on the Audit of the Revised Financial Statements**

*Qualified Opinion*

We have audited the revised financial statements of Next-Generation Satellite Communications Limited (now known as NGSC Limited) (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the revised financial statements, including a summary of significant accounting policies. The revised financial statements replace the original financial statements approved by the former board of directors on 1 November 2017.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying revised consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") as they have effect under the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-sheet) Regulations 2018 (the "Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view, seen as at the date of the original financial statements, of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

*Basis for Qualified Opinion*

(1) Opening balances

Our independent auditor's report dated 21 April 2017 contains a disclaimer of opinion on the financial statements for the financial year ended 31 March 2016. The basis for disclaimer of opinion on the financial statements for the financial year ended 31 March 2016 is disclosed in Note 31 to the financial statements.

In view of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 March 2016, we were unable to determine whether the opening balances as at 1 April 2016 are fairly stated.

**RT LLP**  
Chartered Accountants  
UEN : T08LL0811J

**RT ASEAN Pte Ltd**  
Head Office  
UEN : 201537050N

**RT Advisory Pte Ltd**  
UEN : 201510979W

**RT Links Pte Ltd**  
UEN : 201542866E

**RT Academy Pte Ltd**  
UEN : 201527798R

**RT International Advisory Pte Ltd**  
UEN : 201726206W

+65 62260080  
+65 62263345  
info@rtasean.com

1 Raffles Place, #17-02, One Raffles Place, Singapore 048616

RT Group : [www.rt-ca.com](http://www.rt-ca.com) RT ASEAN : [www.rtasean.com](http://www.rtasean.com)

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**INDEPENDENT AUDITOR'S REPORT (CONT'D)  
TO THE MEMBERS OF NEXT-GENERATION SATELLITE COMMUNICATIONS LIMITED  
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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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**Report on the Audit of the Revised Financial Statements (Cont'd)**

***Basis for Qualified Opinion (cont'd)***

(1) Opening balances (cont'd)

Since the opening balances as at 1 April 2016 are entered into the determination of the financial position of the Group and of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 31 March 2017, we were unable to determine whether adjustments, if any, might have been found to be necessary in respect of the Group's and the Company's revised financial statements for the financial year ended 31 March 2017.

Our opinion on the current financial year's revised financial statements of the Group and the Company is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

(2) Independent investigations

Subsequent to the completion of the independent investigation by Ernst & Young Advisory Pte. Ltd. ("EY") on 31 October 2014, EY issued their Report ("EY Report") containing their findings to the Audit Committee of the Company, the details of which are described in [Note 30 (a)] to the financial statements. In view of EY's findings, the Company re-appointed EY on 10 November 2014 to perform further investigation into, inter alia the discrepancies and matters highlighted in the EY Report. Specifically, EY was engaged to investigate on (i) allegations raised by the former owners of Multi Skies Nusantara Limited's ("MSN") subsidiary, PT Multi Skies Nusantara ("PT MSN"); and (ii) the appropriateness of certain transactions and actions involving PT MSN, including review of the acquisition transaction and the process and procedures surrounding the consideration paid with reference to the financial records of MSN, PT Karunia Anugerah Mitra Utama ("PT Kamu") and PT MSN (collectively, the "MSN group") and the corporate records of PT MSN [Note 30(c)].

As at the date of our original auditor's report, we had obtained confirmation from EY informing us that their investigation into the MSN group, as disclosed in Note 30(c) to the financial statements had just ended and EY were finalising their report ("EY2 Report") with the Company. We were also informed by the Company that the draft EY2 Report was under review and being studied by the Board and the Company's legal counsel. Consequently, we were unable to determine whether any further significant findings may be reported by EY and whether there may be any adjustments arising thereon which may have an impact on the original financial statements of the Group and the Company.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Revised Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the revised financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



**INDEPENDENT AUDITOR'S REPORT (CONT'D)  
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**Report on the Audit of the Revised Financial Statements (Cont'd)**

***Emphasis of Matter (Cont'd)***

We draw your attention to Note 30 (e) to the revised financial statements.

On 4 June 2017, the Company announced that the Singapore Exchange Securities Trading Limited ("Exchange") had notified the Company that it would be placed on the watch-list due to the Minimum Trading Price ("MTP") Entry Criteria with effect from 5 June 2017.

The Company will have to meet the requirements of Rule 1314(2) of the Listing Manual within 36 months from 5 June 2017, failing which the Exchange would delist the Company or suspend trading in the Company's shares with a view to delisting the Company. In this regard, Listing Rule 1314(2) states that the Company will be assessed by the Exchange for removal from the watch-list if it records volume-weighted average price of at least \$0.20 and an average daily market capitalisation of \$40 million or more over the last 6 months.

Following the Company's inclusion in the watch-list, the Company is required to provide a quarterly update on its efforts and the progress made in meeting the exit criteria of the watch-list.

In addition, the Company was also previously placed under the watch-list under the financial criteria. On 31 May 2012, the Company announced that it had applied for an extension of time to meet the requirements to exit from the watch-list which are set out under Listing Rule 1314.

In November 2014, the Company had made an application to the Exchange for a further extension to meet the requirements to exit the watch-list. As at the date of our original auditor's report, the Company was still pending response from the Exchange.

Our opinion is not modified in respect of this matter.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the revised financial statements of the current period. These matters were addressed in the context of our audit of the revised financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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**Report on the Audit of the Revised Financial Statements (Cont'd)**

**Key Audit Matters (Cont'd)**

<b>Key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p><b>Impairment assessment of investment in joint ventures and subsidiaries</b></p> <p>During the financial year, the Group made an impairment loss of approximately \$30.923 million (2016: Nil) on its investment in joint ventures and the Company made an impairment loss of \$33.823 million (2016: Nil) on its investment in subsidiaries.</p> <p>Following these impairment losses, the Group and Company's investment in joint ventures and subsidiaries amounted to Nil and \$24.095 million respectively, which represent approximately Nil and 51% of the Group's and Company's total assets respectively.</p> <p>Impairment assessment of joint ventures and subsidiaries are performed when an indication of impairment exists. Impairment is recognised when the carrying amount of the joint ventures and subsidiaries exceed their respective recoverable amount. The recoverable amount is defined as the higher of an asset's or cash generating unit's fair value ("FV") less costs of disposal and its value in use ("VIU").</p> <p>Management has used the independent valuer's FV less costs of disposal, (which is higher than its VIU) as its recoverable amount.</p> <p>The significant assumptions and estimates, including the basis used for the assessment of the recoverable amount of investment in joint ventures and subsidiaries are disclosed in Note 3.2(a), 12 and 13.</p> <p>We considered this to be a key audit matter because of the significance of the impairment loss and the element of critical estimates and judgement required in determining the assumptions and basis used in arriving at the discounted future cash flows to determine the recoverable amount of the investment in joint ventures and subsidiary.</p>	<p>Our audit focused on evaluating the key assumptions used by both management and management's expert (i.e. the independent valuer) in conducting the impairment review based on VIU and FV less costs of disposal. Our audit procedures included but were not limited to the following:</p> <ol style="list-style-type: none"> <li>1) Tested management's assumptions used in VIU to calculate the recoverable amount and assessed the accuracy of the historical data used by management as the basis of arriving at the estimated discounted future cash flows ("DCF");</li> <li>2) Reviewed the engagement terms entered into with the independent valuer to ascertain if there were any matters that may have affected the valuer's objectivity or placed limitations in the scope of their work;</li> <li>3) Evaluated the qualifications and competence of the independent valuer;</li> <li>4) Considered the valuation methodologies adopted;</li> <li>5) Tested the integrity of inputs of the projected cash flows used in the valuation;</li> <li>6) Challenged the cash flow forecasts used with comparison to recent information, historical trend analysis; and</li> <li>7) For key inputs used for the DCF such as discount rate and weighted costs of capital, ensured the valuer has taken into consideration the general market outlook for the relevant industry, including comparing against comparable listed companies.</li> <li>8) Obtain sufficient appropriate audit evidence about whether the revisions made under the Regulations are appropriately reflected in these revised financial statements.</li> </ol>

**INDEPENDENT AUDITOR'S REPORT (CONT'D)  
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**Report on the Audit of the Revised Financial Statements (Cont'd)**

***Other Matter – Revisions Made Under the Regulations***

We draw attention to Note 2.1 and Note 29 to these revised financial statements which describes the reasons and the impacts arising from the revision to the original financial statements.

The original financial statements for the financial year ended 31 March 2017 were approved by the former board of directors on 1 November 2017 where we expressed a disclaimer of opinion with an emphasis of matter paragraph in our original auditor's report and dated that report on those original financial statements on that date.

The revised financial statements have been prepared in accordance with the Regulations and accordingly do not deal with events which have taken place after the date on which the original financial statements were approved. Consequently, our procedures on subsequent events are restricted solely to the revisions described in Note 29 to these revised financial statements and we have not performed procedures in relation to events occurring between the date of our original auditor's report and the date of this report.

***Information Other than the Revised Financial Statements and Auditor's Report Thereon***

Management is responsible for the other information. The other information comprises the Directors' Statement on pages 3 to 7.

Our opinion on the revised financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Directors for the Revised Financial Statements***

Management is responsible for the preparation of revised financial statements that give a true and fair view in accordance with the provisions of the Act as they have effect under the Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair revised financial statements and to maintain accountability of assets.

In preparing the revised financial statements, management is responsible for assessing the Group's ability to continue as a going concern, as made up to the date of the original financial statements, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT (CONT'D)  
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**Report on the Audit of the Revised Financial Statements (Cont'd)**

*Auditor's Responsibilities for the Revised Audit of the Revised Financial Statements*

Our objectives are to obtain reasonable assurance about whether the revised financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revised financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the revised financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the revised financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our original auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the revised financial statements, including the disclosures, and whether the revised financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the revised consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Obtain sufficient appropriate audit evidence about whether the revisions made under the Regulations are appropriately reflected in these revised financial statements.



**INDEPENDENT AUDITOR'S REPORT (CONT'D)  
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**Report on the Audit of the Revised Financial Statements (Cont'd)**

*Auditor's Responsibilities for the Audit of the Revised Financial Statements (Cont'd)*

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the revised financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Kian Meng.

**RT LLP**  
Public Accountants and  
Chartered Accountants  
Singapore, 3 July 2019