

NGSC LIMITED

(formerly known as Next-Generation Satellite Communications Limited)
(Company Registration No.196400100R)

MATERIAL DIFFERENCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS

The Board of Directors (the "Board") of NGSC 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 2018 ("FY2018") ("Unaudited FY2018 Results") released on 30 May 2018.

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 FY2018 and the Unaudited FY2018 Results following the finalisation of the audit. Details and clarifications of the differences are set out as follows:

Statement of comprehensive income (Group)	Audited S\$'000	Unaudited S\$'000	Difference S\$'000	Note
Revenue	-	-	-	n.a
Other income	4,238	4,008	230	1
Administrative expenses	(1,538)	(1,673)	135	2
Other expenses	(30,454)	(27,466)	(2,988)	3
Share of profit/(loss) of joint ventures	231	254	(23)	n.m
Loss before income tax	(27,523)	(24,877)		
Income tax credit/(expense)	723	723	-	
Loss for the financial year	(26,800)	(24,154)		
Other comprehensive (loss)/income				
-currency translation difference	(328)	(328)	-	n.a
Total comprehensive loss	(27,128)	(24,482)		

n.m – not material

n.a – not applicable

Statement of financial position (Group)	Audited S\$'000	Unaudited S\$'000	Difference S\$'000	Note
<u>Non-current assets</u>				
Property, plant and equipment	13	13	-	n.a
Goodwill	-	-	-	n.a
Investment in joint ventures	2,539	4,327	(1,788)	4
Investment in subsidiaries	-	-	-	n.a
	<u>2,552</u>	<u>4,340</u>	(1,788)	
<u>Current assets</u>				
Trade receivables	-	-	-	n.a
Other receivables, deposits and prepayments	4,393	5,078	(685)	5
Amounts due from subsidiaries	-	-	-	n.a
Cash and bank balances	15,261	15,261	-	n.a
Derivative	499	474	25	n.m
Financial assets at fair value through profit or loss	-	-	-	n.a
	<u>20,153</u>	<u>20,813</u>		
TOTAL ASSETS	<u>22,705</u>	<u>25,153</u>		
<u>Current liabilities</u>				
Amounts due to subsidiaries	-	-	-	n.a
Trade payables	215	215	-	n.a
Other payables and accruals	2,487	2,605	(118)	6
Derivative	25	-	25	n.m
Income tax payable	818	817	1	n.m
	<u>3,545</u>	<u>3,637</u>		
TOTAL LIABILITIES	<u>3,545</u>	<u>3,637</u>		
NET ASSETS	<u>19,160</u>	<u>21,516</u>		
<u>Capital and reserves attributable to equity holders of the Company</u>				
Share capital	145,623	145,623	-	n.a
Treasury shares	(1,219)	(1,219)	-	n.a
Capital reserve	(169)	(169)	-	n.a
Currency translation reserve	1,552	1,552	-	n.a
Accumulated losses	(126,653)	(124,297)	(2,356)	
Non-controlling interests	26	26	-	
TOTAL EQUITY	<u>19,160</u>	<u>21,516</u>		

Notes:-

1. Being reclassification after the completion of the audit to better reflect the presentation of expenses amounted to S\$0.2 million.
2. This pertains to the over-accruals of professional expenses being reversed as at 31 March 2018 which amounted to S\$170,000. This is offset against the under-provision of audit fees amounting to S\$35,000, resulting in a net decrease of S\$135,000 in administrative expenses.
3. The increase was a result of the following:
 - i) Further impairment of the valuation of its investment in joint venture, HUH Broadband Communication Company Limited amounted to S\$1.8 million;
 - ii) Impairment of S\$0.94 million arising from the loan to a third party; and
 - iii) Reclassification of S\$0.2 million as explained in Note 1 above.
4. The further impairment was due to the completed valuation report dated 5 July 2018 by an independent valuer. The impairment of S\$1.8 million was adjusted after the finalisation of the audit for the financial year ended 31 March 2018.
5. The decrease in other receivables of S\$0.7 million was due to the impairment of loan as explained in Note 3 (ii) above amounted to S\$0.94 million and further offset against the revaluation surplus arising from balances of third parties which were largely denominated in US dollars and Chinese Renminbi. The strengthening of the Singapore dollars against the US dollars and Chinese Renminbi as at 31 March 2018, resulted in a revaluation gain of S\$0.2 million.
6. The decrease of \$0.2 million mainly due to the over-accruals of professional fees and under-provision of audit fees as explained in Note 2 above.

By Order of the Board
NGSC Limited

Ku Vicente S.
Managing Director and Chief Executive Officer
7 August 2018