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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016

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 2nd Quarter			Group Period ended 30 June		
	Note	2016 S$'000	2015 S$'000	Increase/ (Decrease) %	2016 S$'000	2015 S$'000	Increase/ (Decrease) %
Turnover		**56,925**	**48,415**	**17.6**	**94,416**	**90,520**	**4.3**
Cost of sales		(41,601)	(32,537)	27.9	(66,313)	(60,538)	9.5
Gross profit		**15,324**	**15,878**	**(3.5)**	**28,103**	**29,982**	**(6.3)**
Other operating income		212	164	29.3	454	455	(0.2)
Distribution and selling expenses		(7,689)	(7,376)	4.2	(14,518)	(14,180)	2.4
Administrative expenses		(2,797)	(3,504)	(20.2)	(5,407)	(6,489)	(16.7)
Other operating expenses		(1,856)	(222)	736.0	(2,204)	(483)	356.3
Profit from operations		**3,194**	**4,940**	**(35.3)**	**6,428**	**9,285**	**(30.8)**
Financial expenses		(235)	(145)	62.1	(459)	(236)	94.5
Financial income		17	12	41.7	22	28	(21.4)
Profit before taxation		**2,976**	**4,807**	**(38.1)**	**5,991**	**9,077**	**(34.0)**
Taxation		(1,038)	(851)	22.0	(2,023)	(2,075)	(2.5)
Profit after taxation		**1,938**	**3,956**	**(51.0)**	**3,968**	**7,002**	**(43.3)**
Other comprehensive income / (expense) :							
Items that may be reclassified subsequently to profit or loss :							
Foreign currency translation of financial statements of foreign operations		**740**	**(694)**	N.M	**1,306**	**(980)**	N.M
Total comprehensive income for the period		**2,678**	**3,262**	**(17.9)**	**5,274**	**6,022**	**(12.4)**

N.M. Not meaningful

		Group 2nd Quarter				Group Period ended 30 June		
		2016	2015	Increase / (Decrease)		2016	2015	Increase / (Decrease)
		S$'000	S$'000	%		S$'000	S$'000	%
Profit for the period is arrived at after crediting / (charging) the following :								
Adjustments for over / (under) provision of tax in respect of prior years		-	15	N.M.		-	15	N.M.
Amortisation of intangible assets		(16)	(16)	0.0		(32)	(32)	0.0
Bad debts recovered		27	31	(12.9)		30	35	(14.3)
Depreciation of property, plant and equipment	(1)	(1,644)	(1,535)	7.1		(3,216)	(3,108)	3.5
Foreign exchange (loss) / gain	(2)	(1,837)	(206)	791.7		(2,169)	(449)	383.1
Interest expense	(3)	(179)	(73)	145.2		(325)	(105)	209.5
Interest income	(4)	17	12	41.7		22	28	(21.4)
Net gain on disposal / write-off of property, plant and equipment		-	30	N.M.		14	55	(74.5)
Net (allowance) / writeback for doubtful debts		15	111	(86.5)		(353)	67	N.M.
Net (allowance) / writeback for stock obsolescence	(5)	(725)	58	N.M.		(856)	(46)	1,760.9
Net (provision) / writeback for warranty		(432)	200	N.M.		(67)	401	N.M.
Other information								
Gross profit as a percentage of turnover		26.9%	32.8%	(5.9)		29.8%	33.1%	(3.3)
Profit for the period as a percentage of turnover		3.4%	8.2%	(4.8)		4.2%	7.7%	(3.5)
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period		3.4%	6.6%	(3.2)		6.9%	11.7%	(4.8)

N.M. Not meaningful

Notes :

(1) The increase in depreciation expense resulted from additional point-of-sale terminals purchased for leasing.

(2) The significant increase in exchange loss for the quarter and year-to-date June 2016 was mainly due to the significant devaluation of Nigerian Naira against the US dollar by more than 40% towards the end of June 2016. As a result of revaluation of US dollar payables to Nigerian Naira, the Group recorded an unrealised exchange loss of $1.2 million.

The rest of the exchange loss was mainly due to the weakening of the US dollar against the Singapore dollar.

(3) The increase in interest expenses was due to higher bank borrowings taken up.

(4) The increase in interest income for the quarter was mainly due to better collections from trade receivables. For 1H 2016, the decrease in interest income was mainly due to lower placement of fixed deposits.

(5) The provision made for stock obsolescence for the quarter and 1H 2016 was mainly for point-of-sale terminals.

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.

Statement of Financial Position as at		Group		Company	
		30/6/2016 S$'000	31/12/2015 S$'000	30/6/2016 S$'000	31/12/2015 S$'000
Equity					
Share capital		29,909	29,909	29,909	29,909
Revenue reserve		32,501	32,132	6,001	5,246
Translation reserve		(4,712)	(6,018)	-	-
Other reserve		3	3	-	-
		57,701	56,026	35,910	35,155
Non current assets					
Property, plant and equipment	(1)	2,119	14,156	1,083	1,391
Intangible asset		935	967	935	967
Investment in subsidiaries		-	-	4,801	4,801
Deferred tax assets	(1)	1,418	1,546	-	-
		4,472	16,669	6,819	7,159
Current assets					
Stocks	(1)	416	7,601	174	1
Contract work-in-progress	(1)	28,244	27,183	7,028	10,823
Trade receivables	(1)	65,648	72,578	18,666	12,500
Other receivables, deposits and prepayments	(1)	3,451	4,073	380	883
Due from subsidiaries (trade)		-	-	31,460	31,567
Due from subsidiaries (non-trade)		-	-	5,926	5,659
Fixed deposits		-	219	-	-
Cash and bank balances	(1)	23,524	20,801	8,111	6,322
		121,283	132,455	71,745	67,755
Assets of disposal group classified as held for sale	(1)	24,615	-	-	-
Total current assets		145,898	132,455	71,745	67,755
Current liabilities					
Trade payables	(1)	41,894	52,810	13,415	14,500
Other payables and accruals	(1)	14,056	17,793	4,707	7,310
Due to subsidiaries (non-trade)		-	-	-	96
Short term borrowings		5,110	3,509	4,070	2,500
Provision for taxation	(1)	2,008	1,963	2,119	1,779
Provision for warranty	(1)	2,356	2,481	921	656
		65,424	78,556	25,232	26,841
Liabilities directly associated with disposal group classified as held for sale	(1)	8,719	-	-	-
Total current liabilities		74,143	78,556	25,232	26,841
Net current assets		71,755	53,899	46,513	40,914
Non current liabilities					
Deferred tax liabilities	(1)	370	729	26	116
Borrowings		17,396	12,802	17,396	12,802
Defined benefit obligation	(1)	760	1,011	-	-
		18,526	14,542	17,422	12,918
Net Assets		57,701	56,026	35,910	35,155

Notes on Statement of Financial Position

(1) On 20 May 2016, the Group entered into a conditional share sale agreement to sell the Payment Solutions business via the sale of shares in a subsidiary, Nera Payment Solutions Pte Ltd. The assets and liabilities related to the sale are classified under 'Assets of disposal group classified as held for sale' and 'Liabilities directly associated with disposal group classified as held for sale' respectively as the sale has yet to be completed as at 30 June 2016.

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

Amount repayable in one year or less, or on demand

As at 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
1,570	3,540	-	3,509

Amount repayable after one year

As at 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
17,396	-	12,802	-

Details of any collateral

The secured 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 2nd Quarter		Group Period ended 30 June	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Cash flows from operating activities				
Profit before taxation	2,976	4,807	5,991	9,077
Adjustments for :				
Amortisation of intangible asset	16	16	32	32
Depreciation of property, plant and equipment	1,644	1,535	3,216	3,108
Interest expense	179	73	325	105
Interest income	(17)	(12)	(22)	(28)
Net gain on disposal / write-off of property, plant and equipment	-	(30)	(14)	(55)
Net allowance / (writeback) for stock obsolescence	725	(58)	856	46
Net (writeback) / allowance for doubtful debts	(15)	(111)	353	(67)
Net provision / (writeback) for warranty	432	(200)	67	(401)
Pension cost	18	42	35	69
Operating profit before working capital changes	5,958	6,062	10,839	11,886
Decrease / (increase) in :				
Stocks	(324)	(322)	1,343	436
Contract work-in-progress	(1,017)	3,080	(1,804)	6,355
Trade receivables	6,440	(6,394)	2,517	(4,250)
Other receivables, deposits and prepayments	180	547	203	(648)
(Decrease) / increase in :				
Trade payables	3,180	(4,714)	(9,482)	(13,508)
Other payables and accruals	(6,715)	(481)	2,806	(953)
Provision for warranty	(88)	(300)	(108)	(434)
Effect of exchange rate changes	893	(525)	1,729	(517)
Cash flows from / (used in) operations	8,507	(3,047)	8,043	(1,633)
Interest paid	(134)	(44)	(289)	(85)
Income taxes paid	(1,446)	(1,036)	(1,925)	(1,317)
Contribution to pension funds	-	-	(20)	-
Net cash flows from / (used in) operating activities	6,927	(4,127)	5,809	(3,035)
Cash flows from investing activities				
Purchase of property, plant and equipment	(323)	(536)	(2,224)	(2,433)
Proceeds from disposal of property, plant and equipment	-	47	18	80
Interest received	17	12	22	28
Withdrawal / (increase) of deposit pledged	2	(4)	94	1
Net cash flows used in investing activities	(304)	(481)	(2,090)	(2,324)

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 2nd Quarter		Group Period ended 30 June	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Cash flows from financing activities				
Dividends paid to shareholders	(3,619)	(7,238)	(3,619)	(7,238)
Proceeds from bank loans	7,060	5,213	7,904	5,945
Repayment of bank loans	(688)	-	(1,697)	-
Refund of unclaimed dividends	-	-	20	-
Net cash flows from / (used in) financing activities	2,753	(2,025)	2,608	(1,293)
Net increase / (decrease) in cash and cash equivalents	9,376	(6,633)	6,327	(6,652)
Effect of exchange rate changes	(112)	(2)	(328)	83
Cash and cash equivalents at beginning of the period	17,505	24,785	20,770	24,719
Cash and cash equivalents at end of the period	26,769	18,150	26,769	18,150
Cash and cash equivalents comprise :				
Fixed deposits	-	691	-	691
Cash and bank balances	23,524	17,623	23,524	17,623
Cash and bank balances included in Assets held for sale	3,401	-	3,401	-
Deposits pledged	(156)	(164)	(156)	(164)
	26,769	18,150	26,769	18,150

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$'000	Other Reserve S$'000	Total S$'000
Group					
Balance as at 1.4.2016	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 30.6.2016	29,909	32,501	(4,712)	3	**57,701**
Balance as at 1.4.2015	29,909	38,062	(4,263)	-	**63,708**
Total comprehensive income for the period	-	3,956	(694)	-	3,262
Dividend paid	-	(7,238)	-	-	(7,238)
Balance as at 30.6.2015	29,909	34,780	(4,957)	-	**59,732**
Company					
Balance as at 1.4.2016	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 30.6.2016	29,909	6,001	-	-	**35,910**
Balance as at 1.4.2015	29,909	15,791	-	-	**45,700**
Total comprehensive income for the period	-	2,354	-	-	2,354
Dividend paid	-	(7,238)	-	-	(7,238)
Balance as at 30.6.2015	29,909	10,907	-	-	**40,816**

For Period 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 1.1.2016	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 dividend	-	20	-	-	20
Balance as at 30.6.2016	29,909	32,501	(4,712)	3	**57,701**
Balance as at 1.1.2015	29,909	35,016	(3,977)	-	**60,948**
Total comprehensive income for the period	-	7,002	(980)	-	6,022
Dividend paid	-	(7,238)	-	-	(7,238)
Balance as at 30.6.2015	29,909	34,780	(4,957)	-	**59,732**
Company					
Balance as at 1.1.2016	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 dividend	-	20	-	-	20
Balance as at 30.6.2016	29,909	6,001	-	-	**35,910**
Balance as at 1.1.2015	29,909	13,040	-	-	**42,949**
Total comprehensive income for the period	-	5,105	-	-	5,105
Dividend paid	-	(7,238)	-	-	(7,238)
Balance as at 30.6.2015	29,909	10,907	-	-	**40,816**

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 2016. As at 30 June 2016, there was no share options granted (30 June 2015 : nil). There was also no treasury share in issue as at the end of the current financial period (30 June 2015 : 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 2015 : 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 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 2015 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 2016, 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 2016.

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	
	2016	2015	2016	2015
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:	(cents)	(cents)	(cents)	(cents)
(i) basic earnings per share	0.54	1.09	1.10	1.93
(ii) fully diluted earnings per share	0.54	1.09	1.10	1.93

Basic earnings per ordinary share for the financial period ended 30 June 2016 was calculated based on the weighted average number of shares in issue of 361,897,000 (2015 : 361,897,000) ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 30 June 2016 was calculated based on the weighted average number of shares in issue of 361,897,000 ordinary shares (2015 : 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	
	30/6/2016 (cents)	31/12/2015 (cents)	30/6/2016 (cents)	31/12/2015 (cents)
Net Asset Value per ordinary share based on issued share capital	15.94	15.48	9.92	9.71

Net asset value per ordinary share as at 30 June 2016 and 31 December 2015 was calculated based on the number of ordinary shares in issue of 361,897,000.

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) <u>Turnover</u>

On a year-on-year ('YOY') comparison, turnover in Q2 2016 increased 17.6% ($8.5 million) from $48.4 million to $56.9 million. The improvement resulted from higher turnover from both Telecom and Infocomm business segments.

Compared to 1H 2015, turnover for 1H 2016 increased 4.3% ($3.9 million) from $90.5 million to $94.4 million. The increase in turnover resulted from higher turnover from the Telecom business segment, partially offset by lower turnover in the Infocomm business segment.

Telecommunications (Telecom)

On a YOY comparison, turnover in Q2 2016 increased 7.2% ($1.3 million) from $17.6 million to $18.9 million. The increase was mainly due to higher sales in the Middle East and Africa market.

Compared to 1H 2015, turnover for 1H 2016 increased 19.3% ($5.0 million) from $25.7 million to $30.7 million. The increase in turnover resulted from higher sales in both the Asia Pacific and the Middle East and Africa markets.

Infocomm

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

On a YOY comparison, turnover in Q2 2016 increased by 23.5% ($7.2 million) from $30.8 million to $38.0 million. However, compared to 1H 2015, turnover for 1H 2016 declined 1.6% ($1.1 million) from $64.9 million to $63.8 million.

<u>Network Infrastructure</u>
Turnover for Network Infrastructure business area improved significantly by 75.2% ($13.7 million) YOY from $18.3 million to $32.0 million for the quarter. For 1H 2016, turnover increased 22.1% ($9.2 million) YOY from $41.6 million to $50.8 million. The increase in sales for the quarter and 1H 2016 were from higher sales of network equipment to the Service Provider market.

<u>Payment Solutions</u>
Turnover for Payment Solutions business area declined 52.1% ($6.5 million) YOY from $12.5 million to $6.0 million for the quarter and 44.3% ($10.3 million) YOY from $23.2 million to $12.9 million for 1H 2016. This was due to lower revenue from the sale of point-of-sale terminals to Thailand.

(b) <u>Gross Profit</u>

On a YOY comparison, gross profit for Q2 2016 declined 3.5% from $15.9 million to $15.3 million. Compared to 1H 2015, gross profit for 1H 2016 declined by 6.3% from $30.0 million to $28.1 million.

The gross profit margin % ("GP%") declined from 32.8% to 26.9% for the quarter, and from 33.1% to 29.8%. The changes in gross profit and GP% can be attributed to sales mix in product, project and services. There were higher equipment sales in the quarter and 1H 2016 and lower writeback from project closures. There was also higher provision made for stock obsolescence.

(c) Operating Expenses

On a YOY comparison, total operating expenses for Q2 2016 increased 11.2% from $11.1 million to $12.3 million. Compared to 1H 2015, total operating expenses for 1H 2016 increased 4.6% from $21.1 million to $22.1 million.

Distribution and selling expenses increased 4.2% ($0.3 million) YOY for the quarter mainly due to higher payroll related costs. For 1H 2016, the increase of 2.4% ($0.3 million) was mainly due to higher payroll related costs and provision made for doubtful debts.

Administrative expenses declined by 20.2% ($0.7 million) YOY for the quarter and 16.7% ($1.1 million) YOY for 1H 2016 mainly due to lower payroll and related costs.

The increase in other operating expenses for Q2 2016 and 1H 2016 was mainly due to the higher exchange loss from the devalution of Nigerian Naira against US dollar and the weakening of the US dollar against Singapore dollar as explained in Section 1(a) on page 2.

(d) Profit Before Taxation ('PBT')

PBT for Q2 2016 and 1H 2016 registered a decline of 38.1% YOY and 34.0% YOY respectively.The decline was mainly due to lower gross profit and higher exchange loss. If the exchange loss of $1.2 million resulting from the devaluation of Nigerian Naira was excluded, the PBT for Q2 2016 and 1H 2016 would have been $4.2 million and $7.2 million respectively.

PBT as a percentage of turnover ("PBT %") for Q2 2016 was lower at 5.2% compared to 9.9% in Q2 2015 and 6.3% for 1H 2016 as compared to 10.0% in 1H 2015.

(e) Cash flow

For Q2 2016 and 1H 2016, there was an increase in cash and cash equivalents of $9.4 million and $6.3 million respectively. This was mainly due to :

- positive cashflow from operating activities of $6.9 million and $5.8 million respectively
- net loans taken up in Q2 2016 and 1H 2016 of $6.3 million and $6.2 million respectively.

The above was partially offset by payment of FY 2015 dividend of $3.6 million in May 2016, and outlay on capital expenditure of $0.3 million and $2.2 million for Q2 2016 and 1H 2016 respectively.

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.

In 1H 2016, the Group secured approximately $125.9 million in order in-take, an increase of 0.3% compared to 1H 2015 of $125.6 million.

Telecommunications (Telecom)

In 1H 2016, the Group's Telecom business segment secured approximately $44.6 million in order in-take, an increase of 1.3% compared to $44.1 million in 1H 2015. Order in-take from the Asia Pacific region was higher due to a major in-building infrastructure contract won by the Group in Q2 2016.

The Group believes that demand for wireless infrastructure networks will be driven by Mobile Operators expanding its wirelss network coverage, capacity and capabilities to meet their customers' need for mobility and broadband services as well as regulatory standards and compliances.

The Group will continue to provide a comprehensive wireless infrastructure network, 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.

Competition remain intense as customers continue to demand for lower capex and opex costs, and drive for higher services standards and lower cost to provide their services.

Infocommunications (Infocomm)

The Group's Infocomm business segment managed to secure approximately $81.3 million in order in-take in 1H 2016, approximately the same level of order in-take as in 1H 2015 of $81.5 million. The Network Infrastructure business area achieved significant increase in order in-take, which was offset by lower orders from the Payment Solutions business area.

Network Infrastructure

In 1H 2016, the Group's Network Infrastructure business area secured approximately $61.0 million in order in-take, a significant increase of 29.3% compared to $47.2 million in 1H 2015 due to a strong order in-take from our Service Provider customers.

The Group believes that its Service Provider, Enterprise, and Government, Transport and Utilities customers will continue to invest and upgrade their ICT network infrastructure to support the growth in the number of users, number of devices, data and video traffic, web services, cyber threats, mobility as well as regulatory compliances.

The Group will continue to focus on providing IP (routing and switching), Security, Optical, Broadcast network infrastructure, Cloud and Data center products and solutions and build up a comprehensive range of IP network infrastructure products to enable our customers to roll out competitive ICT services to their customers.

Competition in the Network Infrastructure business area remains high and very fragmented with local and global resellers, distributors, system integrators and some equipment vendors are competing in the various market verticals.

Payment Solutions

In 1H 2016, the Group's Payment Solutions business area managed to secure approximately $20.3 million in order in-take, a decrease of 40.9% compared to $34.3 million in 1H 2015 due to delay in order in-take from a customer. Following Q2 2016 closing, the Group received a purchase order and a letter of award of approximately $7.6 million of sales and leasing of point of sales ("POS") terminals from existing customers in South East Asia. On the POS terminal leasing order, the customer has the option to extend the tenor to 5 years and also deploy additional POS terminals of approximately $17.5 million.

Competition in the payment industry is fragmented with many local players offering various brands of payment products and services to banks, financial institutions and retailers.

The Group believes that growth in the payment business will continue due primarily to the increase in number of plastic cards, consumer spending, transactions, governments' drive towards a cashless society, banks outsourcing their non-core payment infrastructure as well as security and regulatory compliances. The Group will continue to provide comprehensive payment infrastructure products and services to various payment market verticals.

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)	1 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)	2.5 cents
Tax Rate	Tax exempt

(c) Date payable

7 September 2016

(d) Books closure date

26 August 2016

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 financial statements for the period ended 30 June 2016, 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

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

2 August 2016