

NERA TELECOMMUNICATIONS LTD

(Co. Reg. No. 197802690R)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 6 months ended 31 December			Group Year ended 31 December		
	2020 S\$'000	2019 S\$'000	Increase/ (Decrease) %	2020 S\$'000	2019 S\$'000	Increase/ (Decrease) %
Revenue	64,682	74,199	(12.8)	131,118	144,386	(9.2)
Cost of sales	(49,070)	(59,718)	(17.8)	(101,285)	(111,574)	(9.2)
Gross profit	15,612	14,481	7.8	29,833	32,812	(9.1)
Gross margin %	24.1%	19.5%	4.6pt	22.8%	22.7%	0.1
Distribution and selling expenses	(8,198)	(9,552)	(14.2)	(15,400)	(18,505)	(16.8)
Administrative expenses	(4,850)	(4,277)	13.4	(9,722)	(9,165)	6.1
Other (expenses) / income (Note (a))	(891)	504	nm	1,094	129	749.4
Profit from operating activities	1,673	1,156	44.7	5,805	5,271	10.1
Financial income	156	138	13.0	254	332	(23.5)
Financial expenses	(456)	(253)	80.2	(826)	(491)	68.2
Profit before tax	1,373	1,041	31.9	5,233	5,112	2.4
<i>% of revenue</i>	2.1%	1.4%	0.7pt	4.0%	3.5%	0.5pt
Tax	(1,047)	216	nm	(1,472)	(1,167)	26.1
Profit after tax	326	1,257	(74.1)	3,761	3,945	(4.7)
<i>% of revenue</i>	0.5%	1.7%	(1.2pt)	2.9%	2.7%	0.2pt
Other comprehensive income / (expense):						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation of financial statements of foreign operations	487	(403)	nm	575	404	42.3
Items that may not be reclassified subsequently to profit or loss:						
Re-measurement of defined benefit obligation	(71)	109	nm	(35)	(14)	150.0
	416	(294)	nm	540	390	38.5
Total comprehensive income for the period/ year	742	963	(22.9)	4,301	4,335	(0.8)

nm: not meaningful

	Note	Group 6 months ended 31 December			Group Year ended 31 December		
		2020 S\$'000	2019 S\$'000	Increase / (Decrease) %	2020 S\$'000	2019 S\$'000	Increase / (Decrease) %
Profit for the period / year is arrived after crediting / (charging) the following:							
Over / (under) provision of tax in respect of prior years		285	8	3,462.5	313	(288)	nm
Amortisation of intangible asset		(45)	(56)	(19.6)	(88)	(88)	–
Bad debts written-off		(38)	–	nm	(38)	(81)	(53.1)
Depreciation of property, plant and equipment	(1)	(323)	(392)	(17.6)	(668)	(758)	(11.9)
Depreciation of right-of-use assets	(1)	(480)	(667)	(28.0)	(971)	(957)	1.5
Net foreign exchange (loss) / gain	(2)	(1,467)	471	nm	(1,019)	39	nm
Interest expense	(3)	(456)	(253)	80.2	(826)	(491)	68.2
Interest income	(4)	156	138	13.0	254	332	(23.5)
Net gain / (loss) on disposal / write-off of property, plant and equipment		1	(6)	nm	7	16	(56.3)
Net provision for stock obsolescence		(169)	(430)	(60.7)	(169)	(430)	(60.7)
Net write-back / (allowance) for doubtful debts	(5)	101	(1,730)	nm	54	(1,484)	nm
Net write-back / (provision) for warranty	(6)	265	112	136.6	(119)	97	nm
Net write-back / (allowance) for contract assets	(7)	77	(2,094)	nm	77	(2,094)	nm

Notes to Income Statement

(a) Other (expenses) / income

	Group 6 months ended 31 December		Group Year ended 31 December	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Net (loss) / gain on foreign exchange	(1,467)	471	(1,019)	39
Amortisation of intangible assets	(45)	(56)	(88)	(88)
Net gain / (loss) on disposal / write-off of property, plant and equipment	1	(6)	7	16
Government grants	382	1	1,822	48
Others	238	94	372	114
Total other (expenses) / income	(891)	504	1,094	129

nm: not meaningful

Notes :

(1) Depreciation of property, plant and equipment in 2H 2020 and FY 2020 were lower as compared to its corresponding periods in FY 2019 as certain fixed assets were fully depreciated. The decrease in depreciation of right-of-use assets in 2H 2020 was mainly due to expiry of certain leases in Singapore and Indonesia during the current reporting period.

(2) Foreign exchange loss for 2H 2020 largely due to unrealised exchange loss of \$1.4 million. Unrealised exchange loss arose from the revaluation of monetary assets and liabilities due to the depreciation of USD and Indonesia Rupiah ("IDR").

Foreign exchange loss for FY 2020 comprised of unrealised exchange loss of \$0.6 million and realised exchange loss of \$0.4 million. Unrealised exchange loss arose from the depreciation of USD and IDR upon the revaluation of monetary assets and liabilities. This was mitigated by unrealised exchange gain arising from the revaluation of USD payables during the current reporting period. The realised exchange loss arose from the depreciation of USD for USD denominated receivables.

(3) Increase in interest expense was mainly due to higher bank borrowings to increase cash buffer under current operating environment.

(4) Increase in interest income in 2H 2020 was mainly due to higher interest accretion from long-term trade receivables. For FY 2020, lower interest income was mainly due to lower placement in the fixed deposit account as compared to FY 2019.

(5) Decrease in allowance for doubtful debts in 2H 2020 and FY 2020 was mainly due to lower doubtful debt provision as compared to FY 2019. The provision for doubtful debts in FY 2019 was mainly attributed to doubtful debts provided for customers in the Philippines.

(6) Net write-back for warranty provision in 2H 2020 increased mainly due to higher reversal of provision for warranty following the expiry of the warranty period. The net provision for warranty in FY 2020 was higher due to lower reversal of warranty provision as compared to FY 2019.

(7) Decrease mainly due to the absence of provision for contract assets as compared to FY 2019. The provision for contract assets in FY 2019 arose mainly from project billings in Philippines which was credit impaired.

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.

Balance sheet as at	Group		Company	
	31/12/2020 S\$'000	31/12/2019 S\$'000	31/12/2020 S\$'000	31/12/2019 S\$'000
Non-current assets				
Property, plant and equipment	6,235	4,294	370	364
Right-of-use assets	4,165	4,696	2,912	3,120
Intangible asset	835	795	720	709
Investment in subsidiaries	–	–	5,971	3,971
Long term trade and other receivables	648	473	–	415
Deferred tax assets	806	1,494	239	567
	12,689	11,752	10,212	9,146
Current assets				
Stocks	6,074	9,728	3,844	3,375
Contract assets	34,410	40,121	12,971	12,671
Trade receivables	64,409	63,528	12,011	21,536
Other receivables, deposits and prepayments	21,650	20,384	16,544	15,469
Amounts due from subsidiaries				
- trade	–	–	20,658	17,821
- non-trade	–	–	18,123	8,901
Fixed deposits	659	2,259	–	–
Cash and bank balances	22,458	10,745	10,393	3,112
	149,660	146,765	94,544	82,885
Current liabilities				
Trade payables	32,112	38,592	8,916	13,398
Other payables and accruals	7,108	7,726	3,791	4,053
Contract liabilities	21,661	24,896	16,805	15,935
Amounts due to subsidiaries (trade)	–	–	39	163
Short term borrowings	28,500	16,500	28,500	16,500
Lease liabilities	714	652	124	160
Provision for taxation	1,024	694	225	–
Provision for warranty	859	1,222	563	867
	91,978	90,282	58,963	51,076
Net current assets	57,682	56,483	35,581	31,809
Non-current liabilities				
Defined benefit obligation	537	470	–	–
Lease liabilities	3,578	4,001	2,890	3,013
	4,115	4,471	2,890	3,013
Net assets	66,256	63,764	42,903	37,942
Equity attributable to the equity holders of the Company				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	38,930	36,978	12,994	8,033
Translation reserve	(2,953)	(3,528)	–	–
Other reserve	370	405	–	–
	66,256	63,764	42,903	37,942

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

Amount repayable in one year or less, or on demand

As at 31/12/2020	As at 31/12/2019
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
–	28,500	–	16,500

Amount repayable after one year

As at 31/12/2020	As at 31/12/2019
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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 6 months ended 31 December		Group Year ended 31 December	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Cash flows from operating activities				
Profit before tax	1,373	1,041	5,233	5,112
<u>Adjustments for :</u>				
Amortisation of intangible assets	45	56	88	88
Bad debts written off	38	–	38	81
Depreciation of property, plant and equipment	323	392	668	758
Depreciation of right-of-use assets	480	667	971	957
Interest expense	456	253	826	491
Interest income	(156)	(138)	(254)	(332)
Net fair value loss on derivatives	11	48	55	48
Net (gain) / loss on disposal / write-off of property, plant and equipment	(1)	6	(7)	(16)
Net (write-back) / allowance for contract assets	(77)	2,094	(77)	2,094
Net provision for stock obsolescence	169	430	169	430
Net (write-back) / allowance for doubtful debts	(101)	1,730	(54)	1,484
Net (write-back) / provision for warranty	(265)	(112)	119	(97)
Reduction of accrued dispute claims from a former employee	–	(1,258)	–	(1,258)
Pension costs	48	334	48	211
Operating profit before working capital changes	2,343	5,543	7,823	10,051
(Increase) / Decrease in :				
Stocks	2,959	10,229	3,574	7,741
Contract assets	5,578	(9,154)	5,767	(6,467)
Trade receivables	(2,545)	(3,900)	(1,507)	(4,565)
Other receivables, deposits and prepayments	357	(234)	(1,919)	(3,734)
(Decrease) / Increase in :				
Trade payables	(3,363)	6,795	(6,474)	5,334
Other payables and accruals	153	(5,902)	(491)	(2,994)
Contract liabilities	(1,955)	(3,286)	(3,315)	(12,865)
Provision for warranty	(151)	(437)	(486)	(690)
Effect of exchange rate changes	1,394	(304)	566	(9)
Cash flows from / (used in) operations	4,770	(650)	3,538	(8,198)
Income tax refund / (paid)	174	(490)	120	(2,367)
Interest paid	(286)	(75)	(494)	(274)
Benefits paid out from pension fund	(33)	(40)	(33)	(40)
Net cash flows generated from / (used in) operating activities	4,625	(1,255)	3,131	(10,879)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	2	22	8	22
Purchase of property, plant and equipment	646	(684)	(2,241)	(969)
Purchase of intangible assets	(130)	–	(130)	–
Interest received	171	127	246	269
Net cash flows generated from / (used in) investing activities	689	(535)	(2,117)	(678)
Cash flows from financing activities				
Dividends paid to ordinary shareholders	(1,809)	(1,810)	(1,809)	(7,238)
Proceeds from bank loans	22,000	16,700	49,000	28,600
Repayment of bank loans	(27,500)	(12,100)	(37,000)	(17,600)
Repayment of lease liabilities	(446)	(363)	(1,008)	(819)
Net cash flows (used in) / generated from financing activities	(7,755)	2,427	9,183	2,943
Net (decrease) / increase in cash and cash equivalents	(2,441)	637	10,197	(8,614)
Effect of exchange rate changes on cash and bank balances	(62)	2	(91)	65
Cash and cash equivalents at beginning of the period/ year	25,523	12,275	12,914	21,463
Cash and cash equivalents at end of the period/ year (see Note below)	23,020	12,914	23,020	12,914

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)

Note:	Group 6 months ended 31 December		Group Year ended 31 December	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
	Cash and cash equivalents comprise:			
Cash and bank balances	22,458	10,745	22,458	10,745
Fixed deposits	659	2,259	659	2,259
	23,117	13,004	23,117	13,004
Less: Deposits pledged	(97)	(90)	(97)	(90)
	23,020	12,914	23,020	12,914

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 the Second Half 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 July 2020	29,909	40,413	(3,440)	441	67,323
Total comprehensive income for the period	–	326	487	(71)	742
Dividends paid	–	(1,809)	–	–	(1,809)
Balance as at 31 December 2020	29,909	38,930	(2,953)	370	66,256
Balance as at 1 January 2020	29,909	36,978	(3,528)	405	63,764
Total comprehensive income for the year	–	3,761	575	(35)	4,301
Dividends paid	–	(1,809)	–	–	(1,809)
Balance as at 31 December 2020	29,909	38,930	(2,953)	370	66,256
Balance as at 1 July 2019	29,909	37,531	(3,125)	296	64,611
Total comprehensive income for the period	–	1,257	(403)	109	963
Dividends paid	–	(1,810)	–	–	(1,810)
Balance as at 31 December 2019	29,909	36,978	(3,528)	405	63,764
Balance as at 1 January 2019	29,909	40,271	(3,932)	419	66,667
Total comprehensive income for the year	–	3,945	404	(14)	4,335
Dividends paid	–	(7,238)	–	–	(7,238)
Balance as at 31 December 2019	29,909	36,978	(3,528)	405	63,764
Company					
Balance as at 1 July 2020	29,909	14,253	–	–	44,162
Total comprehensive income for the period	–	550	–	–	550
Dividends paid	–	(1,809)	–	–	(1,809)
Balance as at 31 December 2020	29,909	12,994	–	–	42,903
Balance as at 1 January 2020	29,909	8,033	–	–	37,942
Total comprehensive income for the year	–	6,770	–	–	6,770
Dividends paid	–	(1,809)	–	–	(1,809)
Balance as at 31 December 2020	29,909	12,994	–	–	42,903
Balance as at 1 July 2019	29,909	10,435	–	–	40,344
Total comprehensive income for the period	–	(592)	–	–	(592)
Dividends paid	–	(1,810)	–	–	(1,810)
Balance as at 31 December 2019	29,909	8,033	–	–	37,942
Balance as at 1 January 2019	29,909	13,365	–	–	43,274
Total comprehensive income for the year	–	1,906	–	–	1,906
Dividends paid	–	(7,238)	–	–	(7,238)
Balance as at 31 December 2019	29,909	8,033	–	–	37,942

- 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 2019. As at 31 December 2020, there was no share options granted (31 December 2019: Nil). There was also no treasury share in issue as at the end of the current financial year (31 December 2019: Nil).

The Company does not have any subsidiary holdings as at 31 December 2020 (31 December 2019: 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 2019: 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 qualifications 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 reporting period 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 or after 1 January 2020, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact to the Group as at 1 January 2020.

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 6 months ended 31 December		Group Year ended 31 December	
	2020	2019	2020	2019
Earnings per Ordinary Share attributable to shareholders for the period/ year:				
(i) Basic (cents)	0.09	0.35	1.04	1.09
(ii) Fully diluted (cents)	0.09	0.35	1.04	1.09
Weighted average number of shares for the period/ year:				
(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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents) :	18.31	17.62	11.86	10.48

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 the six months ended 31 December 2020 ("2H 2020") decreased by 12.8%, or \$9.5 million to \$64.7 million from \$74.2 million in the second half of 2019 ("2H 2019"). The decrease was a result of lower revenue contribution from Government, Transport and Utility ("GTU") and Service Provider segments.

Compared to FY 2019, the Group's total revenue decreased by 9.2%, or \$13.3 million from \$144.4 million to \$131.1 million in FY 2020 as a result of lower revenue contribution from the Service Provider segments and Enterprise segments.

Overall, the operations of the Group were impacted by the COVID-19 outbreak due to the consequential lockdown and movement restriction measures undertaken by the countries the Group operated in to limit the spread of the virus. As a result, lower revenue were recorded across the majority of the Group's geographical markets due to lower project progress achieved.

Network Infrastructure ("NI")

Against the corresponding period last year, revenue for 2H 2020 decreased by 13.2%, or \$7.0 million to \$46.2 million, mainly due to lower revenue contribution from Singapore, Malaysia, Thailand, Philippines, and Pakistan, partially offset by the increase in revenue from Indonesia, and Australia.

Compared to FY 2019, revenue for FY 2020 decreased by 6.3%, or \$6.4 million to \$95.7 million from \$102.2 million, mainly due to lower revenue contributed by Singapore, Thailand, Philippines and Pakistan, partially offset by higher revenue contribution from Malaysia, Indonesia and Australia.

Wireless Infrastructure Network ("WIN")

On a YOY basis, revenue for 2H 2020 decreased by 11.8%, or \$2.5 million to \$18.5 million from \$21.0 million in 2H 2019, mainly due to lower revenue from Singapore, Malaysia, Philippines and Pakistan, partially offset by higher revenue contribution from Thailand, Indonesia and the EMEA markets.

Revenue for FY 2020 decreased by 16.2%, or \$6.8 million to \$35.4 million from \$42.2 million in FY 2019. The decrease in revenue was mainly due to lower revenue from Singapore, Malaysia, Philippines, Indonesia and Pakistan, partially offset by higher revenue contributed from Thailand and the EMEA markets.

(b) Gross Profit

On a YOY basis, the Group recorded an increase in gross profit for 2H 2020 by 7.8%, or \$1.1 million to \$15.6 million. Gross profit margin rose by 4.6 percentage points to 24.1% in 2H 2020 from 19.5% in 2H 2019, lifted by stronger gross margin from the Service Provider segment and the absence of provision for contract assets in 2H 2019 relating to a project in the Philippines. Excluding the provision for contract assets in 2H 2019, the gross profit margin rose by 1.8 percentage points to 24.1% in 2H 2020 from 22.3% in 2H 2019.

Gross profit in FY 2020 decreased by 9.1%, or \$3.0 million to \$29.8 million from \$32.8 million in FY 2019, in line with the lower revenue recognised for the year and the absence of provision for contract assets in FY 2019. Gross profit margin for FY 2020 remained fairly stable at 22.8% in FY 2020, an increase of 0.1 percentage point as compared to FY 2019. Excluding the provision for contract assets in FY 2019, the gross profit margin edged down slightly by 1.4 percentage points from 24.2% in FY 2019 to 22.8% in FY 2020.

(c) Other (Expenses) / Income

On a YOY basis, the Group's other expenses increased by \$1.4 million in 2H 2020 as compared to 2H 2019. The increase was mainly due to unfavourable impact arising from net foreign exchange loss, as opposed to net foreign exchange gain recorded in 2H 2019. This is partially offset by the grants received from government support schemes to mitigate the effect from COVID-19.

For FY 2020, other income increased by \$1.0 million. The increase was mainly attributable to the receipt of government grants, partially offset by unfavourable impact from net foreign exchange loss.

(d) Operating Expenses

On a YOY basis, total operating expenses for 2H 2020 and FY 2020 decreased by 5.6%, or \$0.8 million and 9.2%, or \$2.5 million respectively as compared to the corresponding periods last year. The decrease in operating expenses were mainly due to lower distribution and selling expenses, partially offset by the increase in administrative expenses.

Distribution and selling expenses decreased by 14.2%, or \$1.4 million in 2H 2020 and 16.8%, or \$3.1 million for FY 2020 as a result of the travel restriction and quarantine policies amid the COVID-19 outbreak resulting in lower travelling and other variable operating expenses, and the decrease in allowance for doubtful debts coupled with lower payroll and staff-related costs incurred during the year. This is partially offset by the increase in other professional fees.

Administrative expenses increased by 13.4%, or \$0.6 million in 2H 2020 and 6.1%, or \$0.6 million for FY 2020, mainly due to the absence of a reversal in accrued staff cost relating to a dispute claim from a former employee in 2019. This is partially offset by lower training cost, other professional fee and the decrease in travelling and other operating expenses.

(e) Profit Before Tax ("PBT")

The Group registered an increase in profit before tax of 31.9%, or \$0.3 million in 2H 2020 as compared to the corresponding period last year. The increase in profit before tax for 2H 2020 was mainly due to higher gross profit achieved aided by lower operating expenses, partially offset by the unfavourable impact arising from net foreign exchange loss.

Profit before tax for FY 2020 increased by 2.4%, or \$0.1 million to \$5.2 million. The increase was mainly attributable to lower operating expenses and the grants recognised from government relief measures related to the COVID-19 pandemic, partially offset by the unfavourable impact from net foreign exchange loss.

PBT as a percentage of revenue for 2H 2020 and FY 2020 increased by 0.7 percentage point and 0.5 percentage point respectively as compared to the same corresponding period last year.

(f) Tax

Against the corresponding periods last year, income tax expense increased in 2H 2020 and FY 2020 by \$1.3 million and \$0.3 million respectively as a result of higher taxable profits and deferred tax expenses recognised, partially offset by income tax refund received from a subsidiary following the finalisation of tax assessment.

(g) Profit after tax

The Group's net profit decreased in 2H 2020 and FY 2020 by \$0.9 million and \$0.2 million respectively as a result of higher income tax expenses.

Statement of Financial Position

(h) Non-Current Assets

The Group's non-current assets increased by \$0.9 million mainly due to equipment purchased for a government project in the Philippines, partially offset by the decrease in right-of-use assets and the decrease in deferred tax assets.

(i) Current Assets

The Group's current assets increased by \$2.9 million mainly due to higher cash and bank balances and trade and other receivables, partially offset by the decrease in contract assets and stocks.

(j) Current Liabilities

The Group's current liabilities increased by \$1.7 million mainly due to higher short-term borrowings and provision for taxation, partially offset by the decrease in trade and other payables and contract liabilities.

(k) Non-Current Liabilities

The Group's non-current liabilities decreased by \$0.4 million due to payments on the lease liabilities.

(l) Cash flow

For 2H 2020, the net decrease in cash and cash equivalents of \$2.4 million was mainly due to:

- payment of dividends of \$1.8 million
- net repayment of bank loans of \$5.5 million; and partially offset by
- net cash inflow from investing activities of \$0.7 million
- net cash inflow from operating activities of \$4.6 million as a result of positive change in working capital

For FY 2020, the net increase in cash and cash equivalents of \$10.2 million was mainly due to:

- net cash inflow from operating activities of \$3.1 million as a result of positive change in working capital
- net proceeds from net bank loans of \$12.0 million; and partially offset by
- payment of dividends of \$1.8 million
- purchase of property, plant and equipment of \$2.2 million

As a result of the above, the Group's registered an increase in cash and cash equivalents of \$10.1 million from \$12.9 million as at 31 December 2019 to \$23.0 million as at 31 December 2020.

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 2020, the Group secured approximately \$120.0 million in order intake, a decrease of 22.0% (\$33.9 million) compared to \$153.8 million in FY 2019.

The lower order intake reflects the challenges the Group is navigating due to the COVID-19 pandemic. Most of the countries where the Group has operations were affected by the movement control restrictions. Capex spending were also reduced as most customers took on a more cautious approach as well as to preserve cash. Similarly, the Group was also more selective on the projects to book in as we turned more conservative due to the pandemic.

The COVID-19 pandemic will likely continue to create uncertainties in terms of the Group's business outlook. In addition, geo-political tensions remain a concern. Navigating through the pandemic, the Group will continue to take a more conservative approach and be selective in the projects that it chooses to undertake. The Group will also look at opportunities to improve cash flow as well as optimise its working capital.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

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

(c) Date payable

31 May 2021

(d) Books closure date

10 May 2021

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. Negative assurance confirmation on interim financial results under Rule 705(5) of the SGX-ST.

Not applicable.

15. 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 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

16. 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 2020	WIN S\$'000	NI S\$'000	Total S\$'000
Revenue	35,396	95,722	131,118
Cost of sales	(26,554)	(74,731)	(101,285)
Gross Profit	8,842	20,991	29,833
Distribution and selling expenses	(4,952)	(10,448)	(15,400)
Administrative expenses	(2,822)	(6,900)	(9,722)
Other (expenses) / income	179	915	1,094
Profits from operations	1,247	4,558	5,805
Financial income			254
Financial expenses			(826)
Profit before taxation			5,233
Taxation			(1,472)
Profit after taxation			3,761
Other Information			
Segment assets	47,410	68,856	116,266
Unallocated assets			46,083
Total assets			162,349
Segment liabilities	19,447	39,477	58,924
Unallocated liabilities			37,169
Total liabilities			96,093
Capital expenditure	132	2,395	2,527
Depreciation and amortisation	634	1,093	1,727
Other non-cash (income) / expenses	(180)	375	195

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			(1,167)
Profit after taxation			3,945
Other Information			
Segment assets	48,770	74,806	123,576
Unallocated assets			34,941
Total assets			158,517
Segment liabilities	22,791	46,572	69,363
Unallocated liabilities			25,390
Total liabilities			94,753
Capital expenditure	867	2,086	2,953
Depreciation and amortisation	616	1,187	1,803
Other non-cash (income) / expenses	(216)	2,950	2,734

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	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Singapore	56,068	64,713	4,003	4,608
Indonesia	19,932	17,587	1,045	615
Malaysia	18,606	19,373	93	142
Morocco	8,042	5,894	42	65
Pakistan	7,730	11,586	255	354
Philippines	5,325	10,800	5,882	3,973
Thailand	4,890	5,135	341	412
Australia	2,044	1,250	142	50
Other EMEA countries	4,982	3,361	61	33
Others (including China)	3,499	4,687	19	6
Total	131,118	144,386	11,883	10,258

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

17. **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.

18. **A breakdown of sales as follows:**

	2020 S\$'000	2019 S\$'000	Increase / (Decrease) %
(a) Revenue reported for the first half year	66,436	70,187	(5.3)
(b) Profit after tax before deducting minority interest for first half year	3,435	2,688	27.8
(c) Revenue reported for the second half year	64,682	74,199	(12.8)
(d) Profit after tax before deducting minority interest for second half year	326	1,257	(74.1)

nm: denotes not meaningful

19. **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	
	2020 S\$'000	2019 S\$'000
Ordinary	1,809	3,619

- 20. 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 are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that there are no persons 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

01 March 2021