NGSC LIMITED

Co. Reg. No.196400100R

Unaudited First Quarter Financial Statements for the Financial Period Ended 30 June 2020

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 2020

	Note	Group First quarter ended 30 Jun 2020 (unaudited)	30 Jun 2019 (unaudited)	%
		S$'000	S$'000	+/(-)
Revenue		**-**	**-**	n.a.
Cost of sales		-	-	n.a.
Gross profit		**-**	**-**	
Other income	**(i)**	68	-	100
Administrative expenses		(369)	(501)	(26)
Finance income, net		511	154	100
Share of profit/(loss) of joint venture		75	(547)	n.m.
Profit/(loss) before tax		**285**	**(894)**	
Income tax expense		-	-	n.a.
Profit/(loss) for the financial period	**(ii)**	**285**	**(894)**	
Attributable to:				
Owners of the Company		288	(893)	n.m
Non-controlling interests		(3)	(1)	100
Profit/(loss) for the financial period		**285**	**(894)**	
Other comprehensive loss:				
Currency translation differences arising from consolidation		(621)	270	n.m.
Total comprehensive loss		**(336)**	**(624)**	
Total Comprehsive loss attributable to:				
Owners of the Company		(333)	(623)	
Non-controlling interests		(3)	(1)	
		(336)	**(624)**	

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

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

	Group First quarter ended		
	30/06/2020 (unaudited)	**30/06/2019 (unaudited)**	**%**
	S$'000	S$'000	+/(-)
(i) Other income			
Interest income	34	-	100
Others	34	-	100
	68	-	100
(ii) Total loss for the financial period is derived after crediting /(charging) the following:			
Depreciation of plant and equipment	-	(1)	(100)
Foreign exchange profit, net	511	154	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 Jun 2020 (unaudited)	As at 31 Mar 2020 (audited)	As at 30 Jun 2020 (unaudited)	As at 31 Mar 2020 (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)
Settlement shares	(1,140)	(1,140)	(1,140)	(1,140)
Foreign currency translation reserves	2,011	2,632	-	-
	702	1,323	(1,309)	(1,309)
Accumulated losses	(108,220)	(108,463)	(121,079)	(121,139)
Equity attributable to owners of the Company	36,886	37,264	22,016	21,956
Non-controlling interests	(28)	(70)	-	-
TOTAL EQUITY	36,858	37,194	22,016	21,956
ASSETS				
Non-current assets				
Plant and equipment	240	240	240	240
Subsidiaries	-	-	45,092	45,092
Joint ventures	22,821	22,736	-	-
Current assets				
Other receivables, deposits and prepayments	239	93	266	87
Due from subsidiaries (non-trade)	-	-	12,806	12,994
Cash and bank balances	14,783	15,463	1,828	2,493
Derivative	-	-	-	-
Income tax receivable	2	2		
	15,024	15,558	14,900	15,574
TOTAL ASSETS	38,085	38,534	60,232	60,906
LIABILITIES				
Current liabilities				
Trade payables	12	11	-	-
Other payables and accruals	975	1,089	897	993
Due to subsidiaries (non-trade)	-	-	37,079	37,717
Lease liability	86	86	86	86
	1,073	1,186	38,062	38,796
Non-current laibilities				
Lease liability	154	154	154	154
TOTAL LIABILITIES	1,227	1,340	38,216	38,950
NET ASSETS	36,858	37,194	22,016	21,956

1(b)(ii) Aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Not applicable.

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 2020 (unaudited)	**30 Jun 2019 (unaudited)**
	S$'000	S$'000
Cash flows from operating activities		
Profit/(loss) before tax	285	(894)
Adjustments:		
Depreciation	-	1
Share of (profit)/loss of joint venture	(75)	547
Unrealised foreign exchange differences	(631)	264
Interest income	(34)	-
Operating loss before working capital changes	(455)	(82)
Other receivables, deposits and prepayments	(146)	94
Trade payables	1	2
Other payables and accruals	(114)	(323)
Interest received	34	-
Cash used in operations	(680)	(309)
Income tax paid	-	-
Net cash used in operating activities	(680)	(309)
Net increase in cash and cash equivalents	(680)	291
Cash and cash equivalents at beginning of financial period	15,463	16,661
Cash and cash equivalents at end of financial period	14,783	16,952

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 2020

Group	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 2020 (audited)	**145,623**	**(1,219)**	**(169)**	**(1,140)**	**2,632**	**(108,463)**	**(70)**	**37,194**
Profit for the financial year	-	-	-	-	-	288	(3)	285
Other comprehensive loss, net of tax	-	-	-	-	(621)	-	-	(621)
Total comprehensive income/ (loss) for the financial period	-	-	-	-	(621)	288	(3)	(336)
Balance at 30 June 2020	**145,623**	**(1,219)**	**(169)**	**(1,140)**	**2,011**	**(108,175)**	**(73)**	**36,858**

	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**
Loss for the financial year	-	-	-	-	-	(893)	(1)	(894)
Other comprehensive loss, net of tax	-	-	-	-	270		-	270
Total comprehensive income/ (loss) for the financial period	-	-	-	-	270	(893)	(1)	(624)
Balance at 30 June 2019 (unaudited)	**145,623**	**(1,219)**	**(169)**	**(1,140)**	**2,409**	**(129,117)**	**(25)**	**16,362**

Company	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 2020 (audited)	**145,623**	**(1,219)**	**(1,140)**	**(169)**	**(121,139)**	**21,956**
Loss for the financial period	-	-	-	-	60	60
Total comprehensive income for the financial period	-	-	-	-	60	60
Balance at 30 June 2020	**145,623**	**(1,219)**	**(1,140)**	**(169)**	**(121,079)**	**22,016**

	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	-	-	-	-	(478)	(478)
Total comprehensive loss for the financial period	-	-	-	-	(478)	(478)
Balance at 30 June 2019 (unaudited)	**145,623**	**(1,219)**	**(1,140)**	**(169)**	**(136,729)**	**6,366**

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 30 June	6,448,935,828	6,448,935,828

Outstanding convertibles

The Company did not have any outstanding share convertibles as at 30 June 2020 and 31 March 2020.

Treasury shares and subsidiary holdings

Included in the above issued ordinary shares as at 30 June 2020 was 24,200,000 (31 March 2020: 24,200,000) treasury shares held by the Company.

The subsidiary holdings as at 30 June 2020 and 30 June 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 30 June 2020	**As at 31 March 2020**
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**	
	2020	**2019**
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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 March 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

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 2020.

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 June 2020	**30 June 2019**
	(cents) **(unaudited)**	(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 2020 and 30 June 2019, 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 June 2020 (unaudited)	As at 31 March 2020 (audited)	As at 30 June 2020 (unaudited)	As at 31 March 2020 (audited)
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.57	0.58	0.34	0.34

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 recorded a share of profit of S$75,000 from its joint venture for the first quarter ended 30 June 2020 ("**1QFY21**"), as compared to a share of loss of S$550,000 in the first quarter ended 30 June 2019 ("**1QFY20**"). This highlights the higher demand the joint venture continues to provide in its satellite broadband products and services in 1QFY21 and in line with its business expansion plans concentrating not only in the People's Republic of China ("**PRC**"), but providing and servicing its products to other countries as well. In 1QFY20, the joint venture saw lower demand for its products and services which was not sufficient to offset against its operating costs, resulting in the share of loss of S$550,000.

The Group also recognised a foreign exchange gain of S$511,000 for the 1QFY21 as compared to a foreign exchange gain of S$154,000 in the 1QFY20. This was mainly due to the Group's exposure on its foreign currency denominated assets against the Singapore dollar.

Other income for 1QFY21 comprised (i) Interest income derived from fixed deposits placed with a licensed bank which bears interest of 0.29% per annum amounting to S$34,000 and (ii) Income of S$34,000 received in relation to the COVID-19 related government grants.

Taking the above into account, the Group recorded a profit for the financial period of S$0.3 million for 1QFY21 compared to a net loss of S$0.9 million in 1QFY20.

Statement of Financial Position

The higher net carrying value of the joint venture as at 30 June 2020 resulted from the share of profit from the Group's joint venture in the current financial period.

Other receivables, deposits and prepayments mainly pertains to the deposit on account placed with a legal firm during the 1QFY21, amounting to S$225,000 as at 30 June 2020.

Other payables and accruals consist of provision for directors' fee, accruals and third party payables amounting to approximately S$0.7 million, S$0.2 million and S$0.1 million respectively.

Cash Flow

The Group's cash and cash equivalents as at 30 June 2020 stood at S$14.8 million.

Update on 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 to be removed from the Watch-List if it records consolidated pre-tax profit for the most recently completed financial year (based on audited full year consolidated accounts) and has an average daily market capitalisation of $40 million or more over the last 6 months.

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.

On 3 December 2019, the Company 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) Pursuant to Listing Rule 1306, the Company or its controlling shareholder(s) must comply with 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 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 the trading will be 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. The Company is currently engaging with SGX-ST 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 new project rollouts. To ensure long term sustainability, the Group will continue to exercise prudence and vigilance to safeguard its financial position.

The Group maintains a flexible stance to cope with the current economic environment and remains cautiously optimistic that its joint venture which currently operates in the PRC, will continue to focus on improving operational efficiency for its satellite broadband products and services, and evaluate opportunities for growth outside of the PRC.

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 30 June 2020. 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.

15. Statement by Directors Pursuant to SGX Listing Rule 705(5)

We, Michael Kuan-Chi Sun and Chew Chin Wee, 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 first quarter ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board
NGSC Limited

Michael Kuan-Chi Sun
Executive Director

Chew Chin Wee
Independent Director

12 August 2020