

NERA TELECOMMUNICATIONS LTD

Company Registration No. 197802690R
(Incorporated in the Republic of Singapore)

**MATERIAL VARIANCES BETWEEN UNAUDITED FULL YEAR FINANCIAL STATEMENTS
AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019**

The Board of Directors (the “Board”) of Nera Telecommunications Ltd (the “Company” and together with its subsidiaries, the “Group”) refers to the announcement of the unaudited financial statements for the financial year ended 31 December 2019 (“FY2019”) (“Announcement”) released by the Company on 29 February 2020.

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Board wishes to announce the material variances between the audited financial statements of the Company for FY2019 (“Audited Results”) and the Announcement, following the finalisation of the audit.

The material variances between the Announcement and the Audited Results are set out as follows:

(1) Adjustment to Deferred Tax Asset of a Subsidiary

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2019				
(S\$'000)	Group		Variance	Note
	Unaudited 2019	Audited 2019		
Tax	(742)	(1,167)	425	A

Balance Sheet as at 31 December 2019				
(S\$'000)	Group		Variance	Note
	Unaudited 2019	Audited 2019		
Non-current assets				
Deferred tax assets	1,922	1,494	(428)	A
Equity attributable to the equity holders of the Company				
Revenue reserve	37,403	36,978	(425)	A

Note A

The above variances resulted from the reduction in the deferred tax assets of our subsidiary, Nera (Philippines), Inc. due to the uncertainty of its recoverability. The difference of \$3,000 has been recorded in the Translation Reserve.

As a result of the above adjustment, the group earnings per share attributable to owners of the Company for the financial year ended 31 December 2019 has decreased by 0.12 cents, from 1.21 cents to 1.09 cents. This adjustment has no impact on the consolidated statement of cash flows.

(2) Reclassification of Balances

Balance Sheet as at 31 December 2019				
(S\$'000)	Group		Variance	Note
	Unaudited	Audited		
	2019	2019		
Current assets				
Stocks	6,813	9,728	2,915	B – (i)
Current liabilities				
Trade payables	32,881	38,592	5,711	B – (ii)
Other payables and accruals	13,179	7,726	(5,453)	B – (ii) & (iii)
Contract liabilities	22,268	24,896	2,628	B – (i) & (iii)

Consolidated Statement of Cash Flow as at 31 December 2019				
(S\$'000)	Group		Variance	Note
	Unaudited	Audited		
	2019	2019		
Cash flows from operating activities				
Stocks	10,746	7,741	(3,005)	B (i)
Trade payables	(400)	5,334	5,734	B (ii)
Other payables and accruals	2,512	(2,994)	(5,506)	B(ii) & (iii)
Contract liabilities	(15,588)	(12,865)	(2,723)	B (i) & (iii)

Note B

The above variances resulted from the following reclassifications:

- (i) The advance from a customer, which was initially netted off against stocks, has been reclassified to contract liabilities.
- (ii) The project accrued costs reclassified from other payables to trade payables.
- (iii) The unearned income reclassified from other payables to contract liabilities.

These reclassifications do not have any impact on the net profit and the net asset value of the Group.

BY ORDER OF THE BOARD

Chan Wan Mei and Gan Lee Teng
Joint Company Secretaries

26 March 2020