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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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 2nd Quarter 2014 S$'000	Group 2nd Quarter 2013 S$'000	Increase/ (Decrease) %	Group Period ended 30 June 2014 S$'000	Group Period ended 30 June 2013 S$'000	Increase/ (Decrease) %
Turnover		**43,790**	**47,180**	**(7.2)**	**84,446**	**83,634**	**1.0**
Cost of sales		(29,650)	(32,638)	(9.2)	(54,769)	(53,927)	1.6
Gross profit		**14,140**	**14,542**	**(2.8)**	**29,677**	**29,707**	**(0.1)**
Other operating income		289	(117)	N.M.	659	941	(30.0)
Negative goodwill on acquisition of subsidiary	(1)	-	7,051	(100.0)	-	7,051	(100.0)
Distribution and selling expenses		(6,937)	(6,575)	5.5	(13,922)	(12,968)	7.4
Administrative expenses		(2,825)	(3,175)	(11.0)	(5,679)	(5,790)	(1.9)
Other operating expenses		(3)	(247)	(98.8)	(75)	(264)	(71.6)
Profit from operations		**4,664**	**11,479**	**(59.4)**	**10,660**	**18,677**	**(42.9)**
Financial expenses		(56)	(64)	(12.5)	(135)	(84)	60.7
Financial income		32	61	(47.5)	73	92	(20.7)
Profit after financial items		**4,640**	**11,476**	(59.6)	**10,598**	**18,685**	(43.3)
Share of results of an associate		-	-	0.0	-	159	(100.0)
Profit before taxation		**4,640**	**11,476**	**(59.6)**	**10,598**	**18,844**	**(43.8)**
Taxation		(1,179)	(996)	18.4	(2,538)	(2,520)	0.7
Profit after taxation		**3,461**	**10,480**	**(67.0)**	**8,060**	**16,324**	**(50.6)**
Other comprehensive income / (expense) :							
Items that may be reclassified subsequently to profit or loss :							
Foreign currency translation of financial statements of foreign operations		**12**	**(249)**	N.M.	**395**	**(104)**	(479.8)
Total comprehensive income for the period		**3,473**	**10,231**	**(66.1)**	**8,455**	**16,220**	**(47.9)**

N.M. Not meaningful

Note :
(1) Negative goodwill for Q2 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 2nd Quarter				Group Period ended 30 June		
		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- provision of tax in respect of prior years		(200)	-	(100.0)		(200)	-	(100.0)
Amortisation of intangible assets		(32)	(56)	(42.9)		(64)	(72)	(11.1)
Bad debts recovered		84	-	N.M.		84	-	N.M.
Depreciation of property, plant and equipment	(1)	(1,250)	(1,290)	(3.1)		(2,471)	(2,418)	2.2
Ex-gratia payment to ex-directors of the Company		-	-	0.0		-	(325)	100.0
Foreign exchange gain / (loss)		160	(470)	N.M.		201	(190)	N.M.
Interest income	(2)	32	61	(47.5)		73	92	(20.7)
Loss on remeasurement of previously held interest in subsidiary acquired		-	(6)	(100.0)		-	(6)	(100.0)
Net (loss) / gain on disposal / write-off of property, plant and equipment		(13)	1	N.M.		(5)	7	N.M.
Net writeback of allowance for doubtful debts		71	13	446.2		271	28	867.9
Net allowance for stock obsolescence		(155)	(186)	(16.7)		(232)	(236)	(1.7)
Net (provision) / writeback for warranty		(102)	(211)	(51.7)		236	(77)	N.M.
Other information								
Gross profit as a percentage of turnover		32.3%	30.8%	1.5		35.1%	35.5%	(0.4)
Profit for the period as a percentage of turnover		7.9%	22.2%	(14.3)		9.5%	19.5%	(10.0)
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period		5.8%	15.5%	(9.7)		13.4%	24.1%	(10.7)

N.M. Not meaningful

Notes :

(1) The increase in depreciation expense for 6 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 30/6/2014 S$'000	Group 31/12/2013 S$'000	Company 30/6/2014 S$'000	Company 31/12/2013 S$'000
Equity				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	34,087	40,503	14,963	21,947
Translation reserve	(3,844)	(4,239)	-	-
	60,152	66,173	44,872	51,856
Non current assets				
Property, plant and equipment	14,319	14,585	4,109	4,162
Intangible assets	1,074	1,138	1,064	1,096
Investment in subsidiaries	-	-	5,037	5,037
Deferred tax assets	1,573	1,531	-	36
	16,966	17,254	10,210	10,331
Current assets				
Stocks	3,363	2,521	1,313	1,642
Contract work-in-progress	20,657	23,978	9,809	12,351
Trade receivables	57,540	51,929	21,768	20,130
Finance lease receivable	37	148	-	-
Other receivables, deposits and prepayments	3,055	2,991	257	277
Due from subsidiaries (trade)	-	-	17,148	23,024
Due from subsidiaries (non-trade)	-	-	786	1,965
Fixed deposits	5,224	17,153	5,099	15,100
Cash and bank balances	23,860	22,117	14,229	7,880
Total current assets	113,736	120,837	70,409	82,369
Current liabilities				
Trade payables	44,051	44,010	20,772	24,454
Other payables and accruals	17,768	19,101	9,928	11,877
Due to subsidiaries (non-trade)	-	-	384	333
Provision for taxation	3,543	3,251	2,283	1,804
Provision for warranty	5,125	5,534	2,339	2,376
Total current liabilities	70,487	71,896	35,706	40,844
Net current assets	43,249	48,941	34,703	41,525
Non current liability				
Deferred tax liability	(63)	(22)	(41)	-
Net Assets	60,152	66,173	44,872	51,856

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

Amount repayable in one year or less, or on demand

As at 30/6/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
-	-	-	-

Amount repayable after one year

As at 30/6/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
-	-	-	-

Details of any collateral

Nil

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 2nd Quarter		Group Period ended 30 June	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Cash flows from operating activities				
Profit before taxation	4,640	11,476	10,598	18,844
Adjustments for :				
Amortisation of intangible assets	32	56	64	72
Depreciation of property, plant and equipment	1,250	1,290	2,471	2,418
Interest income	(32)	(61)	(73)	(92)
Net loss / (gain) on disposal / write-off of property, plant and equipment	13	(1)	5	(7)
Net writeback of provision for doubtful debts	(71)	(13)	(271)	(28)
Net allowance for stock obsolescence	155	186	232	236
Net provision / (writeback) for warranty	102	211	(236)	77
Negative goodwill on acquisition of subsidiary	-	(7,051)	-	(7,051)
Loss on remeasurement of previously held interest in subsidiary acquired	-	6	-	6
Share of results of an associate	-	-	-	(159)
Operating profit before working capital changes	6,089	6,099	12,790	14,316
Decrease / (increase) in :				
Stocks	(1,254)	(108)	(518)	3,659
Contract work-in-progress	34	(4,376)	3,321	(5,165)
Trade receivables	(3,701)	(3,374)	(5,343)	(2,142)
Finance lease receivable	38	69	111	102
Other receivables, deposits and prepayments	169	(33)	(64)	(721)
Changes in associate balances	-	-	-	1,573
(Decrease) / increase in :				
Trade payables	3,620	(1,287)	41	(7,681)
Other payables and accruals	537	107	(1,333)	(417)
Provision for warranty	(151)	(196)	(235)	(371)
Cash flows from / (used in) operations	5,381	(3,099)	8,770	3,153
Income taxes paid	(1,881)	(1,752)	(2,197)	(2,468)
Net cash flows from / (used in) operating activities	3,500	(4,851)	6,573	685
Cash flows from investing activities				
Proceeds from disposal of fixed assets	11	4	24	15
Purchase of fixed assets	(1,678)	(2,378)	(2,471)	(9,788)
Net cash inflow on acquisition of a subsidiary	-	5,335	-	5,335
Interest received	32	61	73	92
Withdrawal of deposit pledged	-	1	-	1
Net cash flows (used in) / from investing activities	(1,635)	3,023	(2,374)	(4,345)
Cash flows from financing activities				
Dividend paid to shareholders	(14,476)	(14,476)	(14,476)	(14,476)
Repayment of obligations under finance leases	-	(1)	-	(7)
Net cash flows used in financing activities	(14,476)	(14,477)	(14,476)	(14,483)
Net decrease in cash and cash equivalents	(12,611)	(16,305)	(10,277)	(18,143)
Effect of exchange rate changes	(50)	(154)	91	(159)
Cash and cash equivalents at beginning of the period	41,716	41,867	39,241	43,710
Cash and cash equivalents at end of the period	29,055	25,408	29,055	25,408
Cash and cash equivalents comprise:				
Fixed deposits	5,224	11,075	5,224	11,075
Cash and bank balances	23,860	14,362	23,860	14,362
Deposit pledged	(29)	(29)	(29)	(29)
	29,055	25,408	29,055	25,408

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 2nd Quarter ended 30 June	Share Capital S$'000	Revenue Reserve S$'000	Translation Reserve S$'000	Total S$'000
Group				
Balance as at 1.4.2014	29,909	45,102	(3,856)	**71,155**
Total comprehensive income for the period	-	3,461	12	3,473
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2014	29,909	34,087	(3,844)	**60,152**
Balance as at 1.4.2013	29,909	44,593	(2,645)	**71,857**
Total comprehensive income for the period	-	10,480	(249)	10,231
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2013	29,909	40,597	(2,894)	**67,612**
Company				
Balance as at 1.4.2014	29,909	27,682	-	**57,591**
Total comprehensive income for the period	-	1,757	-	1,757
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2014	29,909	14,963	-	**44,872**
Balance as at 1.4.2013	29,909	29,506	-	**59,415**
Total comprehensive income for the period	-	1,616	-	1,616
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2013	29,909	16,646	-	**46,555**

For Period ended 30 June	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	-	8,060	395	8,455
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2014	29,909	34,087	(3,844)	**60,152**
Balance as at 1.1.2013	29,909	38,749	(2,790)	**65,868**
Total comprehensive income for the period	-	16,324	(104)	16,220
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2013	29,909	40,597	(2,894)	**67,612**
Company				
Balance as at 1.1.2014	29,909	21,947	-	**51,856**
Total comprehensive income for the period	-	7,492	-	7,492
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2014	29,909	14,963	-	**44,872**
Balance as at 1.1.2013	29,909	25,473	-	**55,382**
Total comprehensive income for the period	-	5,649	-	5,649
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2013	29,909	16,646	-	**46,555**

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 2014. As at 30 June 2014, there was no share options granted (30 June 2013 : nil). There was also no treasury share in issue as at the end of the current financial period (30 June 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 second quarter financial statements for the period ended 30 June 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 2nd Quarter		Group Period ended 30 June	
	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	0.96	2.90	2.23	4.51
(ii) fully diluted earnings per share	0.96	2.90	2.23	4.51

Basic earnings per ordinary share for the financial period ended 30 June 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 June 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	
	30/6/2014 (cents)	31/12/2013 (cents)	30/6/2014 (cents)	31/12/2013 (cents)
Net Asset Value per ordinary share based on issued share capital	16.62	18.29	12.40	14.33

Net asset value per ordinary share as at 30 June 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 Q2 2014 declined 7.2% ($3.4 million) from $47.2 million to $43.8 million. The decline resulted from lower turnover from both Telecom and Infocomm business segments.

Compared to 1H 2013, turnover for 1H 2014 increased slightly by 1.0% ($0.8 million) from $83.6 million to $84.4 million. The increase in turnover resulted from higher turnover from the Infocomm busines segment, partially offset by lower turnover in the Telecom business segment.

Telecommunications (Telecom)

On a YOY comparison, turnover in Q2 2014 declined 14.8% ($2.9 million) from $19.3 million to $16.4 million. Compared to 1H 2013, turnover for 1H 2014 declined 6.8% ($2.2 million) from $32.5 million to $30.3 million.

The decrease in turnover resulted from lower sales in the Middle East and Africa market partially offset by higher sales in Asia Pacific. The higher sales in Asia Pacific was mainly due to the inclusion of revenue from the new subsidiary in Malaysia acquired in April 2013.

Infocomm

On a YOY comparison, turnover in Q2 2014 declined slightly by 1.9% ($0.5 million) from $27.9 million to $27.4 million. Compared to 1H 2013, turnover for 1H 2014 increased 5.9% ($3.1 million) from $51.1 million to $54.2 million.

Network Infrastructure
Turnover for Network Infrastructure business area declined 4.3% ($0.8 million) YOY from $18.6 million to $17.8 million for the quarter but increased 15.3% ($5.0 million) YOY from $32.8 million to $37.8 million for 1H 2014. The fluctuations mainly resulted from sales of network equipment to the Service Provider market.

Payment Solutions
Turnover for Payment Solutions business area increased slightly by 2.9% ($0.3 million) YOY from $9.3 million to $9.6 million for the quarter. However, for 1H 2014, the turnover declined 10.8% ($2.0 million) YOY from $18.3 million to $16.3 million, mainly due to lower sales revenue from point-of-sale terminals occurred in Q1 2014.

(b) Gross Profit

On a YOY comparison, gross profit for Q2 2014 declined 2.8% from $14.5 million to $14.1 million mainly because of the lower turnover. However, gross profit margin % ("GP%") improved from 30.8% to 32.3%.

Compared to 1H 2013**,** gross profit for 1H 2014 declined slightly by 0.1% with GP% declining from 35.5% to 35.1%.

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

(c) Other operating income

The other operating income for the quarter was mainly due to exchange gain. The negative other operating income in Q2 2013 was due to exchange loss suffered in the quarter.

The lower other operating income for 1H 2014 as compared with 1H 2013 was mainly due to lower accounts receivable collection fee partially offset by exchange gain of $0.2m.

(d) Operating Expenses

On a YOY comparison, total operating expenses for Q2 2014 decreased 2.0% from $10.0 million to $9.8 million. Compared to 1H 2013, total operating expenses for 1H 2014 increased 3.7% from $19.0 million to $19.7 million.

Distribution and selling expenses increased 5.5% ($0.4 million) YOY for the quarter and 7.4% ($1.0 million) YOY for 1H 2014. The increase was mainly due to higher payroll related costs. Also, the higher percentage YOY increase in 1H 2014 was 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 decreased 11.0% ($0.4 million) YOY for the quarter was mainly due to non-recurring of one-off expenses incurred in Q2 2013. For 1H 2014, the 1.9% ($0.1 million) YOY decrease was the net effect of non-recurring of one-off expenses incurred in 1H 2013, and the consolidation of full Q1 administrative expenses at the new subsidiaries in Malaysia (acquired in April 2013) and Nigeria (incorporated in February 2013).

(e) Profit Before Taxation (‘PBT’)

PBT for Q2 2014 and 1H 2014 declined 59.6% and 43.8% respectively mainly because there was no negative goodwill arising from acquisition in the reporting period. Excluding the negative goodwill contribution in Q2 2013 and 1H 2013 :

- PBT for the quarter of $4.6 million would have been higher than $4.4 million in Q2 2013
- PBT for 1H 2014 of $10.6 million were lower than $11.8 million in 1H 2013, resulting from higher operating expense and lower other operating income.

(f) Cash flow

For Q2 2014 and 1H 2014, the Group generated positive cashflow from operating activities of $3.5 million and $6.6 million respectively. The decrease in cash and cash equivalents for Q2 2014 and 1H 2014 was mainly due to the payment of FY 2013 dividend in May 2014 and outlay on capital expenditure.

Capital expenditures in Q2 2014 and 1H 2014 was $1.7 million and $2.5 million respectively, mainly incurred on 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 of two main business segments, namely Telecommunications and Infocommunications. In 1H 2014, the Group secured approx. $104.1 million in order in-take, a decline of 13.9% compared to 1H 2013 of $121.0 million.

Telecommunications (Telecom)

In 1H 2014, the Group's Telecom business segment secured approximately $36.8 million in order in-take, a decline of 16.2% compared to $44.0 million in 1H 2013 as a result of lower point-to-point radio order intake from AsiaPac customers in Q2 2014.

Competition remains intense and mobile operators are striving to deliver their services at lower costs and seek new revenues.

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

The Group will continue to provide a comprehensive end-to-end wireless infrastructure network product portfolio, comprising point-to-point and point-to-multi-point radios, mobile coverage solutions, wifi 3G data offload and performances management systems that can help to lower our customers' operating and capital costs, and capabilities to offer new services. In particular, in the in-building coverage space, the Group managed to secure several new customers and believes the traction in this business will continue.

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 $67.3 million of order in-take in 1H 2014 compared to $77.0 million in 1H 2013, a decline of about 12.6% due to lower order in-take from the Network Infrastructure business area, partially offset by higher order in-take from the Payment Solutions business area.

Network Infrastructure

In the 1H 2014 the Group Network Infrastructure business area secured approximately $42.0 million, a decline of 24.0% compared to $55.3 million in 1H 2013 due to delay in customers' orders.

The Group believes that growth in smart devices, internet data and video traffic, web services, mobility, security concerns and regulatory compliances will drive Service Providers to build, expand and upgrade their networks. Enterprise IT spending is expected to grow as organisations will continue to build new network infrastructure to increase productivity, improve their competitiveness and strengthen their security. Similarly, IT spending by Government, Transport and Utilities market sector will continue as governments strived to use IT to provide public services at lower costs.

Competition in the Network Infrastructure business area is very fragmented with both local resellers, distributors and system integrators, and some global equipment vendors competing for market share.

The Group will continue to focus on providing IP, Optical and Broadcast network infrastructure products and solutions to meet our various customers' business objectives. As more and more organisation are using and testing Cloud Services, the Group intend to gradually build up a comprehensive range of cloud infrastructure products to enable our customers to roll out cloud services.

Payment Solutions

In 1H 2014, the Group's Payment Solutions business area managed to secure approximately $25.3 million in order in-take, an increase of 16.2% compared to $21.7 million in 1H 2013 due to strong order in-take in Q2 2014.

Growth in the payment business is driven by increase in number of plastic cards, credit and debit cards spending, different types of transactions, various government cashless initiatives as well as banks outsourcing their point-of-sale infrastructure.

The Group will focus on providing a comprehensive and secured end-to-end electronic payment and network infrastructure, and various types of point-of-sale terminals and services. The Group is also evaluating various mobile payment and eCommerce payment products and solutions in anticipation of potential business opportunites in this space.

Competition is very localised and fragmented with many local payment infrastructure and services vendors offering various payment products and solutions to banks, financial institutions and retailers.

11. Dividend

(a) Current Financial Period Reported On

The Directors are pleased to recommend an interim dividend as follow :

Name of Dividend	Interim (one-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	2 cents
Tax Rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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)	2 cents
Tax Rate	Tax exempt

(c) Date payable

29 August 2014

(d) Books closure date

19 August 2014 after 5.00 p.m

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.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

5 August 2014