

NERA TELECOMMUNICATIONS LTD

(Co. Reg. No. 197802690R)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 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 Second Quarter			Group Period ended 30 June		
	2017 S\$'000	2016 S\$'000	Increase/ (Decrease) %	2017 S\$'000	2016 S\$'000	Increase/ (Decrease) %
<u>Continuing operations</u>						
Turnover	50,250	50,929	(1.3)	94,359	81,500	15.8
Cost of sales	(38,511)	(37,663)	2.3	(71,295)	(58,185)	22.5
Gross profit	11,739	13,266	(11.5)	23,064	23,315	(1.1)
Gross margin %	23.4%	26.0%	(2.6) pt	24.4%	28.6%	(4.2) pt
Other operating income	141	13	984.6	520	237	119.4
Distribution and selling expenses	(5,555)	(5,487)	1.2	(10,683)	(10,387)	2.8
Administrative expenses	(2,911)	(2,445)	19.1	(5,058)	(4,496)	12.5
Other operating expenses	67	(1,877)	nm	(774)	(2,310)	(66.5)
Profit from operating activities	3,481	3,470	0.3	7,069	6,359	11.2
Financial income	26	5	420.0	72	8	800.0
Financial expenses	(28)	(178)	(84.3)	(98)	(324)	(69.7)
Profit before taxation from continuing operations	3,479	3,297	5.5	7,043	6,043	16.5
<i>% of revenue</i>	6.9%	6.5%	0.4 pt	7.5%	7.4%	0.1 pt
Tax	(2,056)	(921)	(123.2)	(2,761)	(1,769)	56.1
Profit from continuing operations, net of tax	1,423	2,376	(40.1)	4,282	4,274	0.2
<i>% of revenue</i>	2.8%	4.7%	(1.9) pt	4.5%	5.2%	(0.7) pt
<u>Discontinued operation</u>						
Profit from discontinued operation, net of tax	–	(438)	nm	–	(306)	nm
Profit for the financial period attributable to shareholders	1,423	1,938	(26.6)	4,282	3,968	7.9
Other comprehensive (expense)/income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation of financial statements of foreign operations	343	740	(53.6)	44	1,306	(96.6)
Re-measurement of defined benefit obligation	(1)	–	nm	(81)	–	nm
	342	740	(53.8)	(37)	1,306	(102.8)
Total comprehensive income for the period	1,765	2,678	(34.1)	4,245	5,274	(19.5)

nm: not meaningful

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

		Group Second Quarter			Group Period ended 30 June		
		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 provision of tax in respect of prior years	(1)	(1,034)	–	nm	(1,034)	–	nm
Amortisation of intangible asset		(16)	(16)	–	(32)	(32)	–
Bad debts recovered		–	27	nm	–	30	nm
Depreciation of property, plant and equipment	(2)	(187)	(268)	(30.2)	(384)	(539)	(28.8)
Foreign exchange gain/(loss)	(3)	96	(1,859)	nm	(653)	(2,276)	(71.3)
Interest expense	(4)	(28)	(178)	(84.3)	(98)	(324)	(69.8)
Interest income	(5)	26	6	333.3	72	8	800.0
Net gain on disposal / write-off of property, plant and equipment		4	–	nm	4	–	nm
Net writeback / (allowance) for doubtful debts		83	(20)	nm	85	(341)	nm
Net writeback for stock obsolescence		–	–	nm	–	1	nm
Net provision for warranty		(237)	(421)	(43.7)	(480)	(216)	122.2

nm: not meaningful

Notes :

- (1) Under provision of tax in Q2 2017 and 1H 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 Q2 2017 and 1H 2017 were mainly due to the disposal of property, plant and equipment in FY2016.
- (3) Foreign exchange loss in 1H 2017 was mainly due to devaluation of USD against the SGD, thus resulting in an unrealised exchange loss upon revaluation of USD receivables to SGD. Foreign exchange loss in Q2 2016 and 1H 2016 were mainly due to devaluation of USD against the SGD and significant devaluation of the Nigerian Naira against the USD by more than 40% towards the end of June 2016, thus resulting in an unrealised exchange loss of \$1.2 million upon revaluation of USD payables to Nigerian Naira.
- (4) Decrease in interest expenses in Q2 2017 and 1H 2017 were due to lower bank borrowings.
- (5) Increase in interest income in Q2 2017 and 1H 2017 were mainly due to higher interest income from escrow account in relation to the divestiture of the Payment Solutions business and interest accretion from long term receivables.

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	
	30/06/2017 S\$'000	31/12/2016 S\$'000	30/06/2017 S\$'000	31/12/2016 S\$'000
Non-current assets				
Property, plant and equipment	1,754	2,077	689	863
Intangible asset	871	903	871	903
Investment in subsidiaries	–	–	4,668	4,668
Long term trade receivables	900	990	877	990
Deferred tax assets	1,579	1,622	21	21
	5,104	5,592	7,126	7,445
Current assets				
Stocks	157	77	32	–
Contract work-in-progress	37,568	33,158	20,565	16,432
Trade receivables	78,286	65,864	21,915	13,241
Other receivables, deposits and prepayments	7,427	15,606	588	10,859
Amounts due from subsidiaries				
- trade	–	–	14,705	20,438
- non-trade	–	–	8,762	6,413
Fixed deposits	131	134	–	–
Cash and bank balances	20,454	22,751	7,660	5,298
	144,023	137,590	74,227	72,681
Current liabilities				
Trade payables	61,108	49,685	29,593	20,308
Other payables and accruals	13,603	14,943	7,661	7,817
Amounts due to subsidiaries (trade)	–	–	–	110
Short term borrowings	729	2,812	–	2,500
Provision for taxation	2,364	139	1,086	808
Provision for warranty	2,239	2,176	1,145	1,024
	80,043	69,755	39,485	32,567
Net current assets	63,980	67,835	34,742	40,114
Non-current liabilities				
Borrowings	–	6,773	–	6,773
Defined benefit obligation	368	374	–	–
	368	7,147	–	6,773
Net assets	68,716	66,280	41,868	40,786
Equity attributable to the equity holders of the Company				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	43,240	40,767	11,959	10,877
Translation reserve	(4,576)	(4,620)	–	–
Other reserve	143	224	–	–
	68,716	66,280	41,868	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 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
–	729	–	2,812

Amount repayable after one year

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
–	–	6,773	–

Details of any collateral

The secured borrowings are from a \$25.0 million loan facility from a bank, where the leasehold land and building at 109 Defu Lane 10 Singapore 539225 have 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 Second Quarter		Group Period ended 30 June	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash flows from operating activities				
Profit before taxation from continuing operations	3,479	3,297	7,043	6,043
Profit before taxation from discontinued operation	–	(321)	–	(52)
	3,479	2,976	7,043	5,991
<u>Adjustments for :</u>				
Amortisation of intangible assets	16	16	32	32
Depreciation of property, plant and equipment	187	1,644	384	3,216
Interest expense	28	179	98	325
Interest income	(26)	(17)	(72)	(22)
Net gain on disposal / write-off of property, plant and equipment	(4)	–	(4)	(14)
Net allowance for stock obsolescence	–	725	–	856
Net (writeback) / allowance for doubtful debts	(83)	(15)	(85)	353
Net provision for warranty	237	432	480	67
Pension (income) / costs	–	18	(80)	35
Operating profit before working capital changes	3,834	5,958	7,796	10,839
(Increase) / Decrease in :				
Stocks	(50)	(324)	(80)	1,343
Contract work-in-progress	(8,992)	(1,017)	(4,410)	(1,804)
Trade receivables	(2,382)	6,440	(12,230)	2,517
Other receivables, deposits and prepayments	8,453	180	9,032	203
(Decrease) / increase in :				
Trade payables	14,688	3,180	11,423	(9,482)
Other payables and accruals	(1,984)	(6,715)	(1,340)	2,806
Provision for warranty	(336)	(88)	(417)	(108)
Effect of exchange rate changes	471	893	600	1,729
Cash flows from operations	13,702	8,507	10,374	8,043
Income taxes paid	(1,325)	(1,446)	(1,408)	(1,925)
Interest paid	(28)	(134)	(98)	(289)
Contribution to pension funds	–	–	–	(20)
Net cash flows from operating activities	12,349	6,927	8,868	5,809
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	–	–	–	18
Purchase of property, plant and equipment	(57)	(323)	(100)	(2,224)
Interest received	48	17	55	22
Decrease of deposit pledged	(1)	2	3	94
Net cash flows used in investing activities	(10)	(304)	(42)	(2,090)
Cash flows from financing activities				
Dividends paid to shareholders	(1,809)	(3,619)	(1,809)	(3,619)
Proceeds from bank loans	351	7,060	824	7,904
Repayment of bank loans	(9,367)	(688)	(9,679)	(1,697)
Refund of unclaimed dividends	–	–	–	20
Net cash flows (used in) / generated from financing activities	(10,825)	2,753	(10,664)	2,608
Net decrease in cash and cash equivalents	1,514	9,376	(1,838)	6,327
Effect of exchange rate changes on cash and bank balances	(119)	(112)	(459)	(328)
Cash and cash equivalents at beginning of the year	19,059	17,505	22,751	20,770
Cash and cash equivalents at end of the period	20,454	26,769	20,454	26,769
Cash and cash equivalents comprise:				
Cash and bank balances	20,585	26,925	20,585	26,925
Deposits pledged	(131)	(156)	(131)	(156)
	20,454	26,769	20,454	26,769

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 Second Quarter and Half Year ended 30 June	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Other Reserve S\$'000	Total S\$'000
Group					
Balance as at 01.04.2017	29,909	43,626	(4,919)	144	68,760
Total comprehensive income for the period	—	1,423	343	(1)	1,765
Dividend paid	—	(1,809)	—	—	(1,809)
Balance as at 30.06.2017	29,909	43,240	(4,576)	143	68,716
Balance as at 01.01.2017	29,909	40,767	(4,620)	224	66,280
Total comprehensive income for the period	—	4,282	44	(81)	4,245
Dividend paid	—	(1,809)	—	—	(1,809)
Balance as at 30.06.2017	29,909	43,240	(4,576)	143	68,716
Balance as at 01.04.2016	29,909	34,182	(5,452)	3	58,642
Total comprehensive income for the period	—	1,938	740	—	2,678
Dividend paid	—	(3,619)	—	—	(3,619)
Balance as at 30.06.2016	29,909	32,501	(4,712)	3	57,701
Balance as at 01.01.2016	29,909	32,132	(6,018)	3	56,026
Total comprehensive income for the period	—	3,968	1,306	—	5,274
Dividend paid	—	(3,619)	—	—	(3,619)
Refund of unclaimed dividends	—	20	—	—	20
Balance as at 30.06.2016	29,909	32,501	(4,712)	3	57,701
Company					
Balance as at 01.04.2017	29,909	13,099	—	—	43,008
Total comprehensive income for the period	—	669	—	—	669
Dividend paid	—	(1,809)	—	—	(1,809)
Balance as at 30.06.2017	29,909	11,959	—	—	41,868
Balance as at 01.01.2017	29,909	10,877	—	—	40,786
Total comprehensive income for the period	—	2,891	—	—	2,891
Dividend paid	—	(1,809)	—	—	(1,809)
Balance as at 30.06.2017	29,909	11,959	—	—	41,868
Balance as at 01.04.2016	29,909	6,313	—	—	36,222
Total comprehensive income for the period	—	3,307	—	—	3,307
Dividend paid	—	(3,619)	—	—	(3,619)
Balance as at 30.06.2016	29,909	6,001	—	—	35,910
Balance as at 01.01.2016	29,909	5,246	—	—	35,155
Total comprehensive income for the period	—	4,354	—	—	4,354
Dividend paid	—	(3,619)	—	—	(3,619)
Refund of unclaimed dividends	—	20	—	—	20
Balance as at 30.06.2016	29,909	6,001	—	—	35,910

- 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 31 March 2017. As at 30 June 2017, there was no share options granted (30 June 2016 : Nil). There was also no treasury share in issue as at the end of the current financial period (30 June 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 Second Quarter		Group Period ended 30 June	
	2017	2016	2017	2016
Earnings per Ordinary Share from continuing operations attributable to shareholders for the period:				
(i) Basic (cents)	0.39	0.66	1.18	1.18
(ii) Fully diluted (cents)	0.39	0.66	1.18	1.18
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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents) :	18.99	18.31	11.57	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 Q2 2017 decreased marginally by 1.3% (\$0.7 million) to \$50.3 million in Q2 2017 from \$50.9 million in Q2 2016. The decrease in turnover was mainly contributed by lower turnover from Network Infrastructure business segment and partially offset by increase in turnover from the Wireless Infrastructure Network business segment.

Compared to 1H 2016, the Group's turnover for 1H 2017 increased by 15.8% (\$12.9 million) from \$81.5 million to \$94.4 million, lifted by higher turnover from both the Network Infrastructure and Wireless Infrastructure Network business segments.

Network Infrastructure

On a YOY basis, turnover for Q2 2017 decreased by 3.7% (\$1.2 million) to \$30.9 million from \$32.1 million, mainly due to lower sales recorded in Singapore and Australia.

Compared to 1H 2016, turnover for 1H 2017 increased by 20.6% (\$10.5 million) to \$61.4 million from \$50.9 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 Q2 2017 increased marginally by 2.7% (\$0.5 million) to \$19.4 million from \$18.9 million. Compared to 1H 2016, turnover for 1H 2017 increased by 7.7% (\$2.4 million) to \$33.0 million from \$30.6 million. The increase in turnover were mainly due to higher sales in the Middle East and Africa markets, partially offset by lower sales in the Asia Pacific markets.

(b) Gross Profit

On a YOY basis, gross profit for Q2 2017 decreased by 11.5% to \$11.7 million from \$13.3 million mainly due to lower gross profit margin, which declined to 23.4% from 26.0% due to different product mix and lower project writeback.

Compared to 1H 2016, gross profit for 1H 2017 decreased marginally by 1.1% (\$0.3 million) to \$23.1 million from \$23.3 million despite the higher turnover mainly due to lower gross profit margin. The gross profit margin declined to 24.4% from 28.6% due to changes in sales mix of products, projects and services. There were also lower writeback from project closures.

(c) Other operating income

On a YOY basis, other operating income for Q2 2017 increased by \$0.13 million to \$0.14 million from \$0.01 million. Compared to 1H 2016, other operating income for 1H 2017 increased to \$0.52 million from \$0.24 million. The increase was largely due to income generated from services rendered to Ingenico to facilitate a smooth transition after the divestiture of the Payment Solutions ("PS") business, partially offset by lower wages credit scheme payment received from the Government in Q1 2017.

(d) Operating Expenses

On a YOY basis, total operating expenses for Q2 2017 decreased by 14.4% (\$1.4 million) to \$8.4 million from \$9.8 million. Compared to 1H 2016, total operating expenses for 1H 2017 decreased by 3.9% (\$0.7 million) to \$16.5 million from \$17.2 million. The decrease in operating expenses was largely contributed by lower other operating expenses, partially offset by higher distribution and selling expenses and administrative expenses.

Distribution and selling expenses increased by 1.2% (\$0.1 million) YOY for the quarter mainly due to higher payroll and staff related costs. For 1H 2017, the increase of 2.8% (\$0.3 million) was mainly due to higher payroll-related costs, partially offset by lower allowance for doubtful debts

Administrative expenses increased by 19.1% (\$0.5 million) YOY for the quarter and 12.5% (\$0.6 million) YOY for 1H 2017 mainly due to higher payroll and staff related costs and other administrative costs.

The decrease in other operating expenses for Q2 2017 and 1H 2017 was mainly due to the lower exchange loss. In Q2 2016 and 1H 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 \$3.5 million in Q2 2017 and \$7.0 million in 1H 2017, an increase of 5.5% YOY and 16.5% YOY respectively. This was mainly contributed by lower exchange loss, lower interest expenses and higher other operating income. Lower gross profit and higher operating expenses partially offset the impact.

PBT as a percentage of turnover ("**PBT %**") for Q2 2017 was higher at 6.9% compared to 6.5% in Q2 2016 and 7.5% for 1H 2017 as compared to 7.4% in 1H 2016.

(f) Tax

On a YOY basis, tax expenses for Q2 2017 increased by \$1.1 million. Compared to 1H 2016, tax expense increased by \$1.0 million. The increases were due to 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 \$6.4 million mainly due to higher trade receivables from higher level of invoicing towards the end of Q2 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 \$10.3 million mainly due to higher trade payables from increase in sales activities, partially offset by repayment of bank loans.

(i) Non-current liabilities

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

(j) Cash flow

For Q2 2017, there was an increase in cash and cash equivalents of \$1.5 million mainly due to:

- positive cash flow from operating activities of \$12.3 million as a result of positive change in working capital from higher payables; partially offset by
- payment of FY2016 dividend of \$1.8 million; and
- repayment of net bank loans of \$9.0 million.

For 1H 2017, the decrease in cash and cash equivalents of \$1.8 million was mainly due to:

- positive cash flow from operating activities of \$8.9 million as a result of positive change in working capital from higher payables; partially offset by
- payment of FY2016 dividend of \$1.8 million; and
- repayment of net bank loans of \$8.9 million.

As a result of the above, the Group's cash and cash equivalents stood at \$20.5 million as at 30 June 2017 compared to \$26.8 million as at 30 June 2016.

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 1H 2017, the Group secured approximately \$122.2 million in order in-take, an increase of 15.7% (\$16.6 million) compared to \$105.7 million in 1H 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 – synergistic businesses to offer turnkey solutions to customers; sizeable geographical reach to reap economies of scale; deep expertise from owning one of the largest pool of certified engineers in this part of the world; strong management team with deep experience and business networks; 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 1H 2017, the Group's Network Infrastructure business segment secured approximately \$76.7 million of order in-take, an increase of 25.7% (\$15.7 million) compared to \$61.0 million in 1H 2016. This was largely contributed by higher order in-take from the Service Provider market.

Digitisation will continue to be the key driver for the rapid growth of data consumption and we expect customers to continue investing and upgrading their networks. The Group will therefore continue to develop our capabilities to provide turnkey solutions in order to address our customers' needs.

The Group will also continue to strengthen our offerings in the domains of network security and data center/cloud where we have observed an increase in demand. In fact, the Group had in 1H 2017 secured \$7.15 million worth of network security-related contracts from a leading telecom operator in the Philippines and \$19.9 million worth of IP network solutions contracts from Singapore's leading Service Providers.

Wireless Infrastructure Network

In 1H 2017, the Group's Wireless Infrastructure Network business segment secured order in-take of approximately \$45.5 million, an increase of 2.0% (\$0.9 million) compared to \$44.6 million in 1H 2016 with higher orders received from the Middle East and Africa markets.

Competition in the wireless infrastructure network business area remains intense.

The Group believes that demand for wireless infrastructure networks will be driven by Mobile Operators expanding its wireless network coverage, capacity and capabilities to meet their end users' needs for more digital services.

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 capitalise on the digitisation wave and meet the demands of our customers.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Interim (one-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent
Tax Rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim (one-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent
Tax Rate	Tax exempt

(c) Date payable

8 September 2017

(d) Books closure date

28 August 2017

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 second quarter and half year financial statements for the period ended 30 June 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

Foo Soon Soo
Company Secretary

4 August 2017