

Company Registration No. 197802690R

**Nera Telecommunications Ltd  
and its Subsidiaries**

Condensed Interim Financial Statements (Unaudited)  
For the six months ended 30 June 2022

## **Nera Telecommunications Ltd and its Subsidiaries**

### **Index**

	<b>Page</b>
<u>Condensed Interim Statements of Financial Position</u>	<u>2</u>
<u>Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>	<u>3</u>
<u>Condensed Interim Statements of Changes in Equity</u>	<u>4</u>
<u>Condensed Interim Consolidated Statement of Cash Flows</u>	<u>6</u>
<u>Notes to the Condensed Interim Consolidated Financial Statements</u>	<u>7</u>
<u>Other Information Required by Listing Manual</u>	<u>20</u>

**Nera Telecommunications Ltd and its Subsidiaries**

**Condensed Interim Statements of Financial Position  
As at 30 June 2022**

	Note	Group		Company	
		30 Jun 2022 (unaudited) \$'000	31 Dec 2021 (audited) \$'000	30 Jun 2022 (unaudited) \$'000	31 Dec 2021 (audited) \$'000
<b>Non-current assets</b>					
Property, plant and equipment	5	5,041	5,386	177	230
Right-of-use assets		771	1,116	128	155
Intangible assets		850	971	776	869
Investments in subsidiaries		–	–	3,624	3,624
Long term trade and other receivables		292	682	–	–
Deferred tax assets		937	979	239	239
		7,891	9,134	4,944	5,117
<b>Current assets</b>					
Stocks	6	9,394	10,191	6,757	5,858
Contract assets		34,580	36,823	11,486	12,839
Trade receivables	8	47,498	47,510	11,668	14,119
Other receivables, deposits and prepayments		23,796	22,123	18,548	17,421
Amounts due from subsidiaries					
- trade		–	–	19,606	18,768
- non-trade		–	–	16,257	18,889
Fixed deposits		–	647	–	–
Cash and bank balances		19,919	22,856	9,123	7,748
		135,187	140,150	93,445	95,642
Assets held for sale		2,744	2,744	2,744	2,744
		137,931	142,894	96,189	98,386
<b>Current liabilities</b>					
Trade payables		33,050	28,206	10,562	6,726
Other payables and accruals		6,773	8,671	2,601	1,859
Contract liabilities		30,429	31,018	23,239	21,699
Amounts due to subsidiaries (trade)		–	–	–	60
Short-term borrowings	10	23,000	32,000	23,000	32,000
Lease liabilities		631	803	52	53
Provision for taxation		176	527	–	–
Provision for warranty	9	591	531	441	390
		94,650	101,756	59,895	62,787
Liabilities directly associated with the assets held for sale		2,843	2,888	2,843	2,888
		97,493	104,644	62,738	65,675
<b>Net current assets</b>		40,438	38,250	33,451	32,711
<b>Non-current liabilities</b>					
Lease liabilities		221	420	77	103
Defined benefit obligation		422	423	–	–
		643	843	77	103
<b>Net assets</b>		47,686	46,541	38,318	37,725
<b>Equity attributable to equity holders of the Company</b>					
Share capital	11	29,909	29,909	29,909	29,909
Revenue reserve		19,801	19,008	8,409	7,816
Translation reserve		(2,496)	(2,866)	–	–
Other reserve		472	490	–	–
		47,686	46,541	38,318	37,725

**Nera Telecommunications Ltd and its Subsidiaries**

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the 6 months ended 30 June 2022**

	Note	6 months ended 30 Jun 2022 (unaudited) \$'000	6 months ended 30 Jun 2021 (unaudited) \$'000	Increase/ (Decrease) %
Revenue	7	61,367	43,308	41.7
Cost of sales		(47,387)	(34,106)	(38.9)
<b>Gross profit</b>		13,980	9,202	52.2
Distribution and selling expenses		(7,239)	(6,776)	(6.8)
Administrative expenses		(4,426)	(4,504)	1.7
Other (expenses)/income	12	(1,001)	306	nm
<b>Profit/(Loss) from operating activities</b>	13	1,314	(1,772)	nm
Finance income	15	40	81	(50.6)
Finance expenses	16	(343)	(311)	(10.3)
<b>Profit/(Loss) before tax</b>		1,011	(2,002)	nm
Tax	17	(218)	(166)	(31.3)
<b>Profit/(Loss) after tax</b>		793	(2,168)	nm
<b>Other comprehensive income/(loss):</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation of financial statements of foreign operations		370	(414)	nm
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of defined benefit obligation		(18)	–	nm
<b>Other comprehensive income/(loss) for the year, net of tax</b>		352	(414)	nm
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>		1,145	(2,582)	nm
<b>Earnings per share attributable to owners of the Company (cents per share)</b>				
Basic	18 (a)	0.22	(0.60)	nm
Diluted	18 (a)	0.22	(0.60)	nm

**Nera Telecommunications Ltd and its Subsidiaries**

**Condensed Interim Statements of Changes in Equity  
For the 6 months ended 30 June 2022**

	Attributable to equity holders of the Company				Total equity \$'000
	Share capital \$'000	Revenue reserve \$'000	Translation reserve \$'000	Other reserve \$'000	
<b>Group</b>					
<b>At 1 January 2022</b>	29,909	19,008	(2,866)	490	46,541
Profit for the period	–	793	–	–	793
Other comprehensive income for the period	–	–	370	(18)	352
<b>Total comprehensive income for the period</b>	–	793	370	(18)	1,145
<b>At 30 June 2022</b>	29,909	19,801	(2,496)	472	47,686
<b>At 1 January 2021</b>	29,909	36,811	(2,949)	370	64,141
Loss for the period	–	(2,168)	–	–	(2,168)
Other comprehensive loss for the period	–	–	(414)	–	(414)
<b>Total comprehensive loss for the period</b>	–	(2,168)	(414)	–	(2,582)
<u>Contributions by and distributions to owners</u>					
Dividends (Note 19)	–	(1,809)	–	–	(1,809)
<b>Total contributions by and distributions to owners</b>	–	(1,809)	–	–	(1,809)
<b>At 30 June 2021</b>	29,909	32,834	(3,363)	370	59,750

**Nera Telecommunications Ltd and its Subsidiaries**

**Condensed Interim Statements of Changes in Equity  
For the 6 months ended 30 June 2022**

	Attributable to equity holders of the Company		
	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
<b>Company</b>			
<b>At 1 January 2022</b>	29,909	7,816	37,725
Profit for the period	–	593	593
<b>Total comprehensive income for the period</b>	–	593	593
<b>At 30 June 2022</b>	29,909	8,409	38,318
<b>At 1 January 2021</b>	29,909	12,994	42,903
Profit for the period	–	853	853
<b>Total comprehensive income for the period</b>	–	853	853
<u>Contributions by and distributions to owners</u>			
Dividends (Note 19)	–	(1,809)	(1,809)
<b>Total contributions by and distributions to owners</b>	–	(1,809)	(1,809)
<b>At 30 June 2021</b>	29,909	12,038	41,947

**Nera Telecommunications Ltd and its Subsidiaries**

**Condensed Interim Consolidated Statement of Cash Flow  
For the 6 months ended 30 June 2022**

	Note	6 months ended 30 Jun 2022 (unaudited) \$'000	2021 (unaudited) \$'000
<b>Cash flows from operating activities</b>			
Profit /(Loss) before tax		1,011	(2,002)
Adjustments for:			
Amortisation of intangible asset	12	119	72
Depreciation of property, plant and equipment	13	208	284
Depreciation of right-of-use assets	13	400	404
Interest expense	16	343	311
Interest income	15	(40)	(81)
Net fair value gain on derivatives	13	(39)	(137)
Net gain on disposal of property, plant and equipment	13	(14)	–
Net allowance for contract assets	7	216	561
Net allowance for doubtful trade debts	13	369	7
Net provision for warranty	9	218	258
Stocks write-down	6	126	–
Gain on sale of customer contracts	12	(431)	–
<b>Operating profit / (loss) before working capital changes</b>		<b>2,486</b>	<b>(323)</b>
Decrease/(increase) in:			
Stocks		755	779
Contract assets		1,514	3,114
Trade receivables		(1,463)	12,823
Other receivables, deposits and prepayments		(1,510)	(1,354)
Increase/(decrease) in:			
Trade payables		7,584	(14,068)
Other payables and accruals		(3,182)	(3,018)
Contract liabilities		(244)	4,879
Provision for warranty		(154)	(585)
Effect of exchange rates changes		1,339	(197)
<b>Cash generated from operations</b>		<b>7,125</b>	<b>2,050</b>
Income tax paid		(716)	(635)
Interest paid		(251)	(189)
<b>Net cash flows generated from operating activities</b>		<b>6,158</b>	<b>1,226</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		14	–
Purchase of property, plant and equipment	5	(68)	(60)
Purchase of intangible assets		–	(44)
Interest received		49	80
<b>Net cash flows used in investing activities</b>		<b>(5)</b>	<b>(24)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders of the Company		–	(1,809)
Proceeds from bank loans		13,000	16,000
Repayment of bank loans		(22,000)	(16,500)
Repayment of lease liabilities		(535)	(461)
<b>Net cash flows used in financing activities</b>		<b>(9,535)</b>	<b>(2,770)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,382)</b>	<b>(1,568)</b>
Effect of exchange rates changes on cash and bank balances		(218)	(206)
Cash and cash equivalents at beginning of period		23,403	23,020
<b>Cash and cash equivalents at end of period</b>		<b>19,803</b>	<b>21,246</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances		19,919	20,696
Fixed deposits		–	647
Deposits pledged		(116)	(97)
		<b>19,803</b>	<b>21,246</b>

## **Nera Telecommunications Ltd and its Subsidiaries**

### **Notes to the Condensed Interim Consolidated Financial Statements For the 6 months ended 30 June 2022**

---

#### **1. Corporate information**

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The ultimate holding company is PGA Partners Ltd, acting solely in its capacity as general partner of Canopus Asia Systems, L.P.. The immediate holding company is Asia Systems Ltd, a wholly-owned subsidiary of Canopus Asia Systems, L.P.. Asia Systems Ltd, PGA Partners Ltd and Canopus Asia Systems, L.P. are domiciled in Cayman Islands.

The registered office and principal place of business of the Company is 109 Defu Lane 10, Singapore 539225.

The principal activities of the Company are to engage in the sale, distribution, design, engineering, servicing, installation and maintenance of telecommunication systems and products in transmission networks and satellite communications and information technology networks.

There have been no significant changes in the nature of these activities during the current reporting period.

#### **2. Summary of significant accounting policies**

##### **2.1 Basis of preparation**

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The condensed interim financial statements are presented in Singapore dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

##### **2.2 Adoption of new and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.



2. Summary of significant accounting policies (cont'd)

2.3 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) **Sale and installation of network equipment**

The Group supplies and installs network equipment. The sale of equipment and rendering of installation service are either sold separately or in a bundled contract. For bundled contract, the Group accounts for the sale of equipment and installation service separately. The transaction price is allocated to the sale of equipment and installation service based on their relative stand-alone selling prices. See Note 2.3(b) for the revenue recognition relating to the installation services. For sale of equipment, revenue is recognised upon delivery of equipment and criteria for acceptance being satisfied.

(b) **Rendering of services**

(i) **Professional services**

The Group is in the business of providing design and engineering, installation and service of satellite infrastructure network and info-communications network infrastructure. Revenue from providing services is recognised over time, based on cost incurred to date relative to the total estimated cost to satisfy the performance obligation.

(ii) **Maintenance services**

The Group provides maintenance services for network system and solutions. Maintenance revenue is recognised over time on a straight-line basis over the specified contract period. Maintenance revenue received in advance is recognised as contract liabilities and recognised as income over the life of the maintenance contracts.

(c) **Turnkey project**

The Group is in the business of providing full suite of turnkey network and wireless solutions. The Group recognises revenue from contracts by reference to the stage of completion of the respective contract activity (i.e., performance obligations) of its projects at the end of each reporting period. The stage of completion is measured by reference to the cost incurred to date relative to the total estimated cost to satisfy the performance obligation.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified project milestones. A contract asset is recognised when the Group has performed under the contract but has yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

**2. Summary of significant accounting policies (cont'd)**

**2.3 Revenue (cont'd)**

**(c) Turnkey project (cont'd)**

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognised the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

**(d) Rental income**

Rental income arising from operating leases on equipment is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

For the revenue streams stated above, in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that includes a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customers.

**3. Significant accounting judgments and estimates**

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

**4. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## Nera Telecommunications Ltd and its Subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the 6 months ended 30 June 2022

#### 5. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of \$68,000 (30 June 2021: \$60,000).

#### 6. Stocks

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Network equipment	9,394	10,191	6,757	5,858

At 30 June 2022, stocks recognised as an expense in the consolidated statement of comprehensive income under line item "Cost of sales" for the Group amounted to \$23,695,000 (30 June 2021: \$9,982,000) inclusive of stocks net write-down of \$126,000 (30 June 2021: Nil).

#### 7. Revenue

##### (a) *Disaggregation of revenue*

Segments	WIN		NI		Total revenue	
	6 months ended 30 Jun		6 months ended 30 Jun		6 months ended 30 Jun	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Primary geographical markets</b>						
Singapore	589	489	23,407	22,205	23,996	22,694
Indonesia	1,408	2,777	10,392	2,093	11,800	4,870
Malaysia	977	1,063	7,800	6,692	8,777	7,755
Philippines	398	120	3,616	1,771	4,014	1,891
Thailand	518	642	71	162	589	804
EMEA countries	9,061	3,659	493	309	9,554	3,968
Others	2,262	1,174	375	152	2,637	1,326
	15,213	9,924	46,154	33,384	61,367	43,308
<b>Major product or service lines</b>						
Sale of equipment	8,891	3,508	18,000	7,154	26,891	10,662
Rendering of services	2,758	2,390	20,653	15,480	23,411	17,870
Turnkey project	3,564	4,026	7,501	10,750	11,065	14,776
	15,213	9,924	46,154	33,384	61,367	43,308

Notes to the Condensed Interim Consolidated Financial Statements  
For the 6 months ended 30 June 2022

7. Revenue (cont'd)

(a) *Disaggregation of revenue (cont'd)*

Segments	WIN		NI		Total revenue	
	6 months ended		6 months ended		6 months ended	
	30 Jun		30 Jun		30 Jun	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Timing of transfer of goods or services</b>						
At a point in time	8,891	3,508	18,000	7,154	26,891	10,662
Over time	6,322	6,416	28,154	26,230	34,476	32,646
	15,213	9,924	46,154	33,384	61,367	43,308

(b) **Judgment and methods used in estimating revenue**

- (i) Determining transaction price and amounts allocated to sale of equipment with installation services, sale of equipment with maintenance services and turnkey project with maintenance services

For the bundled contracts, the Group allocates the transaction price to sale of equipment with installation services, sale of equipment with maintenance services and turnkey project with maintenance services based on their relative stand-alone selling prices. The standalone selling prices are determined based on estimated cost plus margin.

- (ii) Recognition of revenue from professional services and turnkey project over time

For rendering of professional services and turnkey projects where the Group satisfies its performance obligations over time, management has determined that cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relating to the total inputs expected to be incurred. The measurement of progress is based on the costs incurred to date as a proportion of the costs to be incurred to the satisfaction of the performance obligation.

The estimated total costs are based on contractual amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends for the amount incurred in its other similar services and projects.

- (iii) Estimating variable consideration for turnkey projects

In estimating the variable consideration for liquidated damages, the Group uses the most likely amount method to predict the liquidated damages. Management relies on historical experiences with similar turnkey projects, customers and geographical areas. Management has exercised significant judgment in estimating the amount of consideration to which it expects to be entitled and of which the amount are included in the contract revenue to the extent that it is probable that there will be no significant reversal when the uncertainties are resolved.

**Nera Telecommunications Ltd and its Subsidiaries**

**Notes to the Condensed Interim Consolidated Financial Statements  
For the 6 months ended 30 June 2022**

**7. Revenue (cont'd)**

**(c) Contract assets and contract liabilities**

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables (Note 8)	47,498	47,510	11,668	14,119
Contract assets	34,580	36,823	11,486	12,839
Contract liabilities	30,429	31,018	23,239	21,699

During the six months ended 30 June 2022, the Group has recognised a net impairment loss on receivables arising from contracts with customers amounting to \$369,000 (30 June 2021: \$7,000). The Group has recognised a net impairment loss on contract assets amounting to \$216,000 during the financial period (30 June 2021: \$561,000).

**8. Trade receivables**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	56,885	56,778	12,115	14,566
Less: Allowance for impairment of trade receivables	(9,387)	(9,268)	(447)	(447)
Total trade receivables	47,498	47,510	11,668	14,119

At 30 June 2022, retention sums relating to contracts included in trade receivables of the Group and the Company are \$5,297,000 and \$nil (31 Dec 2021: \$5,779,000 and \$nil) respectively.

**9. Provision for warranty**

A provision is recognised for expected warranty claims on goods and services sold in the past 12 months (average warranty period) based on past experience of the level of repairs and returns. The provision is classified as current liability as it is difficult to predict the timing of warranty utilisation due to the following reasons:

- (a) there is unpredictability in the network system in which it is possible for a failed IT equipment to cause the whole network to not be operational;
- (b) the Group continues to work on projects and install equipment for customers in environments that are considerably more challenging;
- (c) the Group continues to use equipment from new vendors whose equipment may not be fully tested in different environments; and
- (d) there is a mismatch of the duration of the warranty coverage.

**Nera Telecommunications Ltd and its Subsidiaries**

**Notes to the Condensed Interim Consolidated Financial Statements  
For the 6 months ended 30 June 2022**

**9. Provision for warranty (cont'd)**

Movements in provision for warranty during the period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 Jun</b>		<b>30 Jun</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January	531	859	390	563
Provision for the year	226	327	204	261
Write-back of provision	(8)	(69)	–	–
Utilised during the year	(154)	(585)	(153)	(544)
Currency realignment	(4)	(4)	–	–
At 30 June	591	528	441	280

**10. Borrowings**

	<b>The Group and the Company</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amount repayable within one year or on demand</b>		
Unsecured	23,000	32,000

**11. Share capital**

	<b>Group and Company</b>			
			<b>Number of shares</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>'000</b>	<b>'000</b>
Issued and fully paid ordinary shares:	29,909	29,909	361,897	361,897

As at 30 June 2022, there was no share options granted (30 June 2021: Nil). There was also no treasury share in issue as at the end of the current financial period (30 June 2021: Nil).

The Company does not have any subsidiary holdings as at 30 June 2022 (30 June 2021: Nil).

**Nera Telecommunications Ltd and its Subsidiaries**

**Notes to the Condensed Interim Consolidated Financial Statements  
For the 6 months ended 30 June 2022**

**12. Other (expenses) / income**

	<b>Group 6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Amortisation of intangible asset	(119)	(72)
Foreign exchange (loss) / gain, net	(1,427)	195
Government grants	55	173
Net gain on disposal of property, plant and equipment	14	–
Gain on sale of customer contracts *	431	–
Others	45	10
	<u>(1,001)</u>	<u>306</u>

\* Proceeds from disposal of property, plant and equipment, receivables and novation of operator's agreements to a purchaser in Indonesia.

**13. Profit/ (Loss) from operating activities**

The following items have been included in arriving at profit /(loss) from operating activities:

	<b>Group 6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Depreciation of property, plant and equipment	208	284
Depreciation of right-of-use assets	400	404
Write-back for doubtful trade receivables	(37)	(88)
Impairment loss on trade receivables	406	95
Foreign exchange gain, net – forward currency contracts	(39)	(137)
Foreign exchange loss / (gain), net – others	1,466	(58)
Net gain on disposal of property, plant and equipment	(14)	–

**14. Personnel expenses and employee benefits**

	<b>Group 6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Wages, salaries and bonuses	6,629	6,351
Pension contributions	801	857
Termination benefits	27	–
Other personnel benefits	1,295	864
	<u>8,752</u>	<u>8,072</u>

**Nera Telecommunications Ltd and its Subsidiaries**

**Notes to the Condensed Interim Consolidated Financial Statements  
For the 6 months ended 30 June 2022**

**15. Finance income**

	<b>Group 6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Interest income from:		
Bank deposits	35	29
Long term trade receivables	5	52
	<hr/> 40	<hr/> 81
	<hr/> <hr/>	<hr/> <hr/>

**16. Finance expenses**

	<b>Group 6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Interest expense	251	199
Interest on lease liabilities	92	112
	<hr/> 343	<hr/> 311
	<hr/> <hr/>	<hr/> <hr/>

**17. Tax**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group 6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
<b>Consolidated income statement:</b>		
Current income tax:		
Current income taxation	222	166
Over provision in respect of previous years	(4)	-
	<hr/> 218	<hr/> 166
	<hr/> <hr/>	<hr/> <hr/>
Income tax expense recognised in profit and loss	218	166



## Nera Telecommunications Ltd and its Subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the 6 months ended 30 June 2022

---

#### 18. Earnings per share

##### (a) *Continuing operations*

Basic earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options).

The following tables reflect the income and share data used in the computation of basic and diluted earnings per share for the period ended 30 June:

	<b>Group 6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit /(loss) attributable to ordinary equity holders of the Company for basic and diluted earnings per share	793	(2,168)
Weighted average number of ordinary shares for basic and diluted earnings per share computation	361,897	361,897

There have been no transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the completion of these financial statements.

##### (b) *Earnings per share computation*

The basic and diluted earnings per share are calculated by dividing the profit for the period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for both basic and diluted earnings per share computation. The profit and share data are presented in Note 18(a) above.

#### 19. Dividends

	<b>Group and Company 6 months ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Paid during the financial period		
<i>Dividends on ordinary shares:</i>		
- A final exempt (one-tier) dividend paid in respect of the previous financial year of nil cent (2021: 0.5 cent) per share	-	1,809

## Nera Telecommunications Ltd and its Subsidiaries

### Notes to the Condensed Interim Consolidated Financial Statements For the 6 months ended 30 June 2022

---

#### 20. Net asset value

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	13.18	12.86	10.59	10.42

---

#### 21. Segment information

For management purposes, the Group is organised on a worldwide basis into operating businesses (divisions) as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The Group is organised into two main operating businesses, namely:

- Wireless Infrastructure Networks ("WIN") – Sales, marketing and distribution, design and engineering, project implementation, service and maintenance of transmission products and systems and wireless solutions.
- Network Infrastructure ("NI") – Sales, marketing and distribution, design and engineering, project implementation, service and maintenance of info-communications network infrastructure, network security solutions, IP networks, optical networks and broadcast infrastructure.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### ***Allocation basis and transfer pricing***

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment turnover, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

**Nera Telecommunications Ltd and its Subsidiaries**

**Notes to the Condensed Interim Consolidated Financial Statements  
For the 6 months ended 30 June 2022**

**21. Segment information (cont'd)**

<b>6 months ended 30 Jun 2022</b>	<b>WIN \$'000</b>	<b>NI \$'000</b>	<b>Adjustments \$'000</b>		<b>Total \$'000</b>
Revenue	15,213	46,154			61,367
Cost of sales	(12,145)	(35,242)			(47,387)
Gross profit	3,068	10,912			13,980
Distribution and selling expenses	(2,638)	(4,601)			(7,239)
Administrative expenses	(1,187)	(3,239)			(4,426)
Other income / (expenses)	47	(1,048)			(1,001)
(Loss)/profit from operating activities	(710)	2,024			1,314
Finance income					40
Finance expenses					(343)
Profit before tax					1,011
Tax					(218)
Net profit for the year					793
<b>Other information</b>					
Segment assets	36,040	64,838	44,944	A	145,822
Segment liabilities	13,343	54,422	30,371	B	98,136
Capital expenditure	20	48			68
Depreciation and amortisation	193	534			727
Other non-cash (income)/expenses (*)	(18)	516			498
<b>6 months ended 30 Jun 2021</b>					
	<b>WIN \$'000</b>	<b>NI \$'000</b>	<b>Adjustments \$'000</b>		<b>Total \$'000</b>
Revenue	9,924	33,384			43,308
Cost of sales	(8,655)	(25,451)			(34,106)
Gross profit	1,269	7,933			9,202
Distribution and selling expenses	(2,274)	(4,502)			(6,776)
Administrative expenses	(943)	(3,561)			(4,504)
Other income	55	251			306
(Loss)/profit from operating activities	(1,893)	121			(1,772)
Finance income					81
Finance expenses					(311)
Loss before tax					(2,002)
Tax					(166)
Net loss for the year					(2,168)
<b>Other information</b>					
Segment assets	39,678	58,073	45,956	A	143,707
Segment liabilities	12,061	36,552	33,229	B	81,842
Capital expenditure	22	38			60
Depreciation and amortisation	233	527			760
Other non-cash expenses (*)	590	236			826

(\*) Other non-cash (income)/expenses include net provision for warranty, stocks written down, net allowance for doubtful trade debts, net allowance for contract assets and gain on sale of customer contracts.

**Nera Telecommunications Ltd and its Subsidiaries**

**Notes to the Condensed Interim Consolidated Financial Statements  
For the 6 months ended 30 June 2022**

**21. Segment information (cont'd)**

**Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

A The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	\$'000	\$'000
Deferred tax assets	937	805
Other receivables, deposits and prepayments	24,088	23,808
Cash and cash equivalents	19,919	20,696
Fixed deposits	–	647
	<u>44,944</u>	<u>45,956</u>

B The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	\$'000	\$'000
Defined benefit obligation	422	526
Other payables and accruals	6,773	3,913
Borrowings	23,000	28,000
Provision for taxation	176	790
	<u>30,371</u>	<u>33,229</u>

***Geographical segments***

Revenue and non-current assets (excluding deferred tax assets) information based on the geographical location of customers and assets respectively are as follows:

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 Jun</b>		<b>30 Jun</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$'000	\$'000	\$'000	\$'000
Singapore	23,996	22,694	1,081	3,796
Indonesia	11,800	4,870	554	1,033
Malaysia	8,777	7,755	290	73
Philippines	4,014	1,891	4,701	5,737
Thailand	589	804	199	285
EMEA countries	9,554	3,968	129	314
Others	2,637	1,326	–	12
	<u>61,367</u>	<u>43,308</u>	<u>6,954</u>	<u>11,250</u>

Non-current assets information presented above consist of intangible assets, property, plant and equipment, right-of-use assets, long term trade and other receivables.

Other Information Required by Listing Manual

**1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The Condensed Consolidated Statement of Financial Position of Nera Telecommunications Ltd and its subsidiaries as at 30 June 2022 and the related Condensed Consolidated Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

**2. 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 revenue, 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.**

**Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**a) Revenue**

On a year-on-year ("YOY") basis, the Group's revenue for 1H 2022 increased by 41.7% (\$18.1 million) to \$61.4 million from \$43.3 million in 1H2021. The increase was driven by higher contribution from Government, Transport and Utility ("GTU") and Service Provider ("SP") sectors.

**Network Infrastructure ("NI")**

On a YOY basis, revenue for 1H 2022 increased by 38.3% (\$12.8 million) to \$46.2 million from \$33.4 million, mainly due to higher revenue contribution from Indonesia, Malaysia, Singapore and Philippines.

**Wireless Infrastructure Network ("WIN")**

On a YOY basis, revenue for 1H 2022 increased by 53.5% (\$5.3 million) to \$15.2 million from \$9.9 million, mainly due to higher revenue contribution from the EMEA markets.

**b) Gross Profit**

Gross profit in 1H 2022 increased by 52.2% (\$4.8 million) to \$14.0 million from \$9.2 million in 1H 2021, in line with the higher revenue recognised for the period. Gross profit margin increased by 1.6% to 22.8% in 1H 2022 from 21.2% in 1H 2021.

**c) Other (Expenses) / Income**

On a YOY basis, the Group's other expense increased by \$1.3 million in 1H 2022 as compared to 1H 2021. The increase was mainly due to unrealised foreign exchange loss of \$1.3 million, lower government grants \$0.1 million, partially offset by the gain of \$0.4 million on sale of contract in Indonesia.

**d) Operating Expenses**

On a YOY basis, total operating expenses for 1H 2022 increased by 3.5% (\$0.4 million) to \$11.7 million as compared to the corresponding periods last year. The increase in operating expenses were mainly due to higher distribution and selling expenses, partially offset by the decrease in administrative expenses.

Administrative expenses decreased by 1.7%, or \$0.1 million in 1H 2022, mainly due to reversal of excess provision on subsidiary sales and service tax, partially offset by the higher professional fees and staff related cost.

Distribution and selling expenses increased by 6.8%, or \$0.5 million in 1H 2022 compared with 1H 2021, mainly due to higher staff related cost and increase in specific provision for doubtful debts.

e) **Finance income/(expense)**

Increase in interest expense was mainly due to higher of bank borrowings rate during the period. Decrease in interest income was mainly due to lower placement in the fixed deposit account.

f) **Profit / (Loss) Before Tax**

The Group registered profit before tax of \$1.0 million in 1H 2022, an increase of \$3.0 million as compared to the corresponding period last year. The increase in profit before tax in 1H 2022 was mainly contributed by higher revenue and higher gross profit booked and offset by the unfavourable impact from unrealised foreign exchange loss recorded.

Profit before tax as a percentage of revenue in 1H 2022 was 6.3 percentage points as compared to the negative percentage points in corresponding period last year.

g) **Tax**

Against the corresponding period last year, the increase of income tax expense in 1H 2022 was mainly due to higher taxable profit.

h) **Profit / (Loss) After Tax**

Overall, the Group reported profit after tax of \$0.8 million in 1H 2022, an increase of \$3.0 million as compared to 1H 2021 where loss after tax of \$2.2 million was recorded.

**Interim Statements of Financial Position**

i) **Non-current assets**

The Group's non-current assets decreased by \$1.2 million mainly due to the decrease in carrying amount of property, plant and equipment and intangible asset, right of use assets and long-term trade and other receivables.

j) **Current assets**

The Group's current assets decreased by \$5.0 million mainly due to the decrease in contract assets, stocks and cash and bank balances partially offset by the increase in other receivables.

k) **Current liabilities**

The Group's current liabilities decreased by \$7.1 million mainly due to the decrease in short term borrowings and other payables. This is partially offset by the increase in trade payables.

l) **Non-current liabilities**

The Group's non-current liabilities decreased marginally mainly due to the payments on the lease liabilities.

m) **Cash flow**

In 1H 2022, the decrease in cash and cash equivalents of \$3.4 million was mainly due to net repayment of bank loans and lease liabilities of \$9.5 million. The cash inflow from operating activities of \$6.2 million was a result from positive change in working capital in 1H 2022.

## Nera Telecommunications Ltd and its Subsidiaries

### Other Information Required by Listing Manual For the 6 months ended 30 June 2022

---

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

Not applicable.

**4. 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.**

In 1H 2022, the Group secured approximately \$70.9 million in order intake, an increase of 6.8% (\$4.5 million) as compared to \$66.5 million in 1H 2021.

The Group's NI business segment contributed approximately \$55.0 million or 77.6% of the total 1H 2022 order intake, an increase of 32.2% (\$13.4 million) as compared to \$41.6 million recorded in 1H 2021. The Group's WIN business segment contributed to the remaining \$15.9 million in order intake, a decrease of 36.1% (\$9.0 million) as compared to \$24.9 million in 1H 2021.

With global and regional markets recovering from pandemic-related headwinds, the Group is uniquely positioned to support both public and private entities' adoption of emerging infrastructure needs that are aligned with latest telecommunications technologies. The further penetration of 5G and the growing need to engage multi-access edge computing are all beneficial factors expected to drive the Group's growth in the upcoming 12 months.

The Group has been planning and deploying necessary technologies with clients from different sectors at an early stage. With the relevant expertise and talent pool already built up, the Group is proactively engaging with partners and potential clients for their upcoming infrastructure upgrades or expansion projects.

**5. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**6. If no dividend has been declared/recommended, a statement to that effect.**

No interim dividend has been proposed or recommended as the management plans to conserve cash for the Group's working capital.



## Nera Telecommunications Ltd and its Subsidiaries

### Other Information Required by Listing Manual For the 6 months ended 30 June 2022

---

7. **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.**

There is no IPT mandate obtained.

8. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured the revised undertakings from all directors and from executive officers in the format set out in Appendix 7.7 under Rule 720(1).

#### **Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wong Su-Yen  
Chairman

Chong Hoi Ming  
Director

12 August 2022