

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

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 4th Quarter			Group Year ended 31 December		
		2014 S\$'000	2013 S\$'000	Increase/ (Decrease) %	2014 S\$'000	2013 S\$'000	Increase/ (Decrease) %
Turnover		48,302	44,455	8.7	182,399	178,217	2.3
Cost of sales		(32,615)	(28,844)	13.1	(122,020)	(117,586)	3.8
Gross profit		15,687	15,611	0.5	60,379	60,631	(0.4)
Other operating income		136	132	3.0	823	1,122	(26.6)
Negative goodwill on acquisition of subsidiary	(1)	-	-	0.0	-	7,051	N.M.
Distribution and selling expenses		(7,018)	(7,757)	(9.5)	(28,925)	(27,943)	3.5
Administrative expenses		(2,904)	(3,083)	(5.8)	(11,603)	(11,544)	0.5
Other operating expenses		(410)	(724)	(43.4)	(191)	(1,916)	(90.0)
Profit from operations		5,491	4,179	31.4	20,483	27,401	(25.2)
Financial expenses		(155)	(68)	127.9	(364)	(256)	42.2
Financial income		22	62	(64.5)	108	196	(44.9)
Profit after financial items		5,358	4,173	28.4	20,227	27,341	(26.0)
Share of results of an associate	(1)	-	-	0.0	-	159	(100.0)
Profit before taxation		5,358	4,173	28.4	20,227	27,500	(26.4)
Taxation		(732)	(324)	125.9	(4,000)	(4,032)	(0.8)
Profit after taxation		4,626	3,849	20.2	16,227	23,468	(30.9)
Other comprehensive income / (expense) :							
Items that may be reclassified subsequently to profit or loss :							
Foreign currency translation of financial statements of foreign operations		(190)	(204)	(6.9)	262	(1,449)	N.M.
Total comprehensive income for the period		4,436	3,645	21.7	16,489	22,019	(25.1)

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			Group		
		4th Quarter			Year ended 31 December		
		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		104	27	285.2	35	(15)	N.M.
Amortisation of intangible assets	(1)	(16)	(57)	(71.9)	(107)	(185)	(42.2)
Bad debts recovered		9	-	N.M.	118	64	84.4
Depreciation of property, plant and equipment	(2)	(1,553)	(1,184)	31.2	(5,365)	(4,879)	10.0
Ex-gratia payment to ex-directors of the Company		-	-	0.0	-	(325)	100.0
Foreign exchange gain / (loss)		(315)	(611)	(48.4)	(79)	(1,668)	(95.3)
Interest expense	(3)	(31)	-	N.M.	(42)	-	N.M.
Interest income	(4)	22	62	(64.5)	108	196	(44.9)
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		(3)	(7)	(57.1)	1	14	(92.9)
Net (allowance) / writeback for doubtful debts		(61)	(26)	134.6	139	(209)	N.M.
Net writeback / (allowance) for stock obsolescence		(61)	(42)	45.2	(278)	(259)	7.3
Net writeback / (provision) for warranty		393	(285)	N.M.	725	(645)	N.M.
Other information							
Gross profit as a percentage of turnover		32.5%	35.1%	(2.6)	33.1%	34.0%	(0.9)
Profit for the period as a percentage of turnover		9.6%	8.7%	0.9	8.9%	13.2%	(4.3)
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period		7.6%	5.8%	1.8	26.6%	35.5%	(8.9)

N.M. Not meaningful

Notes :

- (1) The decrease in amortisation expense resulted from one of the intangible asset being fully amortised.
- (2) The increase in depreciation expense for the quarter and full year of 2014 resulted from additional point-of-sale terminals purchased for leasing.
- (3) Interest expenses were incurred due to bank borrowings taken up in Q3 2014.
- (4) The decrease in interest income was mainly due to lower placement of fixed deposits.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheet as at	Group		Company	
	31/12/2014 S\$'000	31/12/2013 S\$'000	31/12/2014 S\$'000	31/12/2013 S\$'000
Equity				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	35,016	40,503	13,040	21,947
Translation reserve	(3,977)	(4,239)	-	-
	60,948	66,173	42,949	51,856
Non current assets				
Property, plant and equipment	16,449	14,585	5,673	4,162
Intangible assets	1,031	1,138	1,031	1,096
Investment in subsidiaries	-	-	4,822	5,037
Deferred tax assets	1,172	1,531	-	36
	18,652	17,254	11,526	10,331
Current assets				
Stocks	3,865	2,521	2,134	1,642
Contract work-in-progress	25,587	23,978	12,513	12,351
Trade receivables	(1) 69,882	51,929	19,963	20,130
Finance lease receivable	-	148	-	-
Other receivables, deposits and prepayments	3,530	2,991	415	277
Due from subsidiaries (trade)	-	-	21,888	23,024
Due from subsidiaries (non-trade)	-	-	3,378	1,965
Fixed deposits	4,111	17,153	4,000	15,100
Cash and bank balances	20,773	22,117	9,879	7,880
Total current assets	127,748	120,837	74,170	82,369
Current liabilities				
Trade payables	(1) 53,008	44,010	23,043	24,454
Other payables and accruals	19,958	18,424	10,554	11,877
Due to subsidiaries (non-trade)	-	-	329	333
Provision for taxation	1,832	3,251	1,478	1,804
Provision for warranty	4,587	5,534	2,219	2,376
Total current liabilities	79,385	71,219	37,623	40,844
Net current assets	48,363	49,618	36,547	41,525
Non current liabilities				
Deferred tax liabilities	422	22	422	-
Long term borrowings	(2) 4,702	-	4,702	-
Defined benefit obligations	943	677	-	-
	6,067	699	5,124	-
Net Assets	60,948	66,173	42,949	51,856

Notes :

- (1) The increase in trade receivables and trade payables as at 31 December 2014 was mainly due to high level of activities towards the end of the financial year, as well as the result of different credit and payment terms offered to customers and obtained from suppliers respectively.
- (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 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

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

Details of any collateral

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

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

	Group 4th Quarter		Group Year ended 31 Dec	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from operating activities				
Profit before taxation	5,358	4,173	20,227	27,500
<u>Adjustments for:</u>				
Amortisation of intangible assets	16	57	107	185
Depreciation of property, plant and equipment	1,553	1,184	5,365	4,879
Interest expense	31	-	42	-
Interest income	(22)	(62)	(108)	(196)
Net loss / (gain) on disposal / write-off of property, plant and equipment	3	7	(1)	(14)
Net allowance / (writeback) for doubtful debts	61	26	(139)	209
Net allowance for stock obsolescence	61	42	278	259
Net (writeback) / provision for warranty	(393)	285	(725)	645
Pension cost	175	222	244	246
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	6,843	5,934	25,290	26,509
Decrease / (increase) in:				
Stocks	493	(580)	(1,044)	3,172
Contract work-in-progress	(6,472)	1,101	(1,609)	(1,479)
Trade receivables	(6,561)	6,941	(17,809)	10,687
Finance lease receivable	-	42	148	223
Other receivables, deposits and prepayments	(185)	983	(539)	106
Changes in associate balances	-	-	-	1,573
(Decrease) / increase in:				
Trade payables	5,452	778	8,998	(10,772)
Other payables and accruals	967	288	1,512	(458)
Provision for warranty	(26)	(88)	(319)	(661)
Cash flows from operations	511	15,399	14,628	28,900
Interest paid	(20)	-	(20)	-
Income taxes paid	(935)	(749)	(4,713)	(4,551)
Contribution to pension funds	-	(26)	-	(107)
Benefits paid out of pension funds	-	(12)	(17)	(97)
Net cash flows (used in) / from operating activities	(444)	14,612	9,878	24,145
Cash flows from investing activities				
Proceeds from disposal of fixed assets	3	32	45	65
Purchase of fixed assets	(2,252)	(1,058)	(7,411)	(11,808)
Net cash inflow on acquisition of a subsidiary	-	-	-	5,335
Interest received	22	62	108	196
Withdrawal of deposit pledged	-	-	-	1
Net cash flows used in investing activities	(2,227)	(964)	(7,258)	(6,211)

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 4th Quarter		Group Year ended 31 Dec	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from financing activities				
Dividends paid to shareholders	-	-	(21,714)	(21,714)
Proceeds from bank loans	-	-	4,702	-
Repayment of obligations under finance leases	-	-	-	(7)
Net cash flows used in financing activities	-	-	(17,012)	(21,721)
Net (decrease) / increase in cash and cash equivalents	(2,671)	13,648	(14,392)	(3,787)
Effect of exchange rate changes	(151)	(304)	6	(682)
Cash and cash equivalents at beginning of the period	27,677	25,897	39,241	43,710
Cash and cash equivalents at end of the period	24,855	39,241	24,855	39,241
Cash and cash equivalents comprise :				
Fixed deposits	4,111	17,153	4,111	17,153
Cash and bank balances	20,773	22,117	20,773	22,117
Deposit pledged	(29)	(29)	(29)	(29)
	<u>24,855</u>	<u>39,241</u>	<u>24,855</u>	<u>39,241</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 4th Quarter ended 31 December	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
Group				
Balance as at 1.10.2014	29,909	30,390	(3,787)	56,512
Total comprehensive income for the period	-	4,626	(190)	4,436
Balance as at 31.12.2014	29,909	35,016	(3,977)	60,948
Balance as at 1.10.2013	29,909	36,654	(4,035)	62,528
Total comprehensive income for the period	-	3,849	(204)	3,645
Balance as at 31.12.2013	29,909	40,503	(4,239)	66,173
Company				
Balance as at 1.10.2014	29,909	11,630	-	41,539
Total comprehensive income for the period	-	1,410	-	1,410
Balance as at 31.12.2014	29,909	13,040	-	42,949
Balance as at 1.10.2013	29,909	17,698	-	47,607
Total comprehensive income for the period	-	4,249	-	4,249
Balance as at 31.12.2013	29,909	21,947	-	51,856

For Year ended 31 December	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 year	-	16,227	262	16,489
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 31.12.2014	29,909	35,016	(3,977)	60,948
Balance as at 1.1.2013	29,909	38,749	(2,790)	65,868
Total comprehensive income for the year	-	23,468	(1,449)	22,019
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 31.12.2013	29,909	40,503	(4,239)	66,173
Company				
Balance as at 1.1.2014	29,909	21,947	-	51,856
Total comprehensive income for the year	-	12,807	-	12,807
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 31.12.2014	29,909	13,040	-	42,949
Balance as at 1.1.2013	29,909	25,473	-	55,382
Total comprehensive income for the year	-	18,188	-	18,188
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 31.12.2013	29,909	21,947	-	51,856

- 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 September 2014. As at 31 December 2014, there was no share options granted (31 December 2013 : nil). There was also no treasury share in issue as at the end of the current financial year (31 December 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 year 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.**

There was no treasury share in issue as at the end of the current financial year (31 December 2013 : nil).

- 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 4th Quarter		Group Year ended 31 Dec	
	2014	2013	2014	2013
	(cents)	(cents)	(cents)	(cents)
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:				
(i) basic earnings per share	1.28	1.06	4.48	6.48
(ii) fully diluted earnings per share	1.28	1.06	4.48	6.48

Basic earnings per ordinary share for the financial period ended 31 December 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 31 December 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	
	31/12/2014 (cents)	31/12/2013 (cents)	31/12/2014 (cents)	31/12/2013 (cents)
Net Asset Value per ordinary share based on issued share capital	16.84	18.29	11.87	14.33

Net asset value per ordinary share as at 31 December 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 Q4 2014 increased 8.7% (\$3.8 million) from \$44.5 million to \$48.3 million. The increase resulted from higher turnover from both the Telecom and Infocomm business segments.

Compared to FY 2013, turnover for FY 2014 also increased 2.3% (\$4.2 million) from \$178.2 million to \$182.4 million. The increase resulted from higher turnover from Infocomm business segment, partially offset by lower turnover from Telecom business segment.

Telecommunications (Telecom)

On a YOY comparison, turnover in Q4 2014 increased 1.9% (\$0.3 million) from \$15.8 million to \$16.1 million. The increase was mainly due to higher sales in microwave radio equipment in the Middle East and Africa market under the Wireless Infrastructure Network business area. The decrease was partially offset by lower sales in the Asia Pacific market.

Compared to FY 2013, turnover for FY 2014 declined 12.0% (\$8.5 million) from \$70.4 million to \$61.9 million. The decrease resulted from lower sales in the Middle East and Africa market, partially offset by higher sales in the Asia Pacific market.

Infocomm

On a YOY comparison, turnover in Q4 2014 increased 12.4% (\$3.6 million) from \$28.6 million to \$32.2 million. Compared to FY 2013, turnover for FY2014 increased 11.7% (\$12.7 million) from \$107.8 million to \$120.5 million.

Network Infrastructure

Turnover for Network Infrastructure business area for the quarter increased 10.9% (\$2.1 million) YOY from \$19.1 million to \$21.2 million. Compared to FY 2013, turnover for FY2014 also increased 14.6% (\$10.3 million) YOY from \$70.3 million to \$80.6 million. The increase in turnover for the quarter and FY 2014 mainly resulted from higher sales of network equipment to the Service Provider market sector.

Payment Solutions

Turnover for Payment Solutions business area for the quarter increased 15.3% (\$1.5 million) YOY from \$9.5 million to \$11.0 million mainly due to higher sales of terminals. Compared to FY 2013, turnover for FY2014 increased 6.2% (\$2.4 million) YOY from \$37.5 million to \$39.9 million as a result of higher contribution from terminal sales and leasing.

(b) **Gross Profit**

On a YOY comparison, gross profit for Q4 2014 increased 0.5% from \$15.6 million to \$15.7 million. Gross profit margin % ("GP%") declined from 35.1% to 32.5%.

Compared to FY 2013, gross profit for FY2014 decreased 0.4% from \$60.6 million to \$60.4 million. GP% declined from 34.0% to 33.1%.

The fluctuations in gross profit and GP% can be attributed to sales mix in product, project and higher services and leasing income.

(c) Other operating income

The lower other operating income of \$0.8 million for FY 2014, as compared to FY 2013, was mainly due to lower accounts receivable collection fee, partially offset by government grants.

(d) Operating Expenses

On a YOY comparison, total operating expenses for Q4 2014 declined 13.4% (\$1.6 million) from \$11.6 million to \$10.0 million. Compared to FY 2013, total operating expenses for FY2014 also declined 16.5% (\$0.7 million) from \$41.4 million to \$40.7 million.

Distribution and selling expenses declined \$0.7 million (9.5%) YOY for the quarter mainly due to lower payroll related costs. For FY 2014, the increase of \$1.0 million (3.5%) YOY was mainly due to higher payroll related costs, operational cost for the new subsidiary set up in Nigeria in February 2013, consolidation of expenses from Nera (Malaysia) Sdn Bhd ('NMSB') after it became a subsidiary on 26 April 2013.

Administrative expenses decreased 5.9% (\$0.2 million) YOY for the quarter mainly due to lower payroll related costs. For FY 2014, there was only a slight increase of 0.5%.

Other operating expenses declined for the quarter and full year mainly due to lower exchange loss incurred as compared to the previous corresponding periods.

(e) Profit Before Taxation ('PBT')

PBT for Q4 2014 increased 28.4% from \$4.2 million to \$5.4 million mainly due to the lower operating expenses.

Compared to FY 2013, PBT for FY2014 declined 26.4% from \$27.5 million to \$20.2 million mainly due to the negative goodwill contribution of \$7.1 million arising from the acquisition of a subsidiary in Malaysia in FY 2013. Excluding the negative goodwill in FY 2013, PBT for FY 2014 of \$20.2 million was comparable to FY 2013 of \$20.4 million.

(f) Cash flow

For Q4 2014, there was net cashflow used in operating activities mainly due to higher working capital requirement. Capital expenditure during the quarter also contributed to the decrease in cash and cash equivalents.

For FY 2014, the Group generated positive cashflow from operating activities of \$9.9 million. The decrease in cash and cash equivalents was mainly due to the payment of \$14.5 million final dividend for FY2013 in May 2014, \$7.2 million interim dividend for FY2014 in August 2014 and purchase of fixed assets. This was partially offset by proceeds from draw-down of \$4.7 million from the loan facility.

Capital expenditure in Q4 2014 and FY 2014 was \$2.3 million and \$7.4 million respectively, mainly incurred on point-of-sales terminals for leasing business.

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 FY2014, the Group secured approximately \$217.0 million in order in-take, an increase of 12.3% compared to \$193.3 million in 2013.

Telecommunications (Telecom)

The Group believes that Operators will continue to invest in expanding their wireless infrastructure network capacity, coverages and capabilities. The demand for the Group's Telecom business, primarily the wireless infrastructure networks, will continue to be driven by the rapid increase in internet data and video traffic as a result of growth in smart devices and broadband users, as well as regulatory compliances on the quality of services.

In FY2014, the Group's Telecom business segment secured approximately \$71.0 million in order in-take, an increase of 5.0% compared to \$67.6 million in FY2013 due mainly to higher radio transmission equipment orders from mobile operators in Middle East and Africa market.

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 continues to develop the radio access network market namely wifi and in-building coverage, as well as wireless solutions to non-mobile markets such as the Defence, Broadcast and Utilities customers.

Competition in the mobile industry remains intense as operators continue to demand for lower opex and capex and seek new revenues to increase their market share.

Infocomm

The Infocomm business segment comprises two business areas, namely Network Infrastructure and Payment Solutions.

In FY 2014, the Group's Infocomm business segment managed to secure approximately \$145.9 million of order in-take compared to \$125.7 million in FY 2013, an increase of about 16.1% due to better order in-take from both the Network Infrastructure and Payment Solutions businesses.

Network Infrastructure

The Group believes that growth in network infrastructure from service providers will be driven by the increase in internet services, mobility, security concerns and regulatory compliances. In the Enterprises, Government, Transport and Utilities sectors, customers will continue to invest in their network infrastructure to increase productivity, improve their competitiveness, strengthen their cyber security and use IT to provide public services at lower costs.

In FY 2014, the Group's Network Infrastructure business area managed to secure approximately \$95.5 million in order in-take, an increase of 13.2% compared to \$84.4 million in 2013 due to higher order in-take from customers outside Singapore.

The Group will continue to 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.

Competition in the network equipment market remains intense and fragmented with both local resellers, distributors and system integrators, as well as some global equipment vendors competing for market share.

Payment Solutions

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 increased regulatory and industry compliance requirements.

In FY 2014, the Group's Payment Solutions business area secured approximately \$50.4 million in order in-take, an increase of 22.0% compared to \$41.3 million in FY 2013 due to strong point-of-sale terminal orders from various banks in South-East-Asia.

The Group will continue to provide comprehensive and secured end-to-end electronic payment infrastructure products, solutions and related services to banks, financial institutions, transport and retail industry.

Competition in the payment solutions business remains high and fragmented with many local players representing various brands.

11. Dividend

(a) Current Financial Period Reported On

The Directors are pleased to recommend a final dividend as follow :

Name of Dividend	Final (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 were as follow :

Name of Dividend	Final (one-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	4 cents
Tax Rate	Tax exempt

(c) Date payable

20 May 2015

(d) Books closure date

7 May 2015

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.

No IPT mandate has been obtained.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

FY 2014	Telecom S\$'000	Infocomm S\$'000	Total S\$'000
Revenue	61,928	120,471	182,399
Cost of sales	(36,770)	(85,250)	(122,020)
Gross Profit	25,158	35,221	60,379
Other operating income	90	733	823
Distribution and selling expenses	(10,808)	(18,117)	(28,925)
Administrative expenses	(3,835)	(7,768)	(11,603)
Other operating expenses	250	(441)	(191)
Profits from operations	10,855	9,628	20,483
Financial income			108
Financial expenses			(364)
Profit before taxation			20,227
Taxation			(4,000)
Profit after taxation			16,227
Other Information			
Segment assets	38,722	78,092	116,814
Unallocated assets			29,586
Total assets			146,400
Segment liabilities	27,650	31,206	58,856
Tax Liabilities			1,832
Unallocated liabilities			24,764
Total liabilities			85,452
Capital expenditure	1,089	6,322	7,411
Depreciation and amortisation	569	4,903	5,472
Other non-cash expenses	(881)	295	(586)

F Y 2013	Telecom S\$'000	Infocom m S\$'000	Total S\$'000
Revenue	70,368	107,849	178,217
Cost of sales	(45,311)	(72,275)	(117,586)
Gross Profit	25,057	35,574	60,631
Other operating income	1,035	87	1,122
Distribution and selling expenses	(10,784)	(17,159)	(27,943)
Administrative expenses	(3,590)	(7,954)	(11,544)
Other operating expenses	(774)	(1,142)	(1,916)
	10,944	9,406	20,350
Negative goodwill on acquisition of subsidiary			7,051
Profits from operations			27,401
Financial income			196
Financial expenses			(256)
Profit after financial items			27,341
Share of result of an associate			159
Profit before taxation			27,500
Taxation			(4,032)
Profit after taxation			23,468
Other Information			
Segment assets	36,568	57,731	94,299
Unallocated assets			43,792
Total assets			138,091
Segment liabilities	29,229	21,731	50,960
Tax Liabilities			3,251
Unallocated liabilities			17,707
Total liabilities			71,918
Capital expenditure	730	11,078	11,808
Depreciation and amortisation	441	4,623	5,064
Other non-cash expenses	96	953	1,049

Geographical Segment

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows :

	Revenues		Non-current assets	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Asean	147,094	132,978	17,181	15,362
Middle East	16,278	19,446	160	176
Africa	15,679	21,607	104	131
Other Asian countries	3,066	3,403	22	28
Others	282	783	14	26
	182,399	178,217	17,481	15,723

Non-current assets information presented above consist of intangible assets, property, plant and equipment and lease receivables.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to item 8

16. A breakdown of sales

	2014 S\$'000	2013 S\$'000	Increase / (Decrease)
(a) Sales reported for the first half year	84,446	83,634	1.0%
(b) Profit after tax before deducting minority interest for first half year	8,060	16,324	(50.6%)
(c) Sales reported for the second half year	97,953	94,583	3.6%
(d) Profit after tax before deducting minority interest for second half year	8,167	7,144	14.3%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	21,714	21,714
Preference	-	-
Total	21,714	21,714

- 18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there is no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(11) of the Listing Manual, we confirm that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

24 February 2015