NERA TELECOMMUNICATIONS LTD
(Co. Reg. No. 197802690R)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) 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.

	Group Fourth Quarter			Group Year ended 31 December		
	2019 S$'000	2018 S$'000	Increase/ (Decrease) %	2019 S$'000	Restated 2018 S$'000	Increase/ (Decrease) %
Revenue	**47,707**	**46,449**	**2.7**	**144,386**	**166,500**	**(13.3)**
Cost of sales	(38,880)	(33,699)	15.4	(111,574)	(124,588)	(10.4)
Gross profit	**8,827**	**12,750**	**(30.8)**	**32,812**	**41,912**	**(21.7)**
Gross margin %	**18.5%**	**27.4%**	**(8.9) pt**	**22.7%**	**25.2%**	**(2.5) pt**
Distribution and selling expenses	(6,092)	(6,370)	(4.4)	(18,505)	(20,380)	(9.2)
Administrative expenses	(2,125)	(2,911)	(27.0)	(9,165)	(9,764)	(6.1)
Other (expenses) / income (Note (a))	(472)	(446)	5.8	129	(1,809)	nm
Profit from operating activities	**138**	**3,023**	**(95.4)**	**5,271**	**9,959**	**(47.1)**
Financial income	65	83	(21.7)	332	322	3.1
Financial expenses	(151)	(40)	277.5	(491)	(220)	123.2
Profit before tax	**52**	**3,066**	**(98.3)**	**5,112**	**10,061**	**(49.2)**
% of revenue	**0.1%**	**6.6%**	**(6.5) pt**	**3.5%**	**6.0%**	**(2.5) pt**
Tax	584	(1,638)	nm	(742)	(3,771)	(80.3)
Profit after tax	**636**	**1,428**	**(55.5)**	**4,370**	**6,290**	**(30.5)**
% of revenue	**1.3%**	**3.1%**	**(1.8) pt**	**3.0%**	**3.8%**	**(0.8) pt**
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation of financial statements of foreign operations	18	212	(91.5)	409	235	74.0
Items that may not be reclassified subsequently to profit or loss:						
Re-measurement of defined benefit obligation	107	228	(53.1)	(14)	223	nm
	125	440	(71.6)	395	458	13.8
Total comprehensive income for the period/year	**761**	**1,868**	**(59.3)**	**4,765**	**6,748**	**(29.4)**

nm: not meaningful

	Note	Group Fourth Quarter			Group Year ended 31 December		
		2019 S$'000	2018 S$'000	Increase/ (Decrease) %	2019 S$'000	Restated 2018 S$'000	Increase/ (Decrease) %
Profit for the period is arrived after crediting / (charging) the following:							
(Under) / over provision of tax in respect of prior years		(20)	327	nm	(288)	236	nm
Amortisation of intangible asset		(21)	(16)	31.3	(88)	(64)	37.5
Bad debts (written-off) / recovered		(29)	93	nm	(81)	93	nm
Depreciation of property, plant and equipment	(1)	(173)	(220)	(21.4)	(758)	(642)	18.1
Depreciation of right-of-use assets	(1)	(244)	-	nm	(957)	-	nm
Net foreign exchange (loss) / gain	(2)	(540)	(440)	22.7	39	(1,725)	nm
Interest expense	(3)	(151)	(40)	277.5	(491)	(220)	123.2
Interest income	(4)	65	83	(21.7)	332	322	3.1
Net gain on disposal / write-off of property, plant and equipment		7	-	nm	16	1	1,500.0
Net write-back for stock obsolescence		(436)	5	nm	(430)	5	nm
Net (provision) / write-back for doubtful debts	(5)	(1,773)	(6)	29,450.0	(1,484)	65	nm
Net write-back for warranty		222	493	(55.0)	79	399	(80.2)
Net provision for contract assets	(6)	(2,094)	-	nm	(2,094)	-	nm

Notes to Income Statement

(a) Other (expenses) / income

	Group Fourth Quarter		Group Year ended 31 December	
	2019 S$'000	2018 S$'000	2019 S$'000	Restated 2018 S$'000
Net foreign exchange (loss) / gain	(540)	(440)	39	(1,725)
Amortisation of intangible assets	(21)	(16)	(88)	(64)
Net gain on disposal / write-off of property, plant and equipment	7	-	16	1
Government grants	2	-	50	66
Others	80	10	112	(87)
Total other (expenses) / income	**(472)**	**(446)**	**129**	**(1,809)**

nm: not meaningful

Notes :

(1) Increase in depreciation of property, plant and equipment in FY 2019 was mainly due to capital expenditure on the renovation works of the Company's subsidiary in the Philippines following its relocation to a new premise in FY 2018. The increase in depreciation of right-of-use assets was mainly due to the depreciation charge upon the recognition of right-of-use assets following the adoption of SFRS(I) 16 *Lease*.

(2) Foreign exchange loss in Q4 2019 was mainly due to the weakening of United States Dollar ("USD") against the Singapore Dollar ("SGD"), thus resulting in a net unrealised exchange loss upon revaluation of USD receivables. Foreign exchange gain in FY 2019 was mainly due to the strengthening of the Philippines Peso ("PHP") and Indonesian Rupiah ("IDR") against USD, which resulted in a net unrealised exchange gain upon revaluation of USD payables to PHP and IDR. The foreign exchange loss in FY 2018 was mainly due to weakening of USD and EURO against the SGD, which resulted in an unrealised exchange loss upon revaluation of receivables to SGD.

(3) Increase in interest expense was mainly due to higher bank borrowings and interest expense being recognised on the lease liabilities following the adoption of SFRS(I) 16 *Leases* ($0.2 million).

(4) Decrease in interest income in Q4 2019 was mainly due to lower fixed deposit balance. For FY 2019, the increase in interest income was mainly due to higher interest accretion from long term receivables.

(5) Net provision for doubtful debts in Q4 2019 and FY 2019 was mainly attributed to doubtful debts provided for customer in the Philippines ($1.0 million).

(6) Net provision for contract assets in Q4 2019 and FY 2019 was mainly attributed to impairment provided for project billings in the Philippines.

(7) The results of FY 2018 have been adjusted to reflect the return of dividend by a preference shareholder of a foreign subsidiary, which was previously reported as revenue. The return of dividend has been deemed as a contribution by a preference shareholder of a foreign subsidiary. The following is the reconciliation of the impact arising from the restatement.

	Group Year ended 31 December		
	As Previously Reported 2018 S$'000	**Adjustment S$'000**	**Restated 2018 S$'000**
Revenue	**167,528**	**(1,028)**	**166,500**
Cost of sales	(124,588)		(124,588)
Gross profit	**42,940**	**(1,028)**	**41,912**
Gross margin %	**25.6%**		**25.2%**
Distribution and selling expenses	(20,380)		(20,380)
Administrative expenses	(9,474)	(290)	(9,764)
Other expenses	(1,663)	(146)	(1,809)
Profit from operating activities	**11,423**	**(1,464)**	**9,959**
Financial income	322		322
Financial expenses	(220)		(220)
Profit before tax	**11,525**	**(1,464)**	**10,061**
% of revenue	**6.9%**		**6.0%**
Tax	(3,771)		(3,771)
Profit after tax	**7,754**	**(1,464)**	**6,290**

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		
Balance sheet as at	**31/12/2019 S$'000**	**31/12/2018 S$'000**	**31/12/2019 S$'000**	**Restated 31/12/2018 S$'000**	**Restated 01/01/2018 S$'000**
Non-current assets					
Property, plant and equipment	4,294	2,147	364	403	457
Right-of-use assets	4,696	–	3,120	–	–
Intangible asset	795	774	709	774	838
Investment in subsidiaries	–	–	3,971	5,099	4,668
Long term trade and other receivables	473	1,727	415	1,687	762
Deferred tax assets	1,922	1,465	669	726	1,024
Derivative financial assets	–	–	–	–	1,952
	12,180	**6,113**	**9,248**	**8,689**	**9,701**
Current assets					
Stocks	6,813	17,802	3,375	11,186	10,005
Contract assets	40,121	35,684	12,671	15,065	16,225
Trade receivables	63,556	59,974	20,262	17,832	14,613
Other receivables, deposits and prepayments	20,386	17,368	15,469	11,721	8,141
Amounts due from subsidiaries					
- trade	–	–	17,821	15,436	16,522
- non-trade	–	–	10,175	5,677	8,523
Fixed deposits	2,259	3,528	–	2,467	–
Cash and bank balances	10,745	18,028	3,112	6,531	7,103
	143,880	**152,384**	**82,885**	**85,915**	**81,132**
Current liabilities					
Trade payables	32,881	32,146	10,727	11,704	10,249
Other payables and accruals	13,179	12,009	6,724	5,257	7,244
Contract liabilities	22,268	37,691	15,935	24,287	19,030
Amounts due to subsidiaries					
- trade	–	–	163	1,692	7
- non-trade	–	–	–	581	–
Short term borrowings	16,500	5,500	16,500	5,500	11,300
Lease liabilities	651	–	160	–	–
Provision for taxation	694	2,178	–	1,251	1,618
Provision for warranty	1,222	1,996	867	1,058	1,550
	87,395	**91,520**	**51,076**	**51,330**	**50,998**
Net current assets	**56,485**	**60,864**	**31,809**	**34,585**	**30,134**
Non-current liabilities					
Defined benefit obligation	470	310	–	–	–
Lease liabilities	4,001	–	3,013	–	–
	4,471	**310**	**3,013**	–	–
Net assets	**64,194**	**66,667**	**38,044**	**43,274**	**39,835**

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 - (cont'd).

Balance sheet as at	Group		Company		
	31/12/2019 S$'000	31/12/2018 S$'000	30/12/2019 S$'000	Restated 31/12/2018 S$'000	Restated 01/01/2018 S$'000
Equity attributable to the equity holders of the Company					
Share capital	29,909	29,909	29,909	29,909	29,909
Revenue reserve	37,403	40,271	8,135	13,365	9,926
Translation reserve	(3,523)	(3,932)	–	–	–
Other reserve	405	419	–	–	–
	64,194	**66,667**	**38,044**	**43,274**	**39,835**

Note : Certain comparative figures have been restated to account for retrospective adjustments arising from the effect of the fair value of the share option in the preference shares of a foreign subsidiary amounting to $1.95 million. The share option was exercised on the 26 December 2018.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
–	16,500	–	5,500

Amount repayable after one year

As at 31/12/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
–	–	–	–

Details of any collateral

Nil.

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 Fourth Quarter		Group Year ended 31 December	
	2019 S$'000	2018 S$'000	2019 S$'000	Restated 2018 S$'000
Cash flows from operating activities				
Profit before tax	52	3,066	5,112	10,061
Adjustments for :				
Amortisation of intangible assets	21	16	88	64
Bad debts written off	29	–	81	–
Depreciation of property, plant and equipment	173	220	758	642
Depreciation of right-of-use assets	244	–	957	–
Interest expense	151	40	491	220
Interest income	(65)	(83)	(332)	(322)
Net fair value loss on derivatives	48	34	48	34
Net gain on disposal / write-off of property, plant and equipment	(7)	–	(16)	(1)
Net allowance / (write-back) for stock obsolescence	436	(5)	430	(5)
Net allowance for doubtful debts	1,773	45	1,484	(26)
Net write-back for warranty	(222)	(493)	(79)	(399)
Reduction of accrued dispute claims from a former employee	(1,258)	–	(1,258)	–
Net provision for contract assets	2,094	–	2,094	–
Pension cost	262	234	141	229
Operating profit before working capital changes	3,731	3,074	9,999	10,497
(Increase) / Decrease in :				
Stocks	15,955	(919)	10,746	(1,190)
Contract assets	(11,851)	6,837	(6,467)	(133)
Trade receivables	(6,417)	14	(4,592)	13,319
Other receivables, deposits and prepayments	1,263	(3,698)	(3,732)	(2,844)
(Decrease) / Increase in :				
Trade payables	(2,844)	2,716	(400)	1,284
Other payables and accruals	1,003	(3,589)	2,512	(1,335)
Contract liabilities	(3,287)	1,828	(15,588)	1,828
Provision for warranty	(310)	(200)	(707)	(405)
Effect of exchange rate changes	(348)	503	(9)	707
Cash flows (used in) / from operations	(3,105)	6,566	(8,238)	21,728
Income taxes paid	270	(806)	(2,370)	(4,349)
Interest paid	(96)	(40)	(274)	(220)
Contributions to pension funds	–	(5)	–	(5)
Net cash flows (used in) / from operating activities	**(2,931)**	**5,715**	**(10,882)**	**17,154**
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	(2)	–	22	–
Purchase of property, plant and equipment	(626)	(1,082)	(969)	(1,384)
Interest received	61	30	269	132
Decrease of deposit pledged	–	2	–	36
Net cash flows used in investing activities	**(567)**	**(1,050)**	**(678)**	**(1,216)**
Cash flows from financing activities				
Dividends paid to ordinary shareholders	–	–	(7,238)	(9,047)
Dividend paid to preference shareholder by a subsidiary	–	–	–	(1,464)
Contribution by preference shareholder of a subsidiary	–	–	–	1,464
Refund of unclaimed dividends	–	–	–	2
Proceeds from bank loans	6,000	4,954	28,600	16,500
Repayment of bank loans	(2,000)	(5,890)	(17,600)	(22,300)
Repayment of lease liabilities	(188)	–	(816)	–
Net cash flows from / (used in) financing activities	**3,812**	**(936)**	**2,946**	**(14,845)**
Net increase / (decrease) in cash and cash equivalents	314	3,729	(8,614)	1,093
Effect of exchange rate changes on cash and bank balances	(30)	(69)	65	(200)
Cash and cash equivalents at beginning of the period/year	12,630	17,803	21,463	20,570
Cash and cash equivalents at end of the period/year (See Note below)	**12,914**	**21,463**	**12,914**	**21,463**

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 - (cont'd).

	Group Fourth Quarter		Group Year ended 31 December	
	2019 S$'000	2018 S$'000	2019 S$'000	Restated 2018 S$'000
Note:				
Cash and cash equivalents comprise:				
Cash and bank balances	10,745	18,028	10,745	18,028
Fixed deposits	2,259	3,528	2,259	3,528
	13,004	21,556	13,004	21,556
Less: Deposits pledged	(90)	(93)	(90)	(93)
	12,914	**21,463**	**12,914**	**21,463**

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.

For Fourth Quarter and Full Year ended 31 December	Share Capital S$'000	Revenue Reserve S$'000	Translation Reserve S$'000	Other Reserve S$'000	Total S$'000
Group					
Balance as at 1 October 2019	29,909	36,767	(3,541)	298	63,433
Total comprehensive income for the period	–	636	18	107	761
Balance as at 31 December 2019	**29,909**	**37,403**	**(3,523)**	**405**	**64,194**
Balance as at 1 January 2019	29,909	40,271	(3,932)	419	66,667
Total comprehensive income for the year	–	4,370	409	(14)	4,765
Dividend paid	–	(7,238)	–	–	(7,238)
Balance as at 31 December 2019	**29,909**	**37,403**	**(3,523)**	**405**	**64,194**
Balance as at 1 October 2018 (as previously reported)	29,909	38,843	(4,144)	191	64,799
Adjustment (Note 7)	–	1,464	–	–	1,464
Balance as at 1 October 2018 (as restated)	29,909	40,307	(4,144)	191	66,263
Total comprehensive income for the period	–	(36)	212	228	404
Balance as at 31 December 2018	**29,909**	**40,271**	**(3,932)**	**419**	**66,667**
Balance as at 1 January 2018 (FRS framework)	29,909	43,879	(4,167)	196	69,817
Effect of adoption of SFRS (I) 9	–	(853)	–	–	(853)
Balance as at 1 January 2018 (SFRS(I) framework)	29,909	43,026	(4,167)	196	68,964
Total comprehensive income for the year (as previously reported)	–	7,754	235	223	8,212
Adjustment (Note 7)	–	(1,464)	–	–	(1,464)
Total comprehensive income for the year (as restated)	–	6,290	235	223	6,748
Dividend paid	–	(9,047)	–	–	(9,047)
Dividend paid to preference shareholder by a subsidiary	–	(1,464)	–	–	(1,464)
Contribution by preference shareholder by a subsidiary	–	1,464	–	–	1,464
Refund of unclaimed dividends	–	2	–	–	2
Balance as at 31 December 2018	**29,909**	**40,271**	**(3,932)**	**419**	**66,667**

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 - (cont'd).

For Fourth Quarter and Full Year ended 31 December	Share Capital S$'000	Revenue Reserve S$'000	Translation Reserve S$'000	Other Reserve S$'000	Total S$'000
Company					
Balance as at 1 October 2019	29,909	9,141	–	–	39,050
Total comprehensive expense for the period	–	(1,006)	–	–	(1,006)
Balance as at 31 December 2019	**29,909**	**8,135**	–	–	**38,044**
Balance as at 1 January 2019	29,909	11,957	–	–	41,866
Total comprehensive income for the year	–	3,416	–	–	3,416
Dividend paid	–	(7,238)	–	–	(7,238)
Balance as at 31 December 2019	**29,909**	**8,135**	**–**	**–**	**38,044**
Balance as at 1 October 2018 (as previously reported)	29,909	6,334	–	–	36,243
Adjustment (Note (b))	–	(544)	–	–	(544)
Effect of adjustment for fair value of derivative financial asset	–	1,952	–	–	1,952
Balance as at 1 October 2018 (as restated)	29,909	7,742	–	–	37,651
Total comprehensive expense for the period	–	5,623	–	–	5,623
Balance as at 31 December 2018	**29,909**	**13,365**	**–**	**–**	**43,274**
Balance as at 1 January 2018	29,909	9,720	–	–	39,629
Cumulative effects of adopting SFRS (I)	–	(1,746)	–	–	(1,746)
Effect of adjustment for fair value of derivative financial asset	–	1,952	–	–	1,952
Balance as at 1 January 2018 (as restated)	29,909	9,926	–	–	39,835
Total comprehensive income for the year	–	13,028	–	–	13,028
Adjustment (Note (b))	–	(544)	–	–	(544)
Dividend paid	–	(9,047)	–	–	(9,047)
Refund of unclaimed dividends	–	2	–	–	2
Balance as at 31 December 2018	**29,909**	**13,365**	–	–	**43,274**

Note (b): The profit after tax impact on the Company's Income Statement for FY 2018 as a result of the restatement as explained in Note 7 on page 3 is S$0.5 million, after taking into account foreign exchange losses of S$56,000.

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 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 the 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

There has been no change in the Company's share capital since 31 December 2018. As at 31 December 2019, there was no share options granted (31 December 2018: Nil). There was also no treasury share in issue as at the end of the current financial year (31 December 2018: Nil).

The Company does not have any subsidiary holdings as at 31 December 2019 (31 December 2018: 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 financial year.

The total number of issued shares excluding treasury shares as at the end of the current financial year was 361,897,000 shares (31 December 2018: 361,897,000).

(1)(d)(iv) A statement showing all sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

(1)(d)(v) A statement showing all sales, transfers, disposal, 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 standard or practice [e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard].

The figures have not been audited nor reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

3(a) 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.

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 consistently applied the same accounting policies and methods of computation in the financial statements for the current financial year as in the latest audited annual financial statements for the financial year ended 31 December 2019, except for those disclosed under paragraph 5 below.

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.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)"), amendments and interpretations of SFRS(I)s that are effective for financial year beginning on 1 January 2019.

The adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

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 - (cont'd).

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases (less than 12 months). SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use ("ROU") asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted SFRS(I) 16 on 1 January 2019, using the modified retrospective approach, without restating prior years' information.

In compliance with SFRS(I) 16, the Group and the Company have applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The adoption of SFRS(I) 16 resulted in increase in total assets and total liabilities, Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") and gearing ratio.

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 Fourth Quarter		Group Period ended 31 December	
	2019	2018	2019	Restated 2018
Earnings per Ordinary Share attributable to shareholders for the period:				
(i) Basic (cents)	0.18	0.39	1.21	1.74
(ii) Fully diluted (cents)	0.18	0.39	1.21	1.74
Weighted average number of shares for the period:				
(i) Basic ('000)	361,897	361,897	361,897	361,897
(ii) Fully diluted ('000)	361,897	361,897	361,897	361,897

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	Restated 31/12/2018
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents) :	17.74	18.42	10.51	11.96

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 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.

Consolidated Statement of Comprehensive Income

(a) Revenue

On a year-on-year ("**YOY**") basis, the Group's revenue for Q4 2019 increased by 2.7% ($1.3 million) to $47.7 million in Q4 2019 from $46.4 million in Q4 2018. The increase was due to higher order in-take from the Government, Transport and Utility ("GTU") customer segment.

Compared to FY 2018, the Group's revenue for FY 2019 decreased by 13.3% ($22.1 million) from $166.5 million to $144.4 million. On a YOY basis, NI business segment reported lower revenue for FY 2019 whereas, WIN business segment reported lower revenue for both Q4 2019 and FY 2019. The slowdown in the capex spending from the Group's key customer segment, service provider markets, was the main contributing factor.

Network Infrastructure ("NI")

On a YOY basis, revenue for Q4 2019 increased by 10.6% ($3.3 million) to $34.4 million from $31.0 million, mainly due to higher revenue recorded in Indonesia and Malaysia, partially offset by lower revenue from Singapore and Thailand.

Compared to FY 2018, revenue for FY 2019 decreased by 8.6% ($9.6 million) to $102.2 million from $111.8 million, mainly due to lower revenue booked by Singapore, Malaysia and the Philippines, partially offset by higher revenue from Indonesia.

Wireless Infrastructure Network ("WIN")

On a YOY basis, revenue for Q4 2019 decreased by 13.6% ($2.1 million) to $13.3 million from $15.4 million, mainly due to lower revenue in Malaysia and Indonesia.

Compared to FY 2018, revenue for FY 2019 decreased by 24.2% ($13.5 million) to $42.2 million from $55.7 million. The decrease in revenue was mainly due to lower revenue in the EMEA markets, Malaysia and Indonesia, partially offset by higher revenue from Singapore.

(b) Gross Profit

On a YOY basis, gross profit for Q4 2019 decreased by 30.8% ($4.0 million) to $8.8 million from $12.8 million, mainly due to provision for contract assets for the project in the Philippines. The gross profit margin decreased to 18.5% from 27.4% primarily due to lower gross profit margin from service revenue.

Gross profit for Q4 2019 excluding the provision for contract assets stands at $10.9 million, a 14.3% decrease compared to Q4 2018, with the gross profit margin at 22.9%.

Compared to FY 2018, gross profit for FY 2019 decreased by 21.7% ($9.1 million) to $32.8 million from $41.9 million due to lower revenue and provision of contract assets for the project in the Philippines. The gross profit margin for FY 2019 (22.7%) decreased marginally as compared to FY 2018 (25.2%).

Gross profit for FY 2019 excluding the provision for contract assets stands at $34.9 million, a 16.7% decrease compared to FY 2018, with the gross profit margin at 24.2%.

(c) Other (expenses) / income

On a YOY basis, other income for FY 2019 increased by $1.9 million. The increase was mainly due to the strengthening of the PHP and IDR against USD which resulted in a net unrealised exchange gain upon revaluation of USD payables to PHP and IDR.

(d) Operating Expenses

On a YOY basis, total operating expenses for Q4 2019 decreased by 11.8% ($1.1 million) to $8.2 million from $9.3 million. Total operating expenses for FY 2019 decreased by 8.3% ($2.5 million) to $27.6 million from $30.1 million. The decrease in operating expenses was mainly due to lower distribution and selling, and administrative expenses.

Distribution and selling expenses decreased by 4.4% ($0.3 million) YOY for Q4 2019 and by 9.2% ($1.9 million) for FY 2019 mainly due to lower payroll and staff related costs, offset by the increase in net provision for doubtful debts.

Administrative expenses decreased by 27.0% ($0.8 million) YOY for Q4 2019 and by 6.1% ($0.6 million) YOY for FY 2019. The decrease was mainly due to lower staff costs and the reduction in the accrued costs in relation to dispute claims from a former employee ($1.3 million), offset by additional depreciation charges on right-of-use assets and higher other professional fees for the year under review. The costs in relation to dispute claims were accrued in FY 2016 and recorded as part of administrative expenses.

(e) Profit Before Tax ("PBT")

The Group registered a profit before tax of $0.05 million in Q4 2019, a decrease of 98.3% YOY.

In comparison to FY 2018, the PBT for FY 2019 decreased by 49.2% ($5.0 million) from $10.1 million to $5.1 million. The decrease in PBT for both Q4 2019 and FY 2019 was attributable to lower gross profit, and partially offset by lower operating expenses.

Consequently, PBT as a percentage of revenue for Q4 2019 (0.1%) decreased as compared to Q4 2018 (6.6%). PBT as a percentage of revenue for FY 2019 was lower at 3.5% compared to 6.0% in FY 2018.

(f) Tax

On a YOY basis, tax expenses for Q4 2019 and FY 2019 decreased by $2.2 million and $3.0 million respectively. The decrease was due to lower taxable profits and differences in tax assessment and tax estimates made in prior years for foreign subsidiaries.

Statement of Financial Position

(g) Non-Current Assets

The Group's non-current assets increased by $6.1 million mainly due to the recognition of right-of-use assets following the adoption of SFRS(I) 16 *Leases*.

(h) Current Assets

The Group's current assets decreased by $8.5 million mainly due to lower stocks and cash and cash equivalents, partially offset by higher trade and other receivables, and contract assets.

(i) Current Liabilities

The Group's current liabilities decreased by $4.1 million mainly due to lower contract liabilities arising from advance payments from customers. This is partially offset by the increase in short term borrowings and trade and other payables.

(j) Non-Current Liabilities

The Group's non-current liabilities increased by $4.2 million due to the recognition of lease liabilities following the adoption of SFRS(I) 16 *Leases*.

(k) Cash flow

For Q4 2019, the increase in cash and cash equivalents of $0.3 million was mainly due to:
- negative cash flow from operating activities of $2.9 million as a result of negative change in working capital from slower collections from customers and lower trade payables;
- negative cash flow from investing activities of $0.6 million as a result of the purchase of plant and equipment; and partially offset by;
- net proceeds from bank loans of $4 million

For FY2019, the decrease in cash and cash equivalents of $8.6 million was mainly due to:
- negative cash flow from operating activities of $10.9 million as a result of slower collections from customers and the increase in contract assets and other receivables partially offset by the decrease in contract liabilities and stocks;
- payment of final dividend for FY2018 and interim dividend for FY2019 totalling $7.2 million; and partially offset by
- net proceeds from net bank loans of $11.0 million.

As a result of the above, the Group's cash and cash equivalents stood at $12.9 million as at 31 December 2019 compared to $21.5 million as at 31 December 2018.

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

Not applicable.

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.

In FY 2019, the Group secured approximately $153.8 million in order in-take, a decrease of 13.3% ($23.6 million) compared to $177.4 million in FY 2018, due mainly to lower orders from the service provider markets across almost all regions, partially offset by higher orders from government sector market.

The Group's NI business segment contributed approximately $115.1 million, or 74.8% of total FY 2019 order in-take, a decrease of 9.1% ($11.5 million) compared to $126.6 million recorded in FY 2018. This is mainly due to lower order in-take from the service provider markets. The Group's WIN business segment contributed the remaining $38.7 million in order in-take, a decrease of 23.8% ($12.1 million) compared to $50.8 million in FY 2018 due mainly to the slowdown in the EMEA markets.

The relative slowdown in order in-take reflects the industry-wide challenges the Group is navigating, particularly relating to the service provider markets – a significant customer segment for the Group. Notably, NeraTel's efforts to diversify its customer base and broaden its revenue streams has paid off with a growing proportion of contracts contributed by the GTU customer segment, which has grown to 27.0% of the total order in-take in FY2019 as compared to 14.3% in FY 2018.

In addition, the EMEA markets continue to be a very challenging market for the WIN business segment. In view of the aforementioned, the Group intends to continue its efforts to diversify its customer base, broaden its revenue streams by pursuing adjacent growth verticals as well as increasing recurring income base through service and maintenance contracts. At the same time, the Group will strengthen its capabilities and maintain a strong focus on the ASEAN markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Interim (one-tier)	Proposed Final (one-tier)
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	0.5 cents	0.5 cents
Tax Rate	Tax exempt	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim (one-tier)	Final (one-tier)
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	1.0 cent	1.5 cents
Tax Rate	Tax exempt	Tax exempt

(c) Date payable

26 May 2020

(d) Books closure date

6 May 2020

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

Not applicable.

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.

There is no IPT mandate obtained.

14. 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 the directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Financial Year 2019	**WIN S$'000**	**NI S$'000**	**Total S$'000**
Revenue	42,231	102,155	144,386
Cost of sales	(29,692)	(81,882)	(111,574)
Gross Profit	**12,539**	**20,273**	**32,812**
Distribution and selling expenses	(5,915)	(12,590)	(18,505)
Administrative expenses	(3,018)	(6,147)	(9,165)
Other (expenses) / income	(59)	188	129
Profits from operations	3,547	1,724	**5,271**
Financial income			332
Financial expenses			(491)
Profit before taxation			**5,112**
Taxation			(742)
Profit after taxation			**4,370**
Other Information			
Segment assets	48,777	71,913	120,690
Unallocated assets			35,370
Total assets			**156,060**
Segment liabilities	19,829	41,192	61,021
Tax liabilities			694
Unallocated liabilities			30,151
Total liabilities			**91,866**
Capital expenditure	867	2,086	2,953
Depreciation and amortisation	616	1,187	1,803
Other non-cash expenses	179	3,830	4,009

Note: The provision for contract assets for the project in the Philippines of $2.1 million and the provision for stock obsolescence of $0.4 million contributed to the decrease in the gross profit for NI business segment.

Restated **Financial Year 2018**	**WIN** **S$'000**	**NI** **S$'000**	**Total** **S$'000**
Revenue	54,685	111,815	166,500
Cost of sales	(41,652)	(82,936)	(124,588)
Gross Profit	**13,033**	**28,879**	**41,912**
Distribution and selling expenses	(8,419)	(11,961)	(20,380)
Administrative expenses	(4,280)	(5,484)	(9,764)
Other expenses	(1,016)	(793)	(1,809)
Profits from operations	(682)	10,641	**9,959**
Financial income			322
Financial expenses			(220)
Profit before taxation			**10,061**
Taxation			(3,771)
Profit after taxation			**6,290**
Other Information			
Segment assets	42,104	75,964	118,068
Unallocated assets			40,429
Total assets			**158,497**
Segment liabilities	23,308	48,525	71,833
Tax liabilities			2,178
Unallocated liabilities			17,819
Total liabilities			**91,830**
Capital expenditure	638	1,017	1,655
Depreciation and amortisation	536	170	706
Other non-cash expenses	(73)	(357)	(430)

Note: The decrease in profit from operations for WIN business segment is due to the restatement as explained in Note 7 on page 3 amounting to S$1.46 million.

Geographical Segment

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2019 S$'000	Restated 2018 S$'000	2019 S$'000	2018 S$'000
Singapore	64,713	73,843	4,608	2,869
Malaysia	19,374	27,910	142	190
Philippines	10,800	13,028	3,973	806
Indonesia	17,587	10,158	615	530
Australia	1,250	4,783	50	15
Thailand	5,136	3,418	412	177
Pakistan	11,809	5,792	354	23
Morocco	5,022	7,542	65	7
Other EMEA countries	3,754	6,522	33	13
Others (including China)	4,941	13,504	6	18
Total	**144,386**	**166,500**	**10,258**	**4,648**

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

16. In the review of performance, the factors leading to any material changes in contributions to Revenue and earnings by the business or geographical segments.

Refer to item 8.

17. A breakdown of sales as follows:

	2019 S$'000	Restated 2018 S$'000	Increase / (Decrease)
(a) Revenue reported for the first half year	70,187	89,014	(21.2%)
(b) Profit after tax before deducting minority interest for first half year	2,688	3,386	(20.6%)
(c) Revenue reported for the second half year	74,199	77,486	(4.2%)
(d) Profit after tax before deducting minority interest for second half year	1,682	2,904	(42.1%)

nm: denotes not meaningful

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Annual Dividend Value	Year ended 31 December	
	2019 S$'000	2018 S$'000
Ordinary	3,619	9,047

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there is no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Chan Wan Mei and Gan Lee Teng
Joint Company Secretary

29 February 2020