

NERA TELECOMMUNICATIONS LTD

(Co. Reg. No. 197802690R)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

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 Third Quarter			Group Period Ended 30 September		
	2017 S\$'000	2016 S\$'000	Increase/ (Decrease) %	2017 S\$'000	2016 S\$'000	Increase/ (Decrease) %
Continuing operations						
Turnover	42,196	33,793	24.9	136,555	115,293	18.4
Cost of sales	(30,173)	(27,435)	10.0	(101,468)	(85,620)	18.5
Gross profit	12,023	6,358	89.1	35,087	29,673	18.2
Gross margin %	28.5%	18.8%	9.7 pt	25.7%	25.7%	-
Other operating income	69	362	(80.9)	589	599	(1.7)
Distribution and selling expenses	(5,754)	(6,078)	(5.3)	(16,437)	(16,465)	(0.2)
Administrative expenses	(2,805)	(1,811)	54.9	(7,863)	(6,307)	24.7
Other operating expenses	(510)	(664)	(23.2)	(1,284)	(2,974)	(56.8)
Profit from operating activities	3,023	(1,833)	nm	10,092	4,526	123.0
Financial income	23	23	-	95	31	206.5
Financial expenses	(49)	90	nm	(147)	(234)	(37.2)
Profit before taxation from continuing operations	2,997	(1,720)	nm	10,040	4,323	132.3
<i>% of revenue</i>	7.1%	-5.1%	12.2 pt	7.4%	3.7%	3.7 pt
Tax	(1,018)	402	nm	(3,779)	(1,367)	176.4
Profit from continuing operations, net of tax	1,979	(1,318)	nm	6,261	2,956	111.8
<i>% of revenue</i>	4.7%	-3.9%	8.6 pt	4.6%	2.6%	2.0 pt
Discontinued operation						
Profit from discontinued operation, net of tax	-	66,192	nm	-	65,886	nm
Profit for the financial period attributable to shareholders	1,979	64,874	(96.9)	6,261	68,842	(90.9)
Other comprehensive income/(expense):						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation of financial statements of foreign operations	150	718	(79.1)	194	2,024	(90.4)
Re-measurement of defined benefit obligation	(3)	-	nm	(84)	-	nm
	147	718	(79.5)	110	2,024	(94.6)
Total comprehensive income for the period	2,126	65,592	(96.8)	6,371	70,866	(91.0)

nm: not meaningful

'Continuing operations' refer to the Wireless Infrastructure Networks and Network Infrastructure operations.
'Discontinued operation' refers to the Payment Solutions operation.

	Note	Group Third Quarter			Group Period Ended 30 September		
		2017 S\$'000	2016 S\$'000	Increase / (Decrease) %	2017 S\$'000	2016 S\$'000	Increase / (Decrease) %
Profit from continuing operations for the period is arrived after crediting / (charging) the following:							
(Under) / over provision of tax in respect of prior years	(1)	(277)	356	nm	(1,311)	356	nm
Amortisation of intangible asset		(16)	(16)	–	(48)	(48)	–
Bad debts (written off) / recovered		–	(12)	nm	–	18	nm
Depreciation of property, plant and equipment	(2)	(172)	(318)	(45.9)	(556)	(857)	(35.1)
Foreign exchange gain/(loss)	(3)	(412)	(630)	(34.6)	(1,065)	(2,906)	(63.4)
Interest expense	(4)	(49)	90	nm	(147)	(234)	(37.2)
Interest income	(5)	23	23	–	95	31	206.5
Net gain on disposal / write-off of property, plant and equipment		(68)	103	nm	(64)	103	nm
Net writeback / (allowance) for doubtful debts	(6)	499	(231)	nm	584	(572)	nm
Net writeback for stock obsolescence		–	3	nm	–	4	nm
Net provision for warranty		(286)	219	nm	(766)	3	nm

nm: not meaningful

Notes :

- (1) Under provision of tax in Q3 2017 and 9M 2017 were due to the differences in tax assessment and tax estimates made in prior years in foreign subsidiaries.
- (2) Decrease in depreciation of property, plant and equipment in Q3 2017 and 9M 2017 were mainly due to the disposal of property, plant and equipment in FY2016.
- (3) Foreign exchange loss in Q3 2017 and 9M 2017 were mainly due to the devaluation of USD against the SGD, thus resulting in an unrealised exchange loss upon revaluation of USD receivables to SGD. Foreign exchange loss in Q3 2016 and 9M 2016 were mainly due to devaluation of USD against the SGD and significant devaluation of the Nigerian Naira against the USD.
- (4) Decrease in interest expenses in Q3 2017 and 9M 2017 were due to lower bank borrowings.
- (5) Increase in interest income in 9M 2017 was mainly due to higher interest income from escrow account in relation to the divestiture of the Payment Solutions business and interest accrued from long term receivables.
- (6) Net writeback for doubtful debts in Q3 2017 and 9M 2017 were mainly attributed to recovery from a customer.

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	
	30/09/2017 S\$'000	31/12/2016 S\$'000	30/09/2017 S\$'000	31/12/2016 S\$'000
Non-current assets				
Property, plant and equipment	1,583	2,077	560	863
Intangible asset	855	903	855	903
Investment in subsidiaries	–	–	4,668	4,668
Long term trade receivables	842	990	820	990
Deferred tax assets	2,074	1,622	21	21
	5,354	5,592	6,924	7,445
Current assets				
Stocks	155	77	32	–
Contract work-in-progress	43,197	33,158	23,191	16,432
Trade receivables	79,581	65,864	19,685	13,241
Other receivables, deposits and prepayments	6,357	15,606	379	10,859
Amounts due from subsidiaries				
- trade	–	–	15,220	20,438
- non-trade	–	–	9,008	6,413
Fixed deposits	137	134	–	–
Cash and bank balances	19,070	22,751	4,317	5,298
	148,497	137,590	71,832	72,681
Current liabilities				
Trade payables	52,241	49,685	19,112	20,308
Other payables and accruals	17,887	14,943	8,729	7,817
Amounts due to subsidiaries (trade)	–	–	–	110
Short term borrowings	11,465	2,812	10,864	2,500
Provision for taxation	2,218	139	734	808
Provision for warranty	2,453	2,176	1,302	1,024
	86,264	69,755	40,741	32,567
Net current assets	62,233	67,835	31,091	40,114
Non-current liabilities				
Borrowings	–	6,773	–	6,773
Defined benefit obligation	364	374	–	–
	364	7,147	–	6,773
Net assets	67,223	66,280	38,015	40,786
Equity attributable to the equity holders of the Company				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	41,600	40,767	8,106	10,877
Translation reserve	(4,426)	(4,620)	–	–
Other reserve	140	224	–	–
	67,223	66,280	38,015	40,786

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

Amount repayable in one year or less, or on demand

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
–	11,465	–	2,812

Amount repayable after one year

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
–	–	6,773	–

Details of any collateral

On 01 August 2017, the Group has restructured the secured borrowings to unsecured borrowings loan facility with a bank. The security against leasehold land and building at 109 Defu Lane 10 Singapore 539225 had been discharged after the restructuring.

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 Third Quarter		Group Period Ended 30 September	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash flows from operating activities				
Profit before taxation from continuing operations	2,997	(1,720)	10,040	4,323
Profit before taxation from discontinued operation	–	66,528	–	66,476
	2,997	64,808	10,040	70,799
Adjustments for :				
Amortisation of intangible assets	16	16	48	48
Depreciation of property, plant and equipment	172	1,473	556	4,689
Gain on disposal of subsidiaries	–	(66,171)	–	(66,171)
Interest expense	49	147	147	472
Interest income	(23)	(21)	(95)	(43)
Net loss / (gain) on disposal / write-off of property, plant and equipment	68	(137)	64	(151)
Net allowance for stock obsolescence	–	43	–	899
Net (writeback) / allowance for doubtful debts	(499)	337	(584)	690
Net provision for warranty	286	(15)	766	52
Pension (income) / costs	(3)	16	(84)	51
Operating profit before working capital changes	3,063	496	10,858	11,335
(Increase) / Decrease in :				
Stocks	2	3,144	(78)	4,487
Contract work-in-progress	(5,629)	(5,682)	(10,039)	(7,486)
Trade receivables	(739)	(8,145)	(12,969)	(5,628)
Other receivables, deposits and prepayments	945	(801)	9,977	(598)
Deferred tax assets	(518)	–	(518)	–
(Decrease) / increase in :				
Trade payables	(8,867)	6,833	2,556	(2,649)
Other payables and accruals	4,284	593	2,945	3,399
Provision for warranty	(72)	(19)	(489)	(127)
Effect of exchange rate changes	322	202	922	1,931
Cash flows from operations	(7,209)	(3,379)	3,165	4,664
Income taxes paid	(1,054)	(1,497)	(2,462)	(3,422)
Interest paid	(49)	(227)	(147)	(516)
Contribution to pension funds	–	–	–	(20)
Net cash flows (used in) / from operating activities	(8,312)	(5,103)	556	706
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	22	144	22	162
Purchase of property, plant and equipment	(102)	(4,615)	(202)	(6,839)
Net cash inflow on disposal of subsidiaries	–	69,981	–	69,981
Interest received	24	21	79	43
Decrease of deposit pledged	(6)	21	(3)	115
Net cash flows (used in) / generated from investing activities	(62)	65,552	(104)	63,462
Cash flows from financing activities				
Dividends paid to shareholders	(3,619)	(3,619)	(5,428)	(7,238)
Proceeds from bank loans	10,867	–	11,691	7,904
Repayment of bank loans	(131)	(9,888)	(9,810)	(11,585)
Refund of unclaimed dividends	–	–	–	20
Net cash flows generated from / (used in) financing activities	7,117	(13,507)	(3,547)	(10,899)
Net (decrease) / increase in cash and cash equivalents	(1,257)	46,942	(3,095)	53,269
Effect of exchange rate changes on cash and bank balances	(127)	249	(586)	(79)
Cash and cash equivalents at beginning of the period/year	20,454	26,769	22,751	20,770
Cash and cash equivalents at end of the period	19,070	73,960	19,070	73,960
Cash and cash equivalents comprise:				
Cash and bank balances	19,207	74,095	19,207	74,095
Deposits pledged	(137)	(135)	(137)	(135)
	19,070	73,960	19,070	73,960

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 Third Quarter and Nine Months Ended 30 September	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Other Reserve S\$'000	Total S\$'000
Group					
Balance as at 01.07.2017	29,909	43,240	(4,576)	143	68,716
Total comprehensive income for the period	–	1,979	150	(3)	2,126
Dividend paid	–	(3,619)	–	–	(3,619)
Balance as at 30.09.2017	29,909	41,600	(4,426)	140	67,223
Balance as at 01.01.2017	29,909	40,767	(4,620)	224	66,280
Total comprehensive income for the period	–	6,261	194	(84)	6,371
Dividend paid	–	(5,428)	–	–	(5,428)
Balance as at 30.09.2017	29,909	41,600	(4,426)	140	67,223
Balance as at 01.07.2016	29,909	32,501	(4,712)	3	57,701
Total comprehensive income for the period	–	64,874	718	–	65,592
Dividend paid	–	(3,619)	–	–	(3,619)
Balance as at 30.09.2016	29,909	93,756	(3,994)	3	119,674
Balance as at 01.01.2016	29,909	32,132	(6,018)	3	56,026
Total comprehensive income for the period	–	68,842	2,024	–	70,866
Dividend paid	–	(7,238)	–	–	(7,238)
Refund of unclaimed dividends	–	20	–	–	20
Balance as at 30.09.2016	29,909	93,756	(3,994)	3	119,674
Company					
Balance as at 01.07.2017	29,909	11,959	–	–	41,868
Total comprehensive income for the period	–	(234)	–	–	(234)
Dividend paid	–	(3,619)	–	–	(3,619)
Balance as at 30.09.2017	29,909	8,106	–	–	38,015
Balance as at 01.01.2017	29,909	10,877	–	–	40,786
Total comprehensive income for the period	–	2,657	–	–	2,657
Dividend paid	–	(5,428)	–	–	(5,428)
Balance as at 30.09.2017	29,909	8,106	–	–	38,015
Balance as at 01.07.2016	29,909	6,001	–	–	35,910
Total comprehensive income for the period	–	64,522	–	–	64,522
Dividend paid	–	(3,619)	–	–	(3,619)
Balance as at 30.09.2016	29,909	66,904	–	–	96,813
Balance as at 01.01.2016	29,909	5,246	–	–	35,155
Total comprehensive income for the period	–	68,876	–	–	68,876
Dividend paid	–	(7,238)	–	–	(7,238)
Refund of unclaimed dividends	–	20	–	–	20
Balance as at 30.09.2016	29,909	66,904	–	–	96,813

- 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 2017. As at 30 September 2017, there was no share option granted (30 September 2016 : Nil). There was also no treasury share in issue as at the end of the current financial period (30 September 2016 : 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 2016 : 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 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 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 2016 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 2017, 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 2017.

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 Third Quarter		Group Period Ended 30 September	
	2017	2016	2017	2016
Earnings per Ordinary Share from continuing operations attributable to shareholders for the period:				
(i) Basic (cents)	0.55	(0.36)	1.73	0.82
(ii) Fully diluted (cents)	0.55	(0.36)	1.73	0.82
Weighted average number of shares for the period:				
(i) Basic ('000)	361,897	361,897	361,897	361,897
(ii) Fully diluted ('000)	361,897	361,897	361,897	361,897

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents) :	18.58	18.31	10.50	11.27

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

Continuing operations

(a) **Turnover**

On a year-on-year ("YOY") basis, the Group's turnover for Q3 2017 increased by 24.9% (\$8.4 million) from \$33.8 million in Q3 2016 to \$42.2 million. The increase in turnover was largely driven by higher turnover from both the Network Infrastructure and Wireless Infrastructure Network business segments.

Compared to 9M 2016, the Group's turnover for 9M 2017 increased by 18.4% (\$21.3 million) from \$115.3 million to \$136.6 million, lifted by higher turnover from both the Network Infrastructure and Wireless Infrastructure Network business segments.

Network Infrastructure

On a YOY basis, turnover for Q3 2017 increased by 21.0% (\$4.3 million) to \$24.8 million from \$20.5 million, mainly due to higher turnover booked from Service Provider markets in Singapore and Australia.

Compared to 9M 2016, turnover for 9M 2017 increased by 20.7% (\$14.8 million) to \$86.2 million from \$71.4 million, mainly due to higher turnover booked from Service Provider markets in Singapore, Indonesia, Philippines and Australia.

Wireless Infrastructure Network

On a YOY basis, turnover for Q3 2017 increased by 30.8% (\$4.1 million) to \$17.4 million from \$13.3 million, mainly driven by higher turnover from Middle East and Africa markets, partially offset by lower turnover from Thailand and Philippines.

Compared to 9M 2016, turnover for 9M 2017 increased by 14.7% (\$6.5 million) to \$50.4 million from \$43.9 million. The increase in turnover was mainly due to higher turnover in the Middle East and Africa markets, partially offset by lower turnover in the Asia Pacific markets.

(b) Gross Profit

On a YOY basis, gross profit for Q3 2017 increased by 89.1% to \$12.0 million from \$6.4 million, mainly due to higher turnover and higher gross profit margin. The gross profit margin increased from 18.8% to 28.5% due to higher gross profit margin from equipment sales and higher writeback from project closure.

Compared to 9M 2016, gross profit for 9M 2017 increased by 18.2% (\$5.4 million) to \$35.1 million from \$29.7 million which is in line with higher turnover. The gross profit margin was maintained at 25.7% (9M 2016: 25.7%).

(c) Other operating income

On a YOY basis, other operating income for Q3 2017 decreased by \$0.3 million to \$0.1 million from \$0.4 million. Compared to 9M 2016, other operating income for 9M 2017 decreased marginally to \$0.59 million from \$0.60 million. The decrease was largely due to lower income generated from services rendered to Ingenico to facilitate a smooth transition after the divestiture of the Payment Solutions (“PS”) business and lower wages credit scheme payment received from the Government in Q1 2017.

(d) Operating Expenses

On a YOY basis, total operating expenses for Q3 2017 increased by 6.0% (\$0.5 million) to \$9.1 million from \$8.6 million. The increase was mainly due to higher administrative expenses, partially offset by lower distribution and selling expenses and lower other operating expenses. Compared to 9M 2016, total operating expenses for 9M 2017 decreased marginally by 0.6% (\$0.2 million) to \$25.6 million from \$25.8 million. The decrease in operating expenses was largely contributed by lower other operating expenses and lower distribution expenses, partially offset by higher administrative expenses.

Distribution and selling expenses decreased by 5.3% (\$0.3 million) YOY for the quarter and 0.2% (\$0.03 million) for 9M 2017 mainly attributed to recovery of doubtful debt from a customer, partially offset by higher payroll and staff related costs.

Administrative expenses increased by 54.9% (\$1.0 million) YOY for the quarter and 24.7% (\$1.6 million) YOY for 9M 2017 mainly due to allocation of expenses to the PS business in prior periods, over three as compared to two business units currently. The rise in administrative expenses was also due to higher payroll and staff related costs and other administrative costs.

The decreases in other operating expenses for Q3 2017 and 9M 2017 were mainly due to the lower exchange loss. In Q3 2016 and 9M 2016, there were higher exchange losses from the devaluation of the Nigerian Naira against the USD and the devaluation of the USD against the SGD.

(e) **Profit before taxation from continuing operations (“PBT”)**

The Group registered a profit before tax of \$3.0 million in Q3 2017 and \$10.0 million in 9M 2017, an increase of \$4.7 million and \$5.7 million YOY respectively. This was mainly contributed by higher gross profit, writeback for doubtful debts, lower exchange loss, lower interest expenses and lower depreciation.

PBT as a percentage of turnover (“PBT %”) for Q3 2017 was higher at 7.1% compared to (5.1)% in Q3 2016 and 7.4% for 9M 2017 compared to 3.7% in 9M 2016.

(f) **Tax**

On a YOY basis, tax expense for Q3 2017 increased by \$1.4 million. Compared to 9M 2017, tax expense increased by \$2.4 million. The increase was due to higher taxable profit, differences in tax assessment and tax estimates made in prior years for foreign subsidiaries.

Statement of Financial Position

(g) **Current assets**

The Group’s current assets increased by \$10.9 million mainly due to higher trade receivables from higher level of invoicing towards the end of Q3 2017 and higher contract work-in-progress. These were partially offset by lower other receivables due to the release of \$10.0 million maintained in an escrow account in relation to the divestiture of the PS business.

(h) **Current liabilities**

The Group’s current liabilities increased by \$16.5 million mainly due to higher trade payables from increase in sales activities and higher short term borrowings.

(i) **Non-current liabilities**

The Group’s non-current liabilities decreased by \$6.8 million mainly due to the repayment of bank loans in Q2 2017.

(j) **Cash flow**

For Q3 2017, there was an increase in cash and cash equivalents of \$1.3 million mainly due to:

- net proceeds from bank loans of \$10.7 million; partially offset by
- negative cash flow from operating activities of \$8.3 million as a result of negative change in working capital from higher contract work-in-progress and lower payables;
- payment of FY2017 interim dividend of \$3.6 million; and
- purchase of plant, property and equipment of \$0.1 million.

For 9M 2017, the decrease in cash and cash equivalents of \$3.1 million was mainly due to:

- payment of dividends of \$5.4 million;
- purchase of plant, property and equipment of \$0.2 million; partially offset by
- positive cash flow from operating activities of \$0.6 million as a result of positive change in working capital from higher payables; and
- net proceeds from bank loans of \$1.9 million.

As a result of the above, the Group’s cash and cash equivalents stood at \$19.1 million as at 30 September 2017 compared to \$74.0 million as at 30 September 2016. As of 30 September 2016, there was a net cash inflow of \$70.0 million from the divestiture of PS business.

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.

Continuing operations

In 9M 2017, the Group secured approximately \$168.7 million in order in-take, an increase of 23.5% (\$32.1 million) compared to \$136.6 million in 9M 2016, driven by higher orders from both the Network Infrastructure and Wireless Infrastructure Network business segments.

Going forward, the Group will leverage on its strengths – ability to offer turnkey solutions; sizeable geographical reach; deep expertise from owning one of the largest pool of certified engineers in this part of the world; strong management team; strong balance sheet for financial flexibility – to grow its solutions and services revenue and aggressively drive sales to enhance shareholder value.

Concurrently, the Group maintains a long-term view to ensure sustainable growth, and will continuously capitalise on growth opportunities through vertical extension of its value chain.

Network Infrastructure

In 9M 2017, the Group's Network Infrastructure business segment secured approximately \$108.9 million of order in-take, an increase of 28.7% (\$24.3 million) compared to \$84.6 million in 9M 2016. This was largely contributed by higher order in-take from the Service Provider market.

The Group believes that its Service Provider, Enterprise, and Government, Transport and Utilities customers will continue to invest in upgrading their ICT network infrastructure because of digitisation, increases in security threats as well as to meet regulatory compliances.

Competition in the network equipment market continues to remain intense and fragmented with both local system integrators, as well as global equipment vendors competing to increase their market share.

The Group will however focus on providing various end-to-end network infrastructure solutions to differentiate our offerings with respect to the competitions in the market. The Group will also continue to invest in Security, Cloud and Data center products and solutions.

Wireless Infrastructure Network

In 9M 2017, the Group's Wireless Infrastructure Network business segment secured order in-take of approximately \$59.8 million, an increase of 15.1% (\$7.9 million) compared to \$51.9 million in 9M 2016 with higher orders received from the Middle East and Africa markets.

Competition in the wireless infrastructure network business area remains intense.

However, Mobile Operators will continue to invest in expanding their infrastructure in order to provide higher capacity and better coverages to support their customers' demands as well as to comply with regulatory standards.

The Group will continue to provide a comprehensive suite of end-to-end wireless solutions – comprising point-to-point radios, point-to-multi-point radios, mobile coverage solutions (in-building and outdoor coverage solutions), wifi 3G data offload and network performances and management solutions to meet the demands of our customers.

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?

Name of Dividend	Special (one-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	15 cents
Tax Rate	Tax exempt

(c) Date payable

None.

(d) Books closure date

None.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no IPT mandate obtained.

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the third quarter and nine months financial statements for the period ended 30 September 2017, to be false or misleading in any material respect.

On behalf of the Board

Wong Su-Yen
Chairman

Tan Choon Hong
Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured the revised undertakings from all directors and from executive officers in the format set out in Appendix 7.7 under Rule 720(1).

BY ORDER OF THE BOARD

Tan Wee Sin
Company Secretary

6 November 2017