

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

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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		
		2014 S\$'000	2013 S\$'000	Increase/ (Decrease) %	2014 S\$'000	2013 S\$'000	Increase/ (Decrease) %
Turnover		49,651	50,128	(1.0)	134,097	133,762	0.3
Cost of sales		(34,636)	(34,815)	(0.5)	(89,405)	(88,742)	0.7
Gross profit		15,015	15,313	(1.9)	44,692	45,020	(0.7)
Other operating income		343	49	600.0	1,002	990	1.2
Negative goodwill on acquisition of subsidiary	(1)	-	-	0.0	-	7,051	(100.0)
Distribution and selling expenses		(7,985)	(7,218)	10.6	(21,907)	(20,186)	8.5
Administrative expenses		(3,020)	(2,671)	13.1	(8,699)	(8,461)	2.8
Other operating expenses		(21)	(928)	(97.7)	(96)	(1,192)	(91.9)
Profit from operations		4,332	4,545	(4.7)	14,992	23,222	(35.4)
Financial expenses		(74)	(104)	(28.8)	(209)	(188)	11.2
Financial income		13	42	(69.0)	86	134	(35.8)
Profit after financial items		4,271	4,483	(4.7)	14,869	23,168	(35.8)
Share of results of an associate		-	-	0.0	-	159	(100.0)
Profit before taxation		4,271	4,483	(4.7)	14,869	23,327	(36.3)
Taxation		(730)	(1,188)	(38.6)	(3,268)	(3,708)	(11.9)
Profit after taxation		3,541	3,295	7.5	11,601	19,619	(40.9)
Other comprehensive income / (expense) :							
Items that may be reclassified subsequently to profit or loss :							
Foreign currency translation of financial statements of foreign operations		57	(1,141)	N.M	452	(1,245)	(136.3)
Total comprehensive income for the period		3,598	2,154	67.0	12,053	18,374	(34.4)

N.M. Not meaningful

Note :

(1) Negative goodwill in 2013 arose from the acquisition of the remaining 70% equity interest in an associate, where the fair value of net assets acquired exceeded the consideration paid.

	Group 3rd Quarter			Group Period ended 30 September		
	2014	2013	Increase / (Decrease)	2014	2013	Increase / (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period is arrived at after crediting / (charging) the following :						
Adjustments for (under) / over provision of tax in respect of prior years	131	(42)	N.M.	(69)	(42)	64.3
Amortisation of intangible assets	(27)	(56)	(51.8)	(91)	(128)	(28.9)
Bad debts recovered	25	-	N.M.	109	-	N.M.
Depreciation of property, plant and equipment	(1) (1,341)	(1,277)	5.0	(3,812)	(3,695)	3.2
Ex-gratia payment to ex-directors of the Company	-	-	0.0	-	(325)	100.0
Foreign exchange gain / (loss)	35	(867)	N.M.	236	(1,057)	N.M.
Interest expense	(11)	-	N.M.	(11)	-	N.M.
Interest income	(2) 13	42	(69.0)	86	134	(35.8)
Loss on remeasurement of previously held interest in subsidiary acquired	-	-	0.0	-	(6)	(100.0)
Net gain on disposal / write-off of property, plant and equipment	9	14	(35.7)	4	21	(81.0)
Net (allowance) / writeback for doubtful debts	(71)	(211)	(66.4)	200	(183)	N.M.
Net writeback / (allowance) for stock obsolescence	15	19	(21.1)	(217)	(217)	0.0
Net writeback / (provision) for warranty	96	(283)	N.M.	332	(360)	N.M.
Other information						
Gross profit as a percentage of turnover	30.2%	30.5%	(0.3)	33.3%	33.7%	(0.4)
Profit for the period as a percentage of turnover	7.1%	6.6%	0.5	8.7%	14.7%	(6.0)
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period	6.3%	5.3%	1.0	20.5%	31.4%	(10.9)

N.M. Not meaningful

Notes :

- (1) The increase in depreciation expense for the quarter and for 9 months of 2014 resulted from additional point-of-sale terminals purchased for leasing.
- (2) 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	
	30/9/2014 S\$'000	31/12/2013 S\$'000	30/9/2014 S\$'000	31/12/2013 S\$'000
Equity				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	30,390	40,503	11,630	21,947
Translation reserve	(3,787)	(4,239)	-	-
	56,512	66,173	41,539	51,856
Non current assets				
Property, plant and equipment	15,696	14,585	4,476	4,162
Intangible assets	1,047	1,138	1,047	1,096
Investment in subsidiaries	-	-	4,790	5,037
Deferred tax assets	1,583	1,531	-	36
	18,326	17,254	10,313	10,331
Current assets				
Stocks	4,396	2,521	2,654	1,642
Contract work-in-progress	19,115	23,978	10,489	12,351
Trade receivables	(1) 63,374	51,929	24,132	20,130
Finance lease receivable	-	148	-	-
Other receivables, deposits and prepayments	3,345	2,991	593	277
Due from subsidiaries (trade)	-	-	20,089	23,024
Due from subsidiaries (non-trade)	-	-	4,151	1,965
Fixed deposits	2,622	17,153	2,500	15,100
Cash and bank balances	25,084	22,117	9,339	7,880
Total current assets	117,936	120,837	73,947	82,369
Current liabilities				
Trade payables	47,556	44,010	21,993	24,454
Other payables and accruals	19,735	19,101	11,643	11,877
Due to subsidiaries (non-trade)	-	-	366	333
Provision for taxation	2,611	3,251	1,798	1,804
Provision for warranty	4,990	5,534	2,085	2,376
Total current liabilities	74,892	71,896	37,885	40,844
Net current assets	43,044	48,941	36,062	41,525
Non current liabilities				
Deferred tax liabilities	156	22	134	-
Long term borrowings	(2) 4,702	-	4,702	-
	4,858	22	4,836	-
Net Assets	56,512	66,173	41,539	51,856

Notes :

(1) The high level of trade receivables as at 30 September 2014 was mainly due to high invoicing towards the end of the quarter.

(2) Bank borrowings were taken up during Q3 2014.

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

Amount repayable in one year or less, or on demand

As at 30/9/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 30/9/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	4,702	-	-

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 3rd Quarter		Group Period ended 30 Sept	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from operating activities				
Profit before taxation	4,271	4,483	14,869	23,327
<u>Adjustments for :</u>				
Amortisation of intangible assets	27	56	91	128
Depreciation of property, plant and equipment	1,341	1,277	3,812	3,695
Interest expense	11	-	11	-
Interest income	(13)	(42)	(86)	(134)
Net gain on disposal / write-off of property, plant and equipment	(9)	(14)	(4)	(21)
Net allowance / (writeback) for doubtful debts	71	211	(200)	183
Net (writeback) / allowance for stock obsolescence	(15)	(19)	217	217
Net (writeback) / provision for warranty	(96)	283	(332)	360
Negative goodwill on acquisition of subsidiary	-	-	-	(7,051)
Loss on remeasurement of previously held interest in subsidiary acquired	-	-	-	6
Share of results of an associate	-	-	-	(159)
Operating profit before working capital changes	5,588	6,235	18,378	20,551
Decrease / (increase) in :				
Stocks	(1,019)	93	(1,537)	3,752
Contract work-in-progress	1,542	2,585	4,863	(2,580)
Trade receivables	(5,905)	5,888	(11,248)	3,746
Finance lease receivable	37	79	148	181
Other receivables, deposits and prepayments	(290)	(156)	(354)	(877)
Changes in associate balances	-	-	-	1,573
(Decrease) / increase in :				
Trade payables	3,505	(3,869)	3,546	(11,550)
Other payables and accruals	1,956	(520)	623	(937)
Provision for warranty	(58)	(202)	(293)	(573)
Cash flows from operations	5,356	10,133	14,126	13,286
Income taxes paid	(1,581)	(1,334)	(3,778)	(3,802)
Net cash flows from operating activities	3,775	8,799	10,348	9,484
Cash flows from investing activities				
Proceeds from disposal of fixed assets	18	18	42	33
Purchase of fixed assets	(2,688)	(962)	(5,159)	(10,750)
Net cash inflow on acquisition of a subsidiary	-	-	-	5,335
Interest received	13	42	86	134
Withdrawal of deposit pledged	-	-	-	1
Net cash flows used in investing activities	(2,657)	(902)	(5,031)	(5,247)

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	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from financing activities				
Dividends paid to shareholders	(7,238)	(7,238)	(21,714)	(21,714)
Proceeds from bank loans	4,702	-	4,702	-
Repayment of obligations under finance leases	-	-	-	(7)
Net cash flows used in financing activities	(2,536)	(7,238)	(17,012)	(21,721)
Net (decrease) / increase in cash and cash equivalents	(1,418)	659	(11,695)	(17,484)
Effect of exchange rate changes	40	(170)	131	(329)
Cash and cash equivalents at beginning of the period	29,055	25,408	39,241	43,710
Cash and cash equivalents at end of the period	27,677	25,897	27,677	25,897
Cash and cash equivalents comprise :				
Fixed deposits	2,622	12,322	2,622	12,322
Cash and bank balances	25,084	13,604	25,084	13,604
Deposit pledged	(29)	(29)	(29)	(29)
	<u>27,677</u>	<u>25,897</u>	<u>27,677</u>	<u>25,897</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 1.7.2014	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
Balance as at 1.7.2013				
Balance as at 1.7.2013	29,909	40,597	(2,894)	67,612
Total comprehensive income for the period	-	3,295	(1,141)	2,154
Dividend paid	-	(7,238)	-	(7,238)
Balance as at 30.9.2013	29,909	36,654	(4,035)	62,528
Company				
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
Balance as at 1.7.2013				
Balance as at 1.7.2013	29,909	16,646	-	46,555
Total comprehensive income for the period	-	8,290	-	8,290
Dividend paid	-	(7,238)	-	(7,238)
Balance as at 30.9.2013	29,909	17,698	-	47,607

For Period ended 30 September	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
Group				
Balance as at 1.1.2014	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
Balance as at 1.1.2013				
Balance as at 1.1.2013	29,909	38,749	(2,790)	65,868
Total comprehensive income for the period	-	19,619	(1,245)	18,374
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 30.9.2013	29,909	36,654	(4,035)	62,528
Company				
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
Balance as at 1.1.2013				
Balance as at 1.1.2013	29,909	25,473	-	55,382
Total comprehensive income for the period	-	13,939	-	13,939
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 30.9.2013	29,909	17,698	-	47,607

- 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 2014. As at 30 September 2014, there was no share options granted (30 September 2013 : nil). There was also no treasury share in issue as at the end of the current financial period (30 September 2013 : 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 2013 : 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(e) Negative assurance confirmation on interim financial results under Rule 705(4) 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 2014, 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

- 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 2013 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 Standard ("FRSs") that are mandatory for the financial year beginning on or after 1 January 2014, 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 2014.

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	
	2014	2013	2014	2013
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:	(cents)	(cents)	(cents)	(cents)
(i) basic earnings per share	0.98	0.91	3.21	5.42
(ii) fully diluted earnings per share	0.98	0.91	3.21	5.42

Basic earnings per ordinary share for the financial period ended 30 September 2014 was calculated based on the weighted average number of shares in issue of 361,897,000 (2013 : 361,897,000) ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 30 September 2014 was calculated based on the weighted average number of shares in issue of 361,897,000 ordinary shares (2013 : 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	
	30/9/2014 (cents)	31/12/2013 (cents)	30/9/2014 (cents)	31/12/2013 (cents)
Net Asset Value per ordinary share based on issued share capital	15.62	18.29	11.48	14.33

Net asset value per ordinary share as at 30 September 2014 and 31 December 2013 was calculated based on the number of shares in issue of 361,897,000 ordinary shares.

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 2014 declined slightly by 1.0% (\$0.5 million) from \$50.1 million to \$49.6 million. The decline resulted from lower turnover from the Telecom business segment, partially offset by higher turnover from the Infocomm business segment.

Compared to nine months of 2013, turnover for nine months of 2014 increased slightly by 0.3% (\$0.3 million) from \$133.8 million to \$134.1 million. The increase in turnover resulted from higher turnover from the Infocomm business segment, partially offset by lower turnover in the Telecom business segment.

Telecommunications (Telecom)

On a YOY comparison, turnover in Q3 2014 declined 29.6% (\$6.5 million) from \$22.0 million to \$15.5 million. Compared to nine months of 2013, turnover for nine months of 2014 declined 16.0% (\$8.7 million) from \$54.5 million to \$45.8 million.

The decrease in turnover resulted from lower sales in the Middle East and Africa market partially offset by higher sales in Asia Pacific.

Infocomm

On a YOY comparison, turnover in Q3 2014 increased 21.5% (\$6.0 million) from \$28.1 million to \$34.1 million. Compared to nine months of 2013, turnover for 9 months of 2014 increased 11.5% (\$9.1 million) from \$79.2 million to \$88.3 million.

Network Infrastructure

Turnover for Network Infrastructure business area increased 17.5% (\$3.2 million) YOY from \$18.3 million to \$21.5 million for the quarter and increased 16.0% (\$8.2 million) YOY from \$51.2 million to \$59.4 million for nine months of 2014. The increase mainly resulted from higher sales of network equipment to the Service Provider market.

Payment Solutions

Turnover for Payment Solutions business area increased 29.2% (\$2.9 million) YOY from \$9.7 million to \$12.6 million for the quarter, mainly from higher sales of point-of-sale terminals. For nine months of 2014, turnover increased 3.1% (\$0.9 million) YOY from \$28.0 million to \$28.9 million, mainly due to higher contribution from leasing revenue.

(b) **Gross Profit**

On a YOY comparison, gross profit for Q3 2014 declined 1.9% from \$15.3 million to \$15.0 million mainly because of the lower turnover. Gross profit margin % ("GP%") declined slightly from 30.5% to 30.2%.

Compared to nine months of 2013, gross profit for nine months of 2014 declined 0.7% from \$45.0 million to \$44.7 million, with GP% declining from 33.7% to 33.3%.

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

(c) Other operating income

The higher Other operating income for the quarter was mainly due to grants from the Singapore Government and Infocomm Development Authority of Singapore under the Wage Credit Scheme and a Development Scheme respectively, and exchange gain. The Other operating income was relatively stable for the nine months of both years.

(d) Operating Expenses

On a YOY comparison, total operating expenses for Q3 2014 increased 1.9% from \$10.8 million to \$11.0 million. Compared to first nine months of 2013, total operating expenses for first nine months of 2014 increased 2.9% from \$29.8 million to \$30.7 million.

Distribution and selling expenses increased 10.6% (\$0.8 million) YOY for the quarter and 8.5% (\$1.7 million) YOY for nine months of 2014. The increase was mainly due to higher payroll related costs. In addition, the increase for nine months of 2014 was also due to the consolidation of full Q1 operating expenses of the new subsidiaries in Malaysia (acquired in April 2013) and Nigeria (incorporated in February 2013).

Administrative expenses increased 13.1% (\$0.3 million) YOY for the quarter and 2.8% (\$0.2 million) YOY for nine months of 2014. This was mainly due to higher payroll related expenses.

The lower other operating expenses in Q3 2014 and nine months of 2014 was mainly due to exchange loss incurred in the comparative figures of 2013.

(e) Profit Before Taxation ('PBT')

PBT for Q3 2014 declined 4.7% from \$4.5 million to \$4.3 million mainly due to higher operating expenses and lower gross margin.

PBT for first nine months of 2014 declined 36.3% mainly because of the one-off negative goodwill contribution arising from acquisition of subsidiary in Malaysia in the comparative period in 2013. Excluding the negative goodwill contribution in 2013, PBT for nine months of 2014 of \$14.9 million were lower than the nine months of 2013 of \$16.3 million, mainly arising from higher operating expenses.

(f) Cash flow

For Q3 2014 and first nine months of 2014, the Group generated positive cashflow from operating activities of \$3.8 million and \$10.3 million respectively.

The decrease in cash and cash equivalents for Q3 2014 was mainly due to payment of interim dividend of \$7.2 million in August 2014 and outlay on capital expenditure. For the nine months of 2014, the decrease in cash and cash equivalents was mainly due to the payments of final dividend of \$14.4 million for FY2013 in May 2014, \$7.2 million interim dividend for FY 2014, and \$5.2 million outlay on capital expenditure. The decrease of cash and cash equivalents for Q3 2014 and nine months of 2014 was partially offset by proceeds from draw-down of \$4.7 million from the loan facility.

Capital expenditures incurred in Q3 2014 and nine months of 2014 was \$2.7 million and \$5.2 million respectively arose mainly from equipment purchased for leasing.

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 2014, the Group secured approximately \$170.5 million in order in-take, an increase of 8.3% compared to \$157.4 million in the first nine months of 2013.

Telecommunications (Telecom)

Competition in the mobile industry remains intense as operators are striving to deliver their services at lower opex and capex and seek new revenues to increase their market share.

In the first nine months of 2014, the Group's Telecom business segment secured approximately \$56.5 million in order in-take, an increase of 3.3% compared to \$54.7 million in the same period of 2013 due mainly to a significant increase in radio transmission equipment orders from mobile operators in Middle East and Africa market in Q3 2014.

The Group believes that demand for wireless infrastructure networks will continue to be driven by the rapid increase in data and video traffic from the growth in smart devices and broadband users, as well as regulatory compliances on the quality of services.

The Group will continue to provide a comprehensive end-to-end wireless infrastructure network comprising of radio transmission, mobile coverage solutions, wifi 3G data offload and network performances management systems to meet our customers' needs. The Group has good traction in the radio access space namely wifi and in-building coverage space and continues to secure new orders.

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 \$113.9 million of order in-take in the first nine months of 2014 compared to \$102.7 million in the same period of 2013, an increase of about 10.9% due to higher order in-take from the Network Infrastructure business area.

Network Infrastructure

The Network Infrastructure market continues to have very fragmented competition with both local resellers, distributors and system integrators, as well as some global equipment vendors competing for market share.

In the first nine months of 2014, the Group's Network Infrastructure business area secured approximately \$79.7 million of order in-take, an increase of 16.7% compared to \$68.3 million in the same period of 2013 due to a significant increase in order in-take for network infrastructure equipment from a Service Provider in Asia and customers from the Government sector in Q3 2014.

The Group believes that growth in our customers' network infrastructure will be driven by the increase in smart devices, internet data and video traffic, web services, mobility, security concerns and regulatory compliances. Customers from the Enterprises, Government, Transport and Utilities sectors will continue to build network infrastructure to increase productivity, improve their competitiveness, strengthen their security and use IT to provide public services at lower costs.

The Group will focus on providing IP, Optical and Broadcast network infrastructure products and solutions to meet our various customers' business objectives and intends to also gradually build up a range of cloud infrastructure products and position the Group as a Cloud Infrastructure Provider to enable our customers to roll out cloud services.

Payment Solutions

The market remains very competitive, with many local payment infrastructure and services vendors offering various brands of payment products and solutions to banks, financial institutions and retailers.

In the first nine months of 2014, the Group's Payment Solutions business area managed to secure approximately \$34.3 million in order in-take, similar to the first nine months of 2013 of \$34.4 million.

The Group believes that the growth in the payment solutions business will be driven by the increase in plastic cards, various types of transactions, credit and debit cards spending and government initiatives to go cashless, banks outsourcing their point-of-sale infrastructure as well as regulatory and industry compliances.

The Group will continue to provide comprehensive and secured end-to-end electronic payment and network infrastructure solutions, and various point-of-sale terminals and services to meet our customers' requirements

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.

BY ORDER OF THE BOARD

Ang Seong Kang Samuel
President and Chief Executive Officer

6 November 2014