

**UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

**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		
	2018 S\$'000	Restated 2017 S\$'000	Increase/ (Decrease) %	2018 S\$'000	Restated 2017 S\$'000	Increase/ (Decrease) %
<b>Turnover</b>	<b>45,837</b>	<b>57,562</b>	<b>(20.4)</b>	<b>166,916</b>	<b>194,117</b>	<b>(14.0)</b>
Cost of sales	(35,373)	(47,401)	(25.4)	(123,976)	(148,869)	(16.7)
<b>Gross profit</b>	<b>10,464</b>	<b>10,161</b>	<b>3.0</b>	<b>42,940</b>	<b>45,248</b>	<b>(5.1)</b>
<b>Gross margin %</b>	<b>22.8%</b>	<b>17.7%</b>	<b>5.1 pt</b>	<b>25.7%</b>	<b>23.3%</b>	<b>2.4 pt</b>
Other operating income	8	137	(94.2)	129	726	(82.2)
Distribution and selling expenses	(4,084)	(3,845)	6.2	(20,380)	(20,282)	0.5
Administrative expenses	(2,911)	(3,741)	(22.2)	(9,474)	(11,605)	(18.4)
Other operating expenses	(454)	(867)	(47.6)	(1,792)	(2,151)	(16.7)
<b>Profit from operating activities</b>	<b>3,023</b>	<b>1,845</b>	<b>63.8</b>	<b>11,423</b>	<b>11,936</b>	<b>(4.3)</b>
Financial income	83	48	72.9	322	143	125.2
Financial expenses	(40)	(70)	(42.9)	(220)	(217)	1.4
<b>Profit before tax</b>	<b>3,066</b>	<b>1,823</b>	<b>68.2</b>	<b>11,525</b>	<b>11,862</b>	<b>(2.8)</b>
<b>% of turnover</b>	<b>6.7%</b>	<b>3.2%</b>	<b>3.5 pt</b>	<b>6.9%</b>	<b>6.1%</b>	<b>0.8 pt</b>
Tax	(1,638)	(320)	411.9	(3,771)	(4,099)	(8.0)
<b>Profit after tax</b>	<b>1,428</b>	<b>1,503</b>	<b>(5.0)</b>	<b>7,754</b>	<b>7,763</b>	<b>(0.1)</b>
<b>% of turnover</b>	<b>3.1%</b>	<b>2.6%</b>	<b>0.5 pt</b>	<b>4.6%</b>	<b>4.0%</b>	<b>0.6 pt</b>
<b>Other comprehensive (expense) / income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation of financial statements of foreign operations	212	259	(18.1)	235	453	(48.1)
<b>Items that may not be reclassified subsequently to profit or loss:</b>						
Re-measurement of defined benefit obligation	228	56	307.1	223	(28)	nm
	440	315	39.7	458	425	7.8
<b>Total comprehensive income for the period/year</b>	<b>1,868</b>	<b>1,818</b>	<b>2.8</b>	<b>8,212</b>	<b>8,188</b>	<b>0.3</b>

nm: not meaningful

**Note :** Following the adoption of the new Singapore Financial Reporting Standards International (“SFRS(I)”) on 1 January 2018, in particular SFRS(I) 15, Nera Telecommunications Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) has restated its comparative financial figures. Please refer to Section 4 of this announcement for more details on the new standards.

	Note	Group Fourth Quarter			Group Year ended 31 December		
		2018 S\$'000	2017 S\$'000	Increase / (Decrease) %	2018 S\$'000	2017 S\$'000	Increase / (Decrease) %
Profit for the period is arrived after (charging) / crediting the following:							
Over / (Under) provision of tax in respect of prior years		327	326	0.3	236	(985)	nm
Amortisation of intangible asset		(16)	(17)	(5.9)	(64)	(65)	(1.5)
Bad debts recovered		93	–	nm	93	–	nm
Depreciation of property, plant and equipment	(1)	(213)	(173)	23.1	(635)	(729)	(12.9)
Foreign exchange loss	(2)	(445)	(574)	(22.5)	(1,725)	(1,639)	5.2
Interest expense	(3)	(40)	(70)	(42.9)	(220)	(217)	1.4
Interest income	(4)	83	48	72.9	322	143	125.2
Net (loss) / gain on disposal / write-off of property, plant and equipment		–	(70)	(100.0)	1	(134)	nm
Net (allowance) / writeback for doubtful debts	(5)	(6)	(272)	(97.8)	65	312	(79.2)
Net writeback / (allowance) for stock obsolescence		5	(32)	nm	5	(32)	nm
Net writeback / (provision) for warranty	(6)	493	(409)	nm	399	(1,175)	nm

#### Notes to Income Statement

##### (1) Other operating income

	Group Fourth Quarter		Group Year ended 31 December	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Government grants	–	–	66	95
Service income	–	–	–	445
Others	8	137	63	186
<b>Total other operating income</b>	<b>8</b>	<b>137</b>	<b>129</b>	<b>726</b>

##### (2) Other operating expenses

	Group Fourth Quarter		Group Year ended 31 December	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Amortisation of intangible asset	16	17	64	65
Foreign exchange loss	445	574	1,725	1,639
Property, plant and equipment written off	–	70	–	155
Others	(7)	206	3	292
<b>Total other operating expenses</b>	<b>454</b>	<b>867</b>	<b>1,792</b>	<b>2,151</b>

nm: not meaningful

**Notes :**

- (1) Increase in depreciation of property, plant and equipment in Q4 2018 was due to additional capital expenditure on leasehold improvement.
- (2) Foreign exchange loss in Q4 2018 was mainly due to weakening of Malaysian Ringgit ("MYR") against the Singapore Dollar ("SGD"), thus resulting in an unrealised exchange loss upon revaluation of SGD financial liabilities to MYR.

Foreign exchange loss in FY 2018 was mainly due to weakening of EURO against the SGD, thus resulting in an unrealised exchange loss upon revaluation of receivables to SGD. This was partially mitigated by foreign exchange gain from strengthening of USD against the SGD upon revaluation of USD receivables to SGD.

- (3) Decrease in interest expense in Q4 2018 was largely due to lower bank borrowings.
- (4) Increase in interest income in Q4 2018 and FY 2018 was mainly due to higher interest accretion from long term receivables and interest income from bank.
- (5) Decrease in allowance for doubtful debts in Q4 2018 was mainly attributed to allowance made for Wireless Infrastructure Network customers in Afghanistan and Philippines and Network Infrastructure customers in Malaysia in Q4 2017. Net writeback for doubtful debts in FY 2018 was lower mainly due to one off doubtful debts recovery from a customer in FY 2017.
- (6) Decrease in provision for warranty in FY 2018 was due to reversal of warranty provision in view of the expiry of warranty period.

**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	31/12/2018 S\$'000	Restated 31/12/2017 S\$'000	Restated 1/1/2017 S\$'000		31/12/2018 S\$'000	Restated 31/12/2017 S\$'000	Restated 1/1/2017 S\$'000
<b>Non-current assets</b>							
Property, plant and equipment	2,147	1,376	2,077		403	457	863
Intangible asset	774	838	903		774	838	903
Investment in subsidiaries	—	—	—		4,668	4,668	4,668
Long term trade receivables	1,727	784	990		1,687	762	990
Deferred tax assets	1,465	2,618	1,622		726	1,024	21
	<b>6,113</b>	<b>5,616</b>	<b>5,592</b>		<b>8,258</b>	<b>7,749</b>	<b>7,445</b>
<b>Current assets</b>							
Stocks	18,026	16,607	12,460		11,186	10,005	4,124
Contract assets	35,782	35,551	22,145		15,065	16,225	5,516
Contract costs	12,231	12,584	8,964		11,858	12,519	8,833
Trade receivables	59,652	74,155	64,287		17,829	14,613	12,864
Other receivables, deposits and prepayments	5,784	6,213	15,606		512	683	10,859
Amounts due from subsidiaries - trade	—	—	—		15,436	16,522	20,438
- non-trade	—	—	—		4,700	8,523	6,413
Fixed deposits	3,528	1,249	134		2,467	—	—
Cash and bank balances	18,028	19,450	22,751		6,531	7,103	5,298
	<b>153,031</b>	<b>165,809</b>	<b>146,347</b>		<b>85,584</b>	<b>86,193</b>	<b>74,345</b>
<b>Current liabilities</b>							
Trade payables	30,694	35,887	27,321		10,418	15,310	12,150
Other payables and accruals	23,424	16,663	14,614		7,189	8,519	7,817
Contract liabilities	28,375	32,281	31,390		24,287	17,755	10,689
Amounts due to subsidiaries - trade	—	—	—		1,692	7	110
- non-trade	—	—	—		581	—	—
Short term borrowings	5,500	11,300	2,812		5,500	11,300	2,500
Provision for taxation	2,178	2,972	139		1,251	1,618	808
Provision for warranty	1,996	2,800	2,176		1,058	1,550	1,024
	<b>92,167</b>	<b>101,903</b>	<b>78,452</b>		<b>51,976</b>	<b>56,059</b>	<b>35,098</b>
<b>Net current assets</b>	<b>60,864</b>	<b>63,906</b>	<b>67,895</b>		<b>33,608</b>	<b>30,134</b>	<b>39,247</b>
<b>Non-current liabilities</b>							
Borrowings	—	—	6,773		—	—	6,773
Defined benefit obligation	310	422	374		—	—	—
	<b>310</b>	<b>422</b>	<b>7,147</b>		<b>—</b>	<b>—</b>	<b>6,773</b>
<b>Net assets</b>	<b>66,667</b>	<b>69,100</b>	<b>66,340</b>		<b>41,866</b>	<b>37,883</b>	<b>39,919</b>
<b>Equity attributable to the equity holders of the Company</b>							
Share capital	29,909	29,909	29,909		29,909	29,909	29,909
Revenue reserve	40,271	43,162	40,827		11,957	7,974	10,010
Translation reserve	(3,932)	(4,167)	(4,620)		—	—	—
Other reserve	419	196	224		—	—	—
	<b>66,667</b>	<b>69,100</b>	<b>66,340</b>		<b>41,866</b>	<b>37,883</b>	<b>39,919</b>

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

**Amount repayable in one year or less, or on demand**

As at 31/12/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
–	5,500	–	11,300

**Amount repayable after one year**

As at 31/12/2018		As at 31/12/2017	
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	
	2018 S\$'000	Restated 2017 S\$'000	2018 S\$'000	Restated 2017 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	3,066	1,823	11,525	11,862
<u>Adjustments for :</u>				
Amortisation of intangible assets	16	17	64	65
Depreciation of property, plant and equipment	213	173	635	729
Interest expense	40	70	220	217
Interest income	(83)	(48)	(322)	(143)
Net fair value loss on derivatives	34	19	34	19
Net loss / (gain) on disposal / write-off of property, plant and equipment	—	70	(1)	134
Net allowance for stock obsolescence	(5)	32	(5)	32
Net allowance / (writeback) for doubtful debts	6	272	(65)	(312)
Net (writeback) / provision for warranty	(493)	409	(399)	1,175
Pension costs	145	133	140	49
<b>Operating profit before working capital changes</b>	<b>2,939</b>	<b>2,970</b>	<b>11,826</b>	<b>13,827</b>
(Increase) / Decrease in :				
Stocks	(1,143)	(4,101)	(1,414)	(4,179)
Contract assets	6,990	(3,367)	20	(13,406)
Contract costs	353	(3,620)	353	(3,620)
Trade receivables	329	2,816	13,634	(10,153)
Other receivables, deposits and prepayments	547	1,949	1,401	11,409
(Decrease) / increase in :				
Trade payables	(3,795)	5,991	(5,227)	8,547
Other payables and accruals	4,242	(896)	6,496	2,049
Contract liabilities	(3,906)	891	(3,906)	891
Provision for warranty	(200)	(62)	(405)	(551)
Effect of exchange rate changes	601	310	805	1,232
<b>Cash flows from operations</b>	<b>6,957</b>	<b>2,881</b>	<b>23,583</b>	<b>6,046</b>
Income taxes paid	(1,197)	(1,046)	(4,740)	(3,508)
Interest paid	(40)	(70)	(220)	(217)
Contribution to pension funds	—	(11)	—	(11)
Benefit paid out from pension funds	(5)	—	(5)	—
<b>Net cash flows from operating activities</b>	<b>5,715</b>	<b>1,754</b>	<b>18,618</b>	<b>2,310</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	—	—	—	22
Purchase of property, plant and equipment	(1,082)	(52)	(1,384)	(254)
Interest received	30	47	132	126
(Increase) / Decrease of deposit pledged	2	8	36	5
<b>Net cash flows (used in) / from investing activities</b>	<b>(1,050)</b>	<b>3</b>	<b>(1,216)</b>	<b>(101)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to ordinary shareholders	—	—	(9,047)	(5,428)
Dividend paid to preference shareholder by a subsidiary	—	—	(1,464)	—
Refund of unclaimed dividends	—	—	2	—
Proceeds from bank loans	4,954	453	16,500	12,144
Repayment of bank loans	(5,890)	(624)	(22,300)	(10,434)
<b>Net cash flows used in financing activities</b>	<b>(936)</b>	<b>(171)</b>	<b>(16,309)</b>	<b>(3,718)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,729</b>	<b>1,586</b>	<b>1,093</b>	<b>(1,509)</b>
Effect of exchange rate changes on cash and bank balances	(69)	(86)	(200)	(672)
Cash and cash equivalents at beginning of the period/year	17,803	19,070	20,570	22,751
<b>Cash and cash equivalents at end of the period/year</b>	<b>21,463</b>	<b>20,570</b>	<b>21,463</b>	<b>20,570</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	18,028	19,450	18,028	19,450
Fixed deposits	3,528	1,249	3,528	1,249
	21,556	20,699	21,556	20,699
Less: Deposits pledged	(93)	(129)	(93)	(129)
	<b>21,463</b>	<b>20,570</b>	<b>21,463</b>	<b>20,570</b>

**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
<b>Group</b>					
<b>Balance as at 01.10.2018</b>	29,909	38,843	(4,144)	191	64,799
Total comprehensive income for the period	–	1,428	212	228	1,868
<b>Balance as at 31.12.2018</b>	<b>29,909</b>	<b>40,271</b>	<b>(3,932)</b>	<b>419</b>	<b>66,667</b>
<b>Balance as at 01.01.2018</b>	29,909	43,879	(4,167)	196	69,817
Cumulative effects of adopting SFRS(I)	–	(853)	–	–	(853)
<b>Balance as at 01.01.2018</b>	29,909	43,026	(4,167)	196	68,964
Total comprehensive income for the year	–	7,754	235	223	8,212
Dividend paid	–	(9,047)	–	–	(9,047)
Dividend paid to preference shareholder by a subsidiary	–	(1,464)	–	–	(1,464)
Refund of unclaimed dividends	–	2	–	–	2
<b>Balance as at 31.12.2018</b>	<b>29,909</b>	<b>40,271</b>	<b>(3,932)</b>	<b>419</b>	<b>66,667</b>
<b>Balance as at 01.10.2017</b>	29,909	41,659	(4,426)	140	67,282
Total comprehensive income for the period	–	1,503	259	56	1,818
<b>Balance as at 31.12.2017</b>	<b>29,909</b>	<b>43,162</b>	<b>(4,167)</b>	<b>196</b>	<b>69,100</b>
<b>Balance as at 01.01.2017</b>	29,909	40,767	(4,620)	224	66,280
Cumulative effects of adopting SFRS(I)	–	60	–	–	60
<b>Balance as at 01.01.2017</b>	29,909	40,827	(4,620)	224	66,340
Total comprehensive income for the year	–	7,763	453	(28)	8,188
Dividend paid	–	(5,428)	–	–	(5,428)
<b>Balance as at 31.12.2017</b>	<b>29,909</b>	<b>43,162</b>	<b>(4,167)</b>	<b>196</b>	<b>69,100</b>
<b>Company</b>					
<b>Balance as at 01.10.2018</b>	29,909	6,334	–	–	36,243
Total comprehensive income for the period	–	5,623	–	–	5,623
<b>Balance as at 31.12.2018</b>	<b>29,909</b>	<b>11,957</b>	<b>–</b>	<b>–</b>	<b>41,866</b>
<b>Balance as at 01.01.2018</b>	29,909	9,720	–	–	39,629
Cumulative effects of adopting SFRS(I)	–	(1,746)	–	–	(1,746)
<b>Balance as at 01.01.2018</b>	29,909	7,974	–	–	37,883
Total comprehensive income for the year	–	13,028	–	–	13,028
Dividend paid	–	(9,047)	–	–	(9,047)
Refund of unclaimed dividends	–	2	–	–	2
<b>Balance as at 31.12.2018</b>	<b>29,909</b>	<b>11,957</b>	<b>–</b>	<b>–</b>	<b>41,866</b>
<b>Balance as at 01.10.2017</b>	29,909	7,239	–	–	37,148
Total comprehensive income for the period	–	735	–	–	735
<b>Balance as at 31.12.2017</b>	<b>29,909</b>	<b>7,974</b>	<b>–</b>	<b>–</b>	<b>37,883</b>
<b>Balance as at 01.01.2017</b>	29,909	10,877	–	–	40,786
Cumulative effects of adopting SFRS(I)	–	(867)	–	–	(867)
<b>Balance as at 01.01.2017</b>	29,909	10,010	–	–	39,919
Total comprehensive income for the year	–	3,392	–	–	3,392
Dividend paid	–	(5,428)	–	–	(5,428)
<b>Balance as at 31.12.2017</b>	<b>29,909</b>	<b>7,974</b>	<b>–</b>	<b>–</b>	<b>37,883</b>

- 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 30 September 2018. As at 31 December 2018, there was no share options granted (31 December 2017: Nil). There was also no treasury share in issue as at the end of the current financial period (31 December 2017: Nil).

The Company does not have any subsidiary holdings as at 31 December 2018 (31 December 2017: 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 period was 361,897,000 shares (31 December 2017: 361,897,000).

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

Not applicable.

- (1)(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

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

The figures have not been audited 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.



**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 2017, except for the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)"), a new financial reporting framework identical to the International Financial Reporting Standards.

The Group has adopted the new financial reporting framework on 1 January 2018. Other than the adoption of the new standards that are effective on 1 January 2018, the new framework will have no material impact on the financial statements in the year of application except as follows:-

**SFRS (I) 15: Revenue from Contracts with customers**

SFRS (I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS (I) 15, there are specific requirements on identification of performance obligations and the recognition of revenue based on satisfaction of the performance obligations, as well as the requirement to combine customer contracts that are interrelated. In addition, under the new contract cost guidance, contract costs are expensed as incurred unless they qualify to be capitalised as an asset or they relate to incremental cost to obtain or fulfil the contracts. The Group and the Company have applied the changes in accounting policies retrospectively, to each reporting year presented, using full retrospective approach. As such, the comparative 2017 figures in this announcement are not comparable to those previously announced.

**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.**

Please refer to item 4 above.

**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 Year ended 31 December	
	2018	Restated 2017	2018	Restated 2017
Earnings per Ordinary Share attributable to shareholders for the period/year:				
(i) Basic (cents)	0.39	0.42	2.14	2.15
(ii) Fully diluted (cents)	0.39	0.42	2.14	2.15
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 the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31/12/2018	Restated 31/12/2017	31/12/2018	Restated 31/12/2017
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents) :	18.42	19.09	11.57	10.47

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **Consolidated Statement of Comprehensive Income**

##### **(a) Turnover**

On a year-on-year ("YOY") basis, the Group's turnover for Q4 2018 decreased by 20.4% (\$11.7 million) to \$45.8 million in Q4 2018 from \$57.6 million in Q4 2017. Both the Network Infrastructure and Wireless Infrastructure Network business segments reported lower turnover. The decrease in turnover was largely due to delays in project completion for both segments.

Compared to FY 2017, the Group's turnover for FY 2018 decreased by 14.0% (\$27.2 million) from \$194.1 million to \$166.9 million, due to lower turnover from both the Network Infrastructure and Wireless Infrastructure Network business segments. The lower turnover was mainly due to lower order in-take from the Middle East and Africa markets and delays in project completion for both segments.

##### **Network Infrastructure ("NI")**

On a YOY basis, turnover for Q4 2018 decreased by 13.6% (\$4.8 million) to \$30.4 million from \$35.2 million, mainly due to lower turnover recorded in Singapore, Australia, Malaysia and Philippines, partially offset by higher turnover in Thailand.

Compared to FY 2017, turnover for FY 2018 decreased by 8.3% (\$10.1 million) to \$111.2 million from \$121.3 million, mainly due to lower turnover booked from Service Provider markets in Australia and Philippines, partially offset by higher turnover in Myanmar and Pakistan.

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

On a YOY basis, turnover for Q4 2018 decreased by 31.3% (\$7.0 million) to \$15.4 million from \$22.4 million, mainly due to lower turnover in the Middle East and Africa markets, partially offset by higher turnover in Singapore.

Compared to FY 2017, turnover for FY 2018 decreased by 23.5% (\$17.1 million) to \$55.7 million from \$72.8 million. The decrease in turnover was mainly due to lower turnover in the Middle East and Africa markets, partially offset by higher turnover in Singapore and Philippines.

##### **(b) Gross Profit**

On a YOY basis, gross profit for Q4 2018 increased by 3.0% (\$0.3 million) to \$10.5 million from \$10.2 million mainly due to a positive net movement from warranty provision. The gross profit margin increased to 22.8% from 17.7% due to a positive net movement from warranty provision and higher margin projects recognised for the quarter.

Compared to FY 2017, gross profit for FY 2018 decreased by 5.1% (\$2.3 million) to \$42.9 million from \$45.2 million mainly due to lower turnover. The gross profit margin increased to 25.7% from 23.3% due to a positive net movement for warranty provision and higher margin projects recognised for the year.

**(c) Other operating income**

On a YOY basis, other operating income for Q4 2018 and FY 2018 decreased by \$0.1 million and \$0.6 million respectively. Higher other operating income in Q4 2017 and FY 2017 was largely due to income generated from services rendered to Ingenico to facilitate a smooth transition after the divestiture of the Payment Solutions business.

**(d) Operating Expenses**

On a YOY basis, total operating expenses for Q4 2018 decreased by 11.9% (\$1.0 million) to \$7.4 million from \$8.5 million. The decrease in operating expenses for Q4 2018 was mainly due to lower administrative expenses and other operating expenses, partially offset by higher distribution and selling expenses.

Compared to FY 2017, total operating expenses for FY 2018 decreased by 7.0% (\$2.4 million) to \$31.6 million from \$34.0 million. The decrease in operating expenses for FY 2018 was mainly due to lower administrative expenses and other operating expenses, partially offset by higher distribution and selling expenses.

Distribution and selling expenses increased by 6.2% (\$0.2 million) YOY for the quarter and 0.5% (\$0.1 million) for FY 2018 mainly due to higher payroll and staff related costs.

Administrative expenses decreased by 22.2% (\$0.8 million) YOY for the quarter and 18.4% (\$2.1 million) YOY for FY 2018 mainly due to lower payroll and staff related costs and lower tax related penalties incurred from foreign subsidiaries.

Other operating expenses decreased by 47.6% (\$0.4 million) YOY for the quarter largely due to lower foreign exchange loss in Q4 2018. Compared to FY 2017, other operating expenses for FY 2018 decreased by 16.7% (\$0.4 million) was due to a one off non-claimable value added and withholding tax adjustments in FY 2017.

**(e) Profit before tax ("PBT")**

The Group registered a profit before tax of \$3.1 million in Q4 2018, an increase of 68.2% (\$1.2 million) YOY was mainly due to lower operating expenses.

Compared to FY 2017, the PBT for FY 2018 decreased marginally by 2.8% (\$0.3 million) from \$11.9 million to \$11.5 million, mainly due to lower gross profit and lower other operating income. Lower operating expenses partially offset the impact.

Consequently, PBT as a percentage of turnover for Q4 2018 was higher at 6.7% compared to 3.2% in Q4 2017, whilst PBT as a percentage of turnover for FY 2018 was higher at 6.9% compared to 6.1% in FY 2017.

**(f) Tax**

On a YOY basis, tax expenses for Q4 2018 increased by \$1.3 million due to higher taxable profits and deferred tax assets not recognised for foreign subsidiaries. Compared to FY 2017, tax expense decreased by \$0.3 million. The decrease was due to differences in tax assessment and tax estimates made in prior years for foreign subsidiaries in FY 2017.

**Statement of Financial Position**

**(g) Current assets**

The Group's current assets decreased by \$12.8 million mainly due to lower trade receivables.

**(h) Current liabilities**

The Group's current liabilities decreased by \$9.7 million mainly due to lower trade payables, lower contract liabilities and repayment of short term bank borrowings, partially offset by higher other payables.

**(j) Cash flow**

For Q4 2018, the increase in cash and cash equivalents of \$3.7 million was mainly due to:

- positive cash flow from operating activities of \$5.7 million as a result of decrease in contract assets offset by decrease in contract liabilities and trade payables; partially offset by:
- purchase of property, plant and equipment of \$1.1 million; and
- repayment of net bank loans of \$0.9 million.

For FY 2018, the increase in cash and cash equivalents of \$1.1 million mainly due to:

- positive cash flow from operating activities of \$18.6 million as a result of positive change in working capital from decrease in trade and other receivables, offset by decrease in trade and other payables; partially offset by:
- purchase of property, plant and equipment of \$1.4 million;
- payment of dividends of \$9.0 million;
- payment of dividend to preference shareholder by a subsidiary of \$1.5 million; and
- repayment of net bank loans of \$5.8 million.

As a result of the above, the Group's cash and cash equivalents stood at \$21.5 million as at 31 December 2018, compared to \$20.6 million as at 31 December 2017.

**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 2018, the Group secured approximately \$177.4 million in order in-take, a decrease of 9.5% (\$18.7 million) compared to \$196.1 million in FY 2017. Of the \$177.4 million of order in-take secured, \$126.6 million, or 71.4%, was contributed by the Network Infrastructure ("NI") segment while \$50.8 million, or 28.6%, was contributed by the Wireless Infrastructure Network ("WIN") segment. On a year-on-year basis, order in-take for NI increased marginally by 2.2% due mainly to higher order in-take from the Service Provider markets while WIN recorded a 29.6% decrease due mainly to intense competition as well as cancellation of some key projects in Middle East and Africa markets.

Digitisation will continue to be the key driver for growth for the entire Group. The Group has made headway in developing its capabilities in these domains in order to address its customers' changing needs amidst rapid digitisation and will continue to focus its efforts, particularly in the domain of cybersecurity, data analytics, and automation to address our customers' needs.

The Group will also continue to strengthen offerings in other business domains such as data centre/cloud, wireless technologies and smart building technologies where it has observed an increase in demand from its client base.

The Group maintains a long-term view to ensure sustainable growth in business and will continue to capitalise on growth opportunities brought about by the digitisation wave through the vertical extension of its value chain and the broadening of its customer base beyond telecommunication operators. It also seeks to encourage existing customers to engage the Group for services and maintenance contracts that offer healthier margins and to strengthen its recurring income streams.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.5 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	Proposed Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.5 cents
Tax Rate	Tax exempt

### (c) Date payable

27 May 2019

### (d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

9 May 2019

## 12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

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 directors and from 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**

<b>Financial Year 2018</b>	<b>WIN S\$'000</b>	<b>NI S\$'000</b>	<b>Total S\$'000</b>
Turnover	55,713	111,203	166,916
Cost of sales	(41,652)	(82,324)	(123,976)
<b>Gross Profit</b>	<b>14,061</b>	<b>28,879</b>	<b>42,940</b>
Other operating income	38	91	129
Distribution and selling expenses	(8,419)	(11,961)	(20,380)
Administrative expenses	(3,990)	(5,484)	(9,474)
Other operating expenses	(908)	(884)	(1,792)
<b>Profits from operations</b>	<b>782</b>	<b>10,641</b>	<b>11,423</b>
Financial income			322
Financial expenses			(220)
<b>Profit before taxation</b>			<b>11,525</b>
Taxation			(3,771)
<b>Profit after taxation</b>			<b>7,754</b>
<b>Other Information</b>			
Segment assets	42,107	88,192	130,299
Unallocated assets			28,845
<b>Total assets</b>			<b>159,144</b>
Segment liabilities	21,293	42,226	63,519
Tax liabilities			2,178
Unallocated liabilities			26,780
<b>Total liabilities</b>			<b>92,477</b>
Capital expenditure	631	1,017	1,648
Depreciation and amortisation	529	170	699
Other non-cash expenses	(73)	(396)	(469)

<b>Restated Financial Year 2017</b>	<b>WIN S\$'000</b>	<b>NI S\$'000</b>	<b>Total S\$'000</b>
Turnover	72,801	121,316	194,117
Cost of sales	(52,884)	(95,985)	(148,869)
<b>Gross Profit</b>	<b>19,917</b>	<b>25,331</b>	<b>45,248</b>
Other operating income	159	567	726
Distribution and selling expenses	(9,220)	(11,062)	(20,282)
Administrative expenses	(5,192)	(6,413)	(11,605)
Other operating expenses	(1,324)	(827)	(2,151)
<b>Profits from operations</b>	<b>4,340</b>	<b>7,596</b>	<b>11,936</b>
Financial income			143
Financial expenses			(217)
<b>Profit before taxation</b>			<b>11,862</b>
Taxation			(4,099)
<b>Profit after taxation</b>			<b>7,763</b>
<b>Other Information</b>			
Segment assets	58,809	83,064	141,873
Unallocated assets			29,552
<b>Total assets</b>			<b>171,425</b>
Segment liabilities	25,076	45,892	70,968
Tax liabilities			2,972
Unallocated liabilities			28,385
<b>Total liabilities</b>			<b>102,325</b>
Capital expenditure	86	168	254
Depreciation and amortisation	544	250	794
Other non-cash expenses	187	568	755

## Geographical Segment

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

	Turnover		Non-current assets	
	2018 S\$'000	Restated 2017 S\$'000	2018 S\$'000	2017 S\$'000
Singapore	80,126	66,543	2,869	2,068
Malaysia	27,883	34,630	190	156
Philippines	10,969	16,591	806	162
Indonesia	10,158	11,217	530	323
Australia	4,777	9,693	15	20
China	2,280	4,313	–	–
Thailand	3,405	3,222	177	175
Norway	1,048	16	5	–
Pakistan	9,176	7,230	23	42
Morocco	7,542	21,394	7	12
Burkina Faso	4,191	7,778	–	–
Dubai	1,913	4,287	8	14
Afghanistan	398	2,186	–	–
Nigeria	154	1,715	–	–
Others	2,896	3,302	18	26
<b>Total</b>	<b>166,916</b>	<b>194,117</b>	<b>4,648</b>	<b>2,998</b>

Non-current assets information presented above consist of intangible assets and 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 turnover and earnings by the business or geographical segments.**

Refer to item 8.

- 17. A breakdown of sales as follows:**

	2018 S\$'000	Restated 2017 S\$'000	Increase / (Decrease)
(a) Turnover reported for the first half year	89,014	94,359	(5.7%)
(b) Profit after tax before deducting minority interest for first half year	4,850	4,282	13.3%
(c) Turnover reported for the second half year	77,902	99,758	(21.9%)
(d) Profit after tax before deducting minority interest for second half year	2,904	3,481	(16.6%)

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	
	2018 S\$'000	2017 S\$'000
Ordinary	9,047	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

1 March 2019