

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

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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.

	Note	Group 3rd Quarter			Group Period ended 30 September		
		2015 S\$'000	2014 S\$'000	Increase/ (Decrease) %	2015 S\$'000	2014 S\$'000	Increase/ (Decrease) %
Turnover		39,597	49,651	(20.2)	130,117	134,097	(3.0)
Cost of sales		(26,838)	(34,636)	(22.5)	(87,376)	(89,405)	(2.3)
Gross profit		12,759	15,015	(15.0)	42,741	44,692	(4.4)
Other operating income		359	343	4.7	516	1,002	(48.5)
Distribution and selling expenses		(7,618)	(7,985)	(4.6)	(21,798)	(21,907)	(0.5)
Administrative expenses		(2,688)	(3,020)	(11.0)	(9,177)	(8,699)	5.5
Other operating expenses		(45)	(21)	114.3	(230)	(96)	139.6
Profit from operations		2,767	4,332	(36.1)	12,052	14,992	(19.6)
Financial expenses		(197)	(74)	166.2	(433)	(209)	107.2
Financial income		9	13	(30.8)	37	86	(57.0)
Profit before taxation		2,579	4,271	(39.6)	11,656	14,869	(21.6)
Taxation		(573)	(730)	(21.5)	(2,648)	(3,268)	(19.0)
Profit after taxation		2,006	3,541	(43.3)	9,008	11,601	(22.4)
Other comprehensive income / (expense) :							
Items that may be reclassified subsequently to profit or loss :							
Foreign currency translation of financial statements of foreign operations	(1)	(1,624)	57	N.M.	(2,604)	452	N.M.
Total comprehensive income for the period		382	3,598	(89.4)	6,404	12,053	(46.9)

N.M. Not meaningful

Note :

(1) The high foreign currency translation loss of financial statements of foreign operations for the quarter and for YTD was mainly due to the significant weakening of the Malaysian Ringgit and the Indonesian Rupiah.

		Group			Group		
		3rd Quarter			Period ended 30 September		
		2015	2014	Increase / (Decrease)	2015	2014	Increase / (Decrease)
S\$'000	S\$'000	%	S\$'000	S\$'000	%		
Profit for the period is arrived at after crediting / (charging) the following :							
Adjustments for over / (under) provision of tax in respect of prior years		26	131	(80.2)	41	(69)	N.M.
Amortisation of intangible assets	(1)	(16)	(27)	(40.7)	(48)	(91)	(47.3)
Bad debts recovered		3	25	(88.0)	38	109	(65.1)
Depreciation of property, plant and equipment	(2)	(1,700)	(1,341)	26.8	(4,808)	(3,812)	26.1
Foreign exchange gain / (loss)		298	35	751.4	(151)	236	N.M.
Interest expense	(3)	(106)	(11)	863.6	(211)	(11)	1,818.2
Interest income	(4)	9	13	(30.8)	37	86	(57.0)
Net (loss) / gain on disposal / write-off of property, plant and equipment		(28)	9	N.M.	27	4	575.0
Net (allowance) / writeback for doubtful debts		(36)	(71)	(49.3)	31	200	(84.5)
Net (allowance) / writeback for stock obsolescence		(76)	15	N.M.	(122)	(217)	(43.8)
Net writeback for warranty		216	96	125.0	617	332	85.8
Other information							
Gross profit as a percentage of turnover		32.2%	30.2%	2.0	32.8%	33.3%	(0.5)
Profit for the period as a percentage of turnover		5.1%	7.1%	(2.0)	6.9%	8.7%	(1.8)
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period		3.9%	6.3%	(2.4)	17.6%	20.5%	(2.9)

N.M. Not meaningful

Notes :

- (1) The decrease in amortisation expense resulted from one of the intangible assets being fully amortised in FY 2014.
- (2) The increase in depreciation expense resulted from additional point-of-sale terminals purchased for leasing.
- (3) The increase in interest expenses was mainly due to higher bank borrowings taken up. In FY 2014, bank borrowings were taken up only in Q3 2014.
- (4) The decrease in interest income was mainly due to lower placement of fixed deposits.

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	
	30/9/2015 S\$'000	31/12/2014 S\$'000	30/9/2015 S\$'000	31/12/2014 S\$'000
Equity				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	27,739	35,016	3,242	13,040
Translation reserve	(6,581)	(3,977)	-	-
	51,067	60,948	33,151	42,949
Non current assets				
Property, plant and equipment	14,475	16,449	1,493	5,673
Intangible asset	983	1,031	983	1,031
Investment in subsidiaries	-	-	4,731	4,822
Deferred tax assets	1,088	1,172	93	-
	16,546	18,652	7,300	11,526
Current assets				
Stocks	4,994	3,865	5	2,134
Contract work-in-progress	24,299	25,587	8,725	12,513
Trade receivables	69,879	69,882	15,101	19,963
Other receivables, deposits and prepayments	4,221	3,530	406	415
Due from subsidiaries (trade)	-	-	39,673	21,888
Due from subsidiaries (non-trade)	-	-	1,900	3,378
Fixed deposits	229	4,111	-	4,000
Cash and bank balances	18,428	20,773	7,400	9,879
Total current assets	122,050	127,748	73,210	74,170
Current liabilities				
Trade payables	45,346	53,008	21,147	23,043
Other payables and accruals	19,683	19,958	7,239	10,554
Due to subsidiaries (non-trade)	-	-	233	329
Short term borrowings	(1) 2,824	-	2,500	-
Provision for taxation	1,753	1,832	1,676	1,478
Provision for warranty	3,405	4,587	1,510	2,219
Total current liabilities	73,011	79,385	34,305	37,623
Net current assets	49,039	48,363	38,905	36,547
Non current liabilities				
Deferred tax liabilities	527	422	-	422
Borrowings	(1) 13,054	4,702	13,054	4,702
Defined benefit obligation	937	943	-	-
	14,518	6,067	13,054	5,124
Net Assets	51,067	60,948	33,151	42,949

Note :

(1) Additional borrowings were taken up to finance the operations.

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

Amount repayable in one year or less, or on demand

As at 30/9/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	2,824	-	-

Amount repayable after one year

As at 30/6/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,054	-	4,702	-

Details of any collateral

The secured borrowings are from a \$25 million loan facility from a bank, where the leasehold land and building at 109 Defu Lane 10 Singapore 539225 has been pledged as security.

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 3rd Quarter		Group Period ended 30 Sept	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from operating activities				
Profit before taxation	2,579	4,271	11,656	14,869
<u>Adjustments for :</u>				
Amortisation of intangible assets	16	27	48	91
Depreciation of property, plant and equipment	1,700	1,341	4,808	3,812
Interest expense	106	11	211	11
Interest income	(9)	(13)	(37)	(86)
Net loss / (gain) on disposal / write-off of property, plant and equipment	28	(9)	(27)	(4)
Net allowance / (writeback) for doubtful debts	36	71	(31)	(200)
Net allowance / (writeback) for stock obsolescence	76	(15)	122	217
Net writeback of provision for warranty	(216)	(96)	(617)	(332)
Pension costs	26	-	95	-
Operating profit before working capital changes	4,342	5,588	16,228	18,378
Decrease / (increase) in :				
Stocks	(1,681)	(1,019)	(1,223)	(1,537)
Contract work-in-progress	(5,067)	1,542	1,288	4,863
Trade receivables	4,306	(5,905)	70	(11,248)
Finance lease receivable	-	37	-	148
Other receivables, deposits and prepayments	(43)	(290)	(691)	(354)
(Decrease) / increase in :				
Trade payables	5,846	3,505	(7,662)	3,546
Other payables and accruals	638	1,956	(315)	623
Provision for warranty	(78)	(58)	(463)	(293)
Cash flows from operations	8,263	5,356	7,232	14,126
Interest paid	(86)	-	(171)	-
Income taxes paid	(1,351)	(1,581)	(2,668)	(3,778)
Contribution to pension funds	(20)	-	(20)	-
Net cash flows from operating activities	6,806	3,775	4,373	10,348
Cash flows from investing activities				
Proceeds from disposal of fixed assets	24	18	104	42
Purchase of fixed assets	(1,474)	(2,688)	(3,907)	(5,159)
Interest received	9	13	37	86
Withdrawal of deposit pledged	1	-	(1)	-
Net cash flows used in investing activities	(1,440)	(2,657)	(3,767)	(5,031)

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 3rd Quarter		Group Period ended 30 Sept	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from financing activities				
Dividends paid to shareholders	(9,047)	(7,238)	(16,285)	(21,714)
Proceeds from bank loans	5,231	4,702	11,176	4,702
Net cash flows used in financing activities	(3,816)	(2,536)	(5,109)	(17,012)
Net (decrease) / increase in cash and cash equivalents	1,550	(1,418)	(4,503)	(11,695)
Effect of exchange rate changes	(1,207)	40	(1,725)	131
Cash and cash equivalents at beginning of the period	18,284	29,055	24,855	39,241
Cash and cash equivalents at end of the period	18,627	27,677	18,627	27,677
Cash and cash equivalents comprise :				
Fixed deposits	229	2,622	229	2,622
Cash and bank balances	18,428	25,084	18,428	25,084
Deposit pledged	(30)	(29)	(30)	(29)
	<u>18,627</u>	<u>27,677</u>	<u>18,627</u>	<u>27,677</u>

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 3rd Quarter ended 30 September	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
Group				
Balance as at 1.7.2015	29,909	34,780	(4,957)	59,732
Total comprehensive income for the period	-	2,006	(1,624)	382
Dividend paid	-	(9,047)	-	(9,047)
Balance as at 30.9.2015	29,909	27,739	(6,581)	51,067
Balance as at 1.7.2014				
Balance as at 1.7.2014	29,909	34,087	(3,844)	60,152
Total comprehensive income for the period	-	3,541	57	3,598
Dividend paid	-	(7,238)	-	(7,238)
Balance as at 30.9.2014	29,909	30,390	(3,787)	56,512
Company				
Balance as at 1.7.2015	29,909	10,907	-	40,816
Total comprehensive income for the period	-	1,382	-	1,382
Dividend paid	-	(9,047)	-	(9,047)
Balance as at 30.9.2015	29,909	3,242	-	33,151
Balance as at 1.7.2014				
Balance as at 1.7.2014	29,909	14,963	-	44,872
Total comprehensive income for the period	-	3,905	-	3,905
Dividend paid	-	(7,238)	-	(7,238)
Balance as at 30.9.2014	29,909	11,630	-	41,539

For Period ended 30 September	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
Group				
Balance as at 1.1.2015	29,909	35,016	(3,977)	60,948
Total comprehensive income for the period	-	9,008	(2,604)	6,404
Dividend paid	-	(16,285)	-	(16,285)
Balance as at 30.9.2015	29,909	27,739	(6,581)	51,067
Balance as at 1.1.2014				
Balance as at 1.1.2014	29,909	40,503	(4,239)	66,173
Total comprehensive income for the period	-	11,601	452	12,053
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 30.9.2014	29,909	30,390	(3,787)	56,512
Company				
Balance as at 1.1.2015	29,909	13,040	-	42,949
Total comprehensive income for the period	-	6,487	-	6,487
Dividend paid	-	(16,285)	-	(16,285)
Balance as at 30.9.2015	29,909	3,242	-	33,151
Balance as at 1.1.2014				
Balance as at 1.1.2014	29,909	21,947	-	51,856
Total comprehensive income for the period	-	11,397	-	11,397
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 30.9.2014	29,909	11,630	-	41,539

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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**

There has been no change in the Company's share capital since 30 June 2015. As at 30 September 2015, there was no share options granted (30 September 2014 : nil). There was also no treasury share in issue as at the end of the current financial period (30 September 2014 : 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 2014 : 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

- 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 or reviewed by the auditors.

- 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 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 2014 except as described in Section 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 and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for the financial year beginning on or after 1 January 2015, 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 2015.

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 3rd Quarter		Group Period ended 30 Sept	
	2015	2014	2015	2014
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:	(cents)	(cents)	(cents)	(cents)
(i) basic earnings per share	0.55	0.98	2.49	3.21
(ii) fully diluted earnings per share	0.55	0.98	2.49	3.21

Basic earnings per ordinary share for the financial period ended 30 September 2015 was calculated based on the weighted average number of shares in issue of 361,897,000 (2014 : 361,897,000) ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 30 September 2015 was calculated based on the weighted average number of shares in issue of 361,897,000 ordinary shares (2014 : based on weighted average number of shares in issue of 361,897,000 ordinary shares).

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	
	30/9/2015 (cents)	31/12/2014 (cents)	30/9/2015 (cents)	31/12/2014 (cents)
Net Asset Value per ordinary share based on issued share capital	14.11	16.84	9.16	11.87

Net asset value per ordinary share as at 30 September 2015 and 31 December 2014 was calculated based on the number of ordinary shares in issue of 361,897,000.

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.

(a) **Turnover**

On a year-on-year ('YOY') comparison, turnover in Q3 2015 declined 20.2% (\$10.1 million) from \$49.7 million to \$39.6 million. The decline was from both Telecom and Infocomm business segments.

Compared to nine months of 2014, turnover for nine months of 2015 declined 3.0% (\$4.0 million) from \$134.1 million to \$130.1 million. The decline in turnover resulted from lower turnover in the Telecom business segment, partially offset by higher turnover from the Infocomm business segment.

Telecommunications (Telecom)

On a YOY comparison, turnover in Q3 2015 declined 15.9% (\$2.4 million) from \$15.5 million to \$13.1 million. The decrease was mainly due to lower sales in the Middle East and Africa market.

Compared to nine months of 2014, turnover for nine months of 2015 declined 15.4% (\$7.1 million) from \$45.8 million to \$38.7 million. The decrease in turnover resulted from lower sales in both the Asia Pacific and the Middle East and Africa markets.

Infocomm

On a YOY comparison, turnover in Q3 2015 declined by 22.2% (\$7.6 million) from \$34.1 million to \$26.5 million. Compared to nine months of 2014, turnover for nine months of 2015 increased 3.5% (\$3.1 million) from \$88.3 million to \$91.4 million.

Network Infrastructure

Turnover for Network Infrastructure business area declined 30.3% (\$6.5 million) YOY from \$21.5 million to \$15.0 million for the quarter. For nine months of 2015, turnover declined 4.6% (\$2.7 million) YOY from \$59.4 million to \$56.7 million. The decline for both the quarter and nine months of 2015 was mainly due to lower sales of network equipment to the Service Provider market.

Payment Solutions

Turnover for Payment Solutions business area declined 8.3% (\$1.1 million) YOY from \$12.6 million to \$11.5 million for the quarter due to lower sales of point-of-sale ('POS') terminals. For nine months of 2015, turnover increased 20.1% (\$5.8 million) YOY from \$28.9 million to \$34.7 million. This was due to higher revenue from sale and leasing of POS terminals.

(b) **Gross Profit**

On a YOY comparison, gross profit for Q3 2015 declined 15.0% from \$15.0 million to \$12.8 million mainly due to lower turnover. The gross profit margin % ("GP%") improved from 30.2% to 32.2%.

Compared to nine months of 2014, gross profit for nine months of 2015 declined 4.4% from \$44.7 million to \$42.7 million mainly due to lower turnover. GP% declined slightly from 33.3% to 32.8%.

The changes in gross profit and GP% can be attributed to sales mix in product, project and services.

(c) **Other operating income**

The lower other operating income for nine months of 2015 was mainly due to absence of exchange gain for the period and lower government grant.

(d) **Operating Expenses**

On a YOY comparison, total operating expenses for Q3 2015 declined 6.1% (\$0.7 million) from \$11.0 million to \$10.3 million. Compared to nine months of 2014, total operating expenses for nine months of 2015 increased 1.6% (\$0.5 million) from \$30.7 million to \$31.2 million.

Distribution and selling expenses declined 4.6% (\$0.4 million) YOY for the quarter, and 0.5% (\$0.1 million) YOY for nine months of 2015. The decline was mainly due to lower payroll related costs.

Administrative expenses declined 11.0% (\$0.3 million) YOY for the quarter mainly due to lower payroll related costs. For nine months of 2015, administrative expenses increased 5.5% (\$0.5 million) YOY mainly due to higher rental costs (from new office in Myanmar and expansion of office space in certain countries) and higher depreciation expenses.

The increase in other operating expenses for nine months of 2015 was mainly due to exchange loss.

(e) **Profit Before Taxation ('PBT')**

Compared to Q3 2014, PBT for Q3 2015 declined 39.6% YOY mainly due to lower gross profit from lower turnover, partially offset by lower operating expenses. PBT as a percentage of turnover ("PBT %") for Q3 2015 was lower at 6.5% compared to 8.6% in Q3 2014.

Compared to nine months of 2014, PBT for nine months of 2015 declined 21.6% YOY mainly due to lower gross profit from lower turnover, higher operating expenses and exchange loss. PBT % for nine months of 2015 was lower at 9.0% compared to 11.1% for nine months of 2014.

(f) **Cash flow**

For Q3 2015 and first nine months of 2015, the Group generated positive cashflow from operating activities of \$6.8 million and \$4.4 million respectively.

For Q3 2015, the positive cashflow from operating activities and the loans taken up of \$5.2 million more than offset the payment of interim dividend of \$9.1 million in August 2015 and \$1.5 million outlay on capital expenditure.

For the nine months of 2015, the decrease in cash and cash equivalents of \$4.5 million was mainly due to the payments of final dividend of \$7.2 million for FY2014 in May 2015, \$9.1 million interim dividend for FY 2015 in August 2015, and \$3.9 million outlay on capital expenditure. The decrease was partially offset by loans taken up of \$11.2 million.

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

N.A.

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.

The Group's business comprises two main business segments, namely Telecommunications and Infocommunications. In the first nine months of 2015, the Group secured approximately \$164.7 million in order in-take, a slight decline of 3.3% compared to the first nine months of 2014 of \$170.5 million.

Telecommunications (Telecom)

In the first nine months of 2015, the Group's Telecom business segment secured approximately \$64.2 million in order in-take, an increase of 13.6% compared to \$56.5 million in the first nine months of 2014 as a result of higher point-to-point radio order in-take from customers in the Middle East and Africa market in Q1 2015.

The Group believes that mobile operators will continue to invest in their wireless infrastructure networks coverage, capacity and capabilities due to rapid growth in data and video traffic, increase in mobile devices, demand for broadband services and regulatory compliances.

The Group will continue to provide end-to-end wireless infrastructure network products and solutions such as point-to-point radios, point-to-multi-point radios, mobile coverage solutions, DAS ("Distributed Antenna System") in-building and outdoor coverage solutions, wifi 3G data offload and network performances and management solutions to enable our customers to deploy a cost-effective wireless infrastructure.

Competition remains high with various local and global competitors offering their products and services to mobile operators who continue to demand for lower capex and opex costs, and seek new revenue streams.

Infocommunications (Infocomm)

The Infocomm business segment comprises two business areas, namely Network Infrastructure and Payment Solutions. The Group's Infocomm business segment managed to secure approximately \$100.6 million in order in-take in the first nine months of 2015 as compared to \$113.9 million in nine months 2014. The decline of approximately 11.7% was mainly due to lower order in-take from the Network Infrastructure business area, partially offset by a higher order in-take from the Payment Solutions business area.

The Infocomm industry remains highly competitive and fragmented with resellers, distributors and system integrators and global equipment vendors competing in the various vertical markets such as the Service Providers, Enterprises, Government, Transport and Utilities where the Group operates.

Network Infrastructure

In the first nine months of 2015, the Group's Network Infrastructure business area secured approximately \$61.2 million in order in-take, a decrease of 23.1% compared to \$79.7 million in the first nine months of 2014 due to delay in orders from our Service Provider customers and in Q3 2014, the Group received two significantly large orders from our Service Provider customers.

The Group believes that Service Providers, Enterprises and Government, Transport and Utilities customers will continue to invest in their network infrastructure capacity and capabilities to support the growth in the number of internet devices, data and video traffic, web services, demand for mobility, security and regulatory compliances as well as using IT to increase productivity, lower operating costs and improve their competitiveness.

The Group will continue to focus on providing IP, Optical and Broadcast network infrastructure such as routing, switching, security, data centre and network performances products and solutions to meet our customers' objectives. The Group is gradually building up its multi-domain capabilities and a range of cloud infrastructure products and solutions to support our customers' journey towards cloud services.

Payment Solutions

In the first nine months of 2015, the Group's Payment Solutions business area managed to secure approximately \$39.3 million in order in-take, an increase of 14.8% compared to \$34.3 million in the first nine months of 2014 due to strong order in-take in 1H 2015.

The Group believes that our Payment Solutions business will continue to grow as a result of an increase in the number of plastic cards, credit, debit cards and consumer spending, increase in transactions, many government initiatives towards cashless transactions, banks outsourcing their point-of-sale infrastructure as well as security and regulatory compliances.

The Group will continue to focus on providing a secured end-to-end payment infrastructure, offering various business models such as sales, rental, leasing of point-of-sale terminals and related services as well as mobile payment and e-Commerce payment products and solutions.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the financial period.

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 confirmation pursuant to Rule 705(5) of the SGX-ST.

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the third quarter financial statements for the period ended 30 September 2015, to be false or misleading in any material respect.

On behalf of the Board

Wong Su-Yen
Chairman

Ang Seong Kang, Samuel
President and Chief Executive Officer

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 will procure the requisite undertakings from all directors and from executive officers by 7 December 2015.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

5 November 2015