NGSC LIMITED

Co. Reg. No.196400100R

Unaudited Second Quarter Financial Statements for the Financial Period Ended 30 September 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 September 2018

	Note	Group Half year ended 30/09/2018 (unaudited) S$'000	30/09/2017 (audited) S$'000	% +/(-)	Group Second quarter ended 30/09/2018 (unaudited) S$'000	30/09/2017 (audited) S$'000	% +/(-)
Revenue		**-**	**-**	n.a.	**-**	**-**	n.a.
Cost of sales		-	-	n.a.	-	-	n.a.
Gross profit		**-**	**-**	n.a.	**-**	**-**	n.a.
Other income		78	69	13	68	46	48
Other expense		(770)	-	100	(770)	-	100
Administrative expenses		(820)	(787)	4	(408)	(300)	36
Finance expenses, net		(880)	(290)	100	(986)	(223)	100
Share of profit/(loss) of joint venture		(537)	1,032	n.m.	(73)	743	n.m.
Profit/(loss) before tax		**(2,929)**	**24**		**(2,169)**	**266**	
Income tax expense		-	-	n.a.	-	-	n.a.
Profit/(loss) for the financial period	(i)	**(2,929)**	**24**	n.m.	**(2,169)**	**266**	n.m.
Attributable to:							
Owners of the Company		(2,907)	82	n.m.	(2,158)	202	n.m.
Non-controlling interests		(22)	(58)	(62)	(11)	(56)	(80)
		(2,929)	**24**		**(2,169)**	**146**	
Other comprehensive income/(loss):							
Currency translation differences arising from consolidation		1,381	(118)	n.m.	1,537	84	100
Total comprehensive income/(loss)		**(1,548)**	**(94)**		**(632)**	**350**	
Total comprehensive (loss)/profit attributable to:							
Owners of the Company		(1,526)	(36)	100	(621)	406	n.m.
Non-controlling interests		(22)	(58)	(62)	(11)	(56)	(80)
		(1,548)	**(94)**		**(632)**	**350**	

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

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

	Group Half year ended			Group Second quarter		
	30/09/2018	**30/09/2017**	**%**	**30/09/2018**	**30/09/2017**	**%**
	(unaudited)	(audited)		(unaudited)	(audited)	
	S$'000	S$'000	+/(-)	S$'000	S$'000	+/(-)
(i) Total profit/(loss) for the financial period is derived after crediting / (charging) the following:						
Depreciation of plant and equipment	(4)	(5)	(20)	(2)	(4)	(50)
Impairment loss on investment in joint venture	(770)	-	100	(770)	-	100
Fair value gain on financial derivative	24	-	100	62	-	100
Realised gain/(loss) on financial derivative	29	-	100	(13)	-	100
Foreign exchange (loss)/profit, net	(880)	(290)	100	(986)	(223)	100

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 30/09/2018 (unaudited) S$'000	As at 31/03/2018 (audited) S$'000	As at 30/09/2018 (unaudited) S$'000	As at 31/03/2018 (audited) S$'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	2,933	1,552	-	-
	2,764	1,383	(169)	(169)
Accumulated losses	(129,560)	(126,653)	(134,986)	(133,710)
Non-controlling interest	23	26	-	-
TOTAL EQUITY	17,631	19,160	9,249	10,525
ASSETS				
Non-current assets				
Plant and equipment	12	13	10	11
Goodwill	-	-	-	-
Subsidiaries	-	-	25,814	26,584
Joint ventures	1,228	2,539	-	-
Current assets				
Other receivables, deposits and prepayments	1,224	2,986	1,283	4,123
Due from subsidiaries (non-trade)	-	-	1,368	-
Due from related parties (non-trade)	1,346	1,407	1,343	712
Derivative assets	529	474	-	-
Cash and bank balances	16,666	15,261	16,615	15,215
	19,765	20,128	20,609	20,050
TOTAL ASSETS	21,005	22,680	46,433	46,645
LIABILITIES				
Current liabilities				
Trade payables	211	215	-	-
Other payables and accruals	1,912	2,043	1,388	1,460
Due to subsidiaries (non-trade)	-	-	35,796	34,660
Due to related party (non-trade)	462	444	-	-
Income tax payable	789	818	-	-
	3,374	3,520	37,184	36,120
TOTAL LIABILITIES	3,374	3,520	37,184	36,120
NET ASSETS	17,631	19,160	9,249	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 30/09/18		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 30/09/18		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 Half year ended		Group Second quarter ended	
	30/09/2018 (unaudited) S$'000	30/09/2017 (audited) S$'000	30/09/2018 (unaudited) S$'000	30/09/2017 (audited) S$'000
Cash flows from operating activities				
Profit/(Loss) before tax	(2,929)	24	(2,169)	146
Adjustments:				
Depreciation of plant and equipment	4	5	2	4
Impairment loss on investment in joint venture	770	-	770	-
Fair value (gain) loss on financial derivative	(24)	-	(62)	-
Realised (gain) loss on financial derivative	(29)	-	13	-
Interest income	(20)	(69)	(17)	(46)
Share of (profit)/loss of joint venture	537	(1,032)	73	(743)
Unrealised foreign exchange differences	1,369	(284)	1,249	(58)
Operating loss before working capital changes	(322)	(1,356)	(141)	(697)
Other receivables, deposits and prepayments	1,822	(4,360)	463	(1,366)
Due from related parties	-	-	-	8
Other payables and accruals	(113)	(131)	(155)	(11)
Interest received	20	69	17	46
Net cash generated from (used in) operating activities	1,407	(5,778)	184	(2,020)
Cash flows from investing activities				
Purchase of plant and equipment	(2)	(12)	(2)	(5)
Investment in derivative assets	-	(305)	-	(305)
Net cash used in investing activities	(2)	(317)	(2)	(310)
Cash flow from financing activities				
Proceeds from exercise of share options	-	115	-	115
Proceeds from issuance of ordinary shares in subsidiary to non-controlling interest	-	-	-	(45)
Net cash generated from investing activities	-	115	-	70
Net increase (decrease) in cash and cash equivalents	1,405	(5,980)	182	(2,260)
Cash and cash equivalents at beginning of financial period	15,261	23,124	16,484	19,404
Cash and cash equivalents at end of financial period	16,666	17,144	16,666	17,144

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 September 2018

Group	Share capital	Treasury shares	Capital reserve	Translation reserve	Non-controlling interest	Accumulated losses	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2018, (audited) (restated)	**145,623**	**(1,219)**	**(169)**	**1,552**	**26**	**(126,653)**	**19,160**
Loss for the financial period	-	-	-	-	(3)	(2,907)	(2,910)
Other comprehensive loss, net of tax	-	-	-	1,381	-	-	1,381
Total comprehensive loss for the financial period	-	-	-	1,381	(3)	(2,907)	(1,529)
Contribution by and distributions to owners							
Grant of share awards	-	-	-	-	-	-	-
Balance at 30 September 2018 (unaudited)	**145,623**	**(1,219)**	**(169)**	**2,933**	**23**	**(129,560)**	**17,631**

	Share capital	Treasury shares	Capital reserve	Translation reserve	Non-controlling interest	Accumulated losses	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)**	**1,880**	**45**	**(100,379)**	**45,666**
Loss for the financial period	-	-	-	-	(58)	82	24
Other comprehensive loss, net of tax	-	-	-	(118)	-	-	(118)
Total comprehensive loss for the financial period	-	-	-	(118)	(58)	82	(94)
Contribution by and distributions to owners							
Grant of share awards	115	-	-	-	-	-	115
Balance at 30 September 2017 (audited)	**145,623**	**(1,219)**	**(169)**	**1,762**	**(13)**	**(100,297)**	**45,687**

Unaudited Statement of Changes In Equity for the Financial Period ended 30 September 2018 (cont'd)

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	-	-	-	(1,276)	(1,276)
Contribution by and distributions to owners					
Grant of share awards	-	-	-	-	-
Balance at 30 September 2018 (unaudited)	**145,623**	**(1,219)**	**(169)**	**(134,986)**	**9,249**

	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)**	**(100,622)**	**43,498**
Loss for the financial period	-	-	-	(807)	(807)
Total comprehensive loss for the financial period	-	-	-	(807)	(807)
Contribution by and distributions to owners					
Grant of share awards	115	-	-	-	115
Balance at 30 September 2017 (audited)	**145,623**	**(1,219)**	**(169)**	**(101,429)**	**42,806**

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 September	6,410,535,828	6,410,535,828

Outstanding convertibles

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

Treasury shares and subsidiary holdings

Treasury shares as at 30 September 2018 was 24,200,000 (31 March 2018: 24,200,000) treasury shares held by the Company.

The subsidiary holdings as at 30 September 2018 and 31 March 2018 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 30/09/2018	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 September	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 09 November 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 Half year ended		Company Half year ended	
	As at 30/09/2018 (cents)	**As at 30/09/2017** (audited) (cents)	**As at 30/09/2018** (cents)	**As at 30/09/2017** (audited) (cent)
Profit / (Loss) per share attributable to the equity holder of the Company	(0.02)	(0.01)	(0.01)	0.01

As the Company does not have any outstanding share convertibles for the half year ended 30 September 2018 and 30 September 2017, the diluted profit/(loss) per share is the same as basic profit/(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 30/09/2018 (cents)	**As at 31/03/2018** (audited) (cents)	**As at 30/09/2018** (cents)	**As at 31/03/2018** (audited) (cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.27	0.30	0.14	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 loss of S$880,000 for the half year ended 30 September 2018 ("**H12019**") compared to a foreign exchange loss of S$290,000 in the half year ended 30 September 2017 ("**H12018**"). This was mainly due to the weakening of Singapore dollar against the Group's exposure on foreign currency holdings.

The Group also recorded a share of loss of S$537,000 from its joint venture in H12019, as compared to share of profit of S$740,000 in H12018. The negative result is driven by the lower demand for the equipment and services supplied by HUH Broadband Communication Company Limited. In view of the results, the Group has performed an impairment review for the 1H2019 and included in other expense is an impairment loss on investment in joint venture amounting to S$770,000.

Other income for H12019 mainly consists of realised gain on financial derivatives and fair value gain on financial derivatives amounting to S$92,000 and S$24,000 respectively.

Taking the above into account, the Group recorded a net loss of S$2.9 million for H12019 compared to a net profit of S$24,000 in H12018.

Statement of Financial Position

Included in other receivables is an amount due from Zhong Ping Trading Development Company Limited being the balance of loan amounted to S$1.0 million. The amount due from related parties (non-trade) mainly consists of 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 and amount of S$0.5 million due from Indo EM Growth Fund LP.

The share of loss from the Group's joint venture in the H12019 and the impairment loss arising from the Group's review, resulted in a lower net carrying value of the joint venture as at 30 September 2018.

Other payables and accruals mainly consist of provision for directors' fee and accruals amounting to approximately S$0.9 million and S$0.9 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 30 September 2018 stood at S$16.7 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 the MTP entry criterion with effect from 5 June 2017 under the revised MTP rules as announced on 2 December 2016. The Company will continue to make efforts and consider various options 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.

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 30 September 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. The Group subsequently received 3 tranches of the repayment from ZP on 16 August 2018, 10 October 2018 and 17 October 2018 amounting to S$1.0 million, S$0.25million and $0.25 million respectively leaving a balance outstanding from ZP amounting to S$0.5 million.

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 September 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 November 2018

NGSC LIMITED

Co. Reg. No.196400100R

Unaudited Second Quarter Financial Statements for the Financial Period Ended 30 September 2018

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 SECOND QUARTER ENDED 30 SEPTEMBER 2018

We, Ku Vicente S. and Andrew Coulton, 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 second quarter ended 30 September 2018 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Ku Vicente S.
Managing Director and Chief Executive Officer

Andrew Coulton
Non-executive Non-Independent Chairman

14 November 2018