

Array Networks

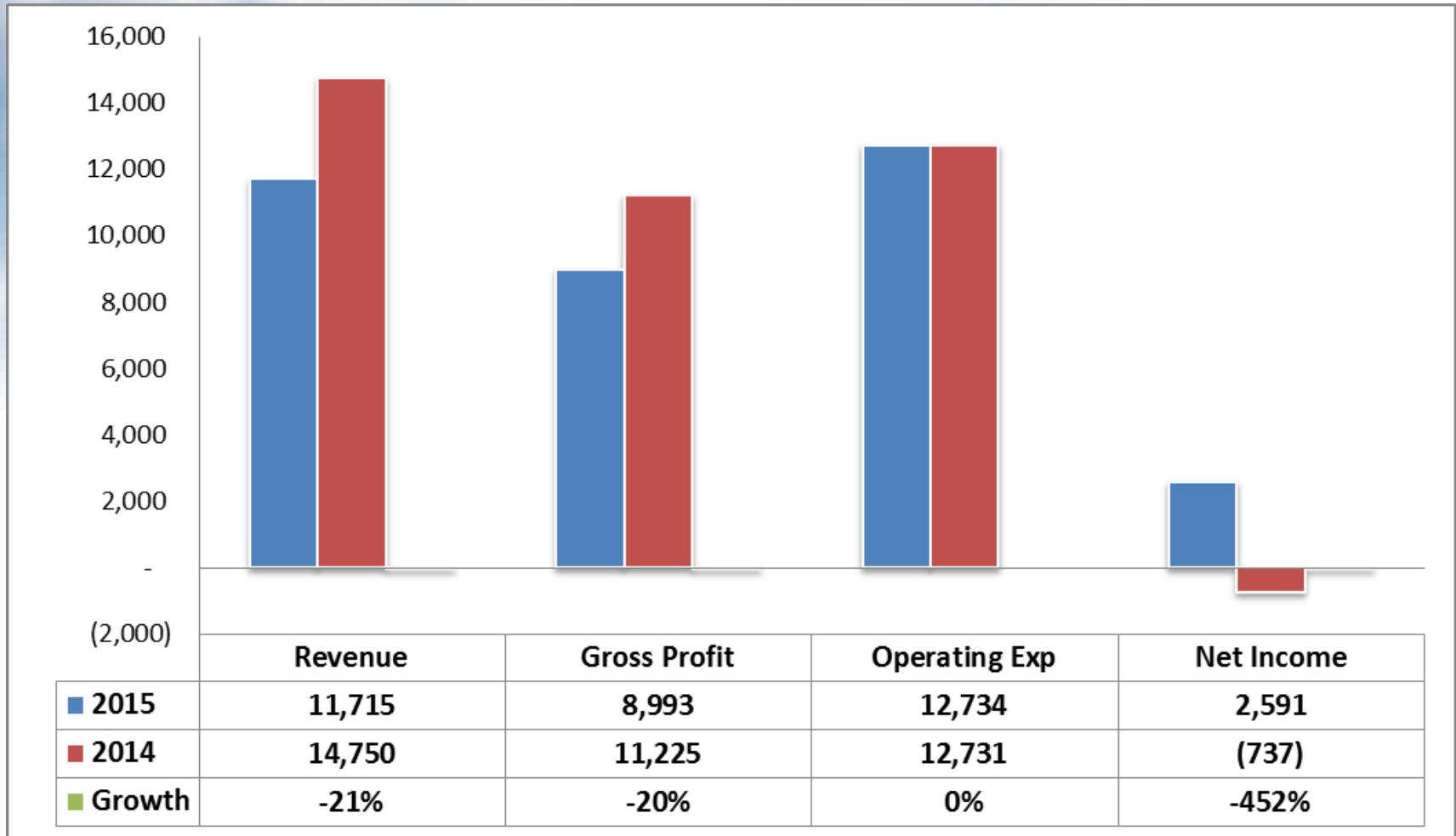
1H FY 15 INVESTOR UPDATE

- This presentation may contain certain "forward-looking statements" concerning the business, operations and financial condition of Array, Inc. Although Array believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, there can be no assurance that its expectations will be realized.
- "Forward-looking statements" consist of all non-historical information, including the statements referring to the prospects and future performance of Array. Actual results could differ materially from those projected in Array forward-looking statements due to numerous known and unknown risks and uncertainties.
- Array does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

1H FY15 results

- US\$11.715M (or NT\$365.27M) in revenue
- 77% gross profit margin
- -21% revenue decline in 1H, 2015 vs. 1H, 2014
- 37% revenue growth in ROW in 1H, 2015 vs. 1H, 2014
- No increase in Operating Expense US\$12.734M (or NT\$397.03M)
- Income from Discontinued Operations US\$6.115M (or NT\$190.65M)
- Net Income US\$2.59M (or NT\$80.79M)

1H Performance FY15 vs. FY14 (US\$M)

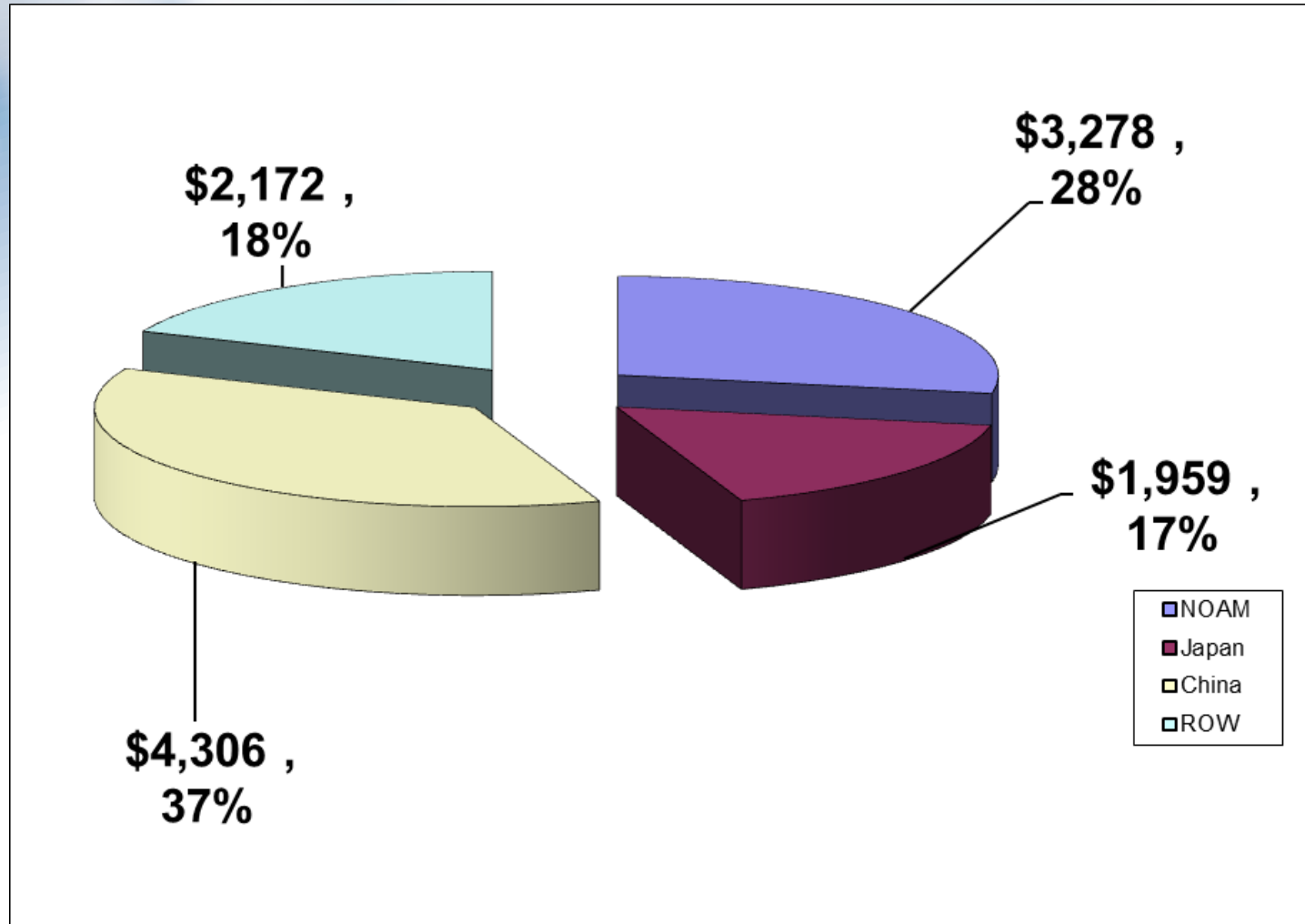


1H 15 vs. 1H 14 Income Statement

	FY15		FY14		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
Net Sales	11,715		14,750		-3,035	-21%
Gross Profit	8,993	77%	11,225	76%	-2,232	-20%
Gross Margin	77%		78%			
Operating Expenses						
Sales	(5,990)	-51%	(6,795)	-46%	805	-12%
G&A	(2,063)	-18%	(1,861)	-13%	(202)	11%
R&D	(4,680)	-40%	(4,075)	-28%	(605)	15%
Total Operating Expenses	(12,734)	-109%	(12,731)	-86%	(3)	0%
Operating Income/(Loss)	(3,741)	-32%	(1,506)	-10%	(2,236)	148%
Other Income/(Expense)	293	3%	606	4%	(313)	-52%
Net Income Before Tax	(3,448)	-29%	(899)	-6%	(2,549)	283%
Income Tax Expenses	(76)	-1%	(198)	-1%	122	-62%
Income from discontinued operation	6,115	52%	361	2%	5,754	1594%
Net Income	2,591	22%	(737)	-5%	3,328	-452%

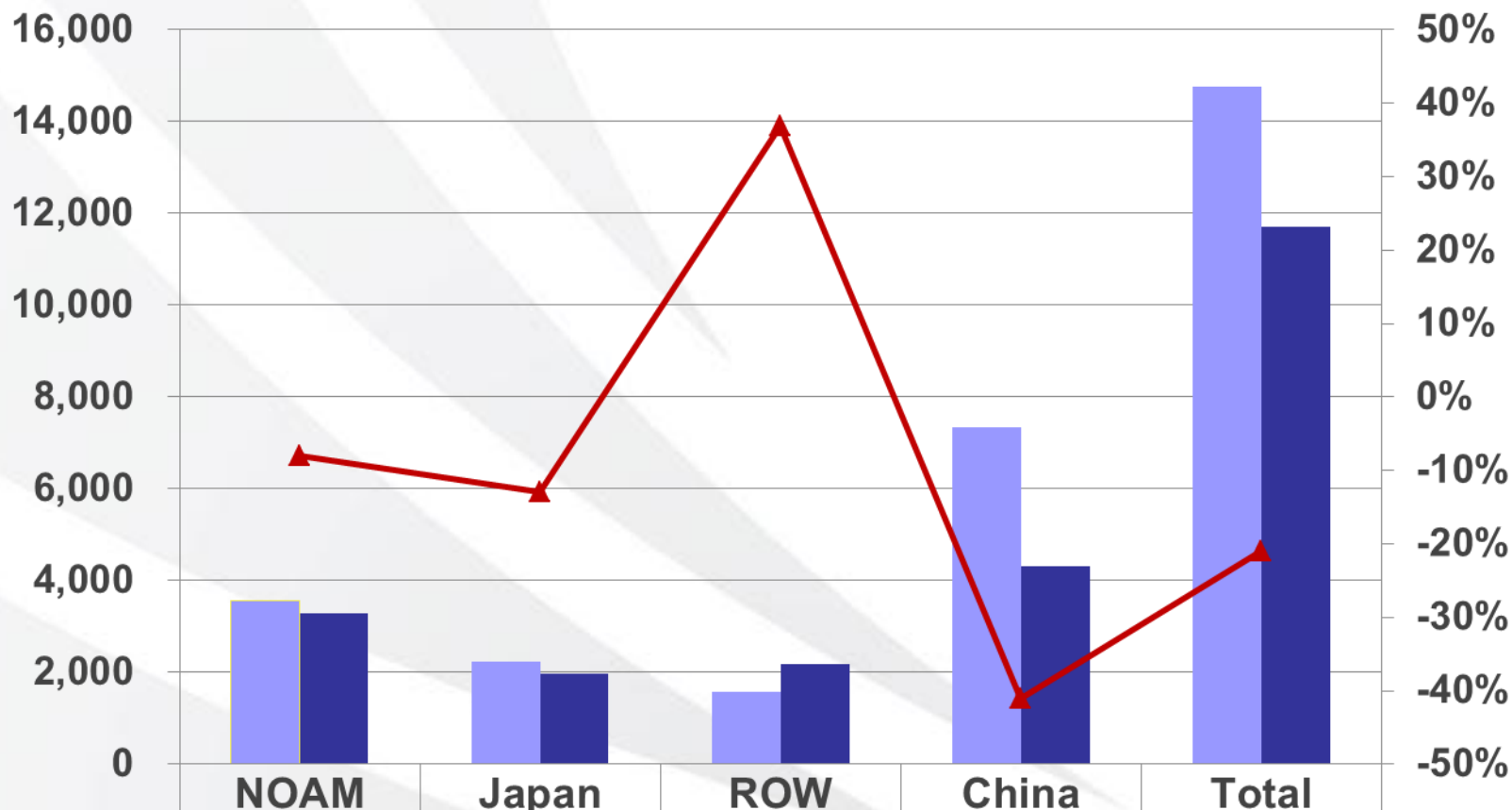
- Infosec's spin-off agreements have been signed on June 26th, 2015 with an approval by the AGM.
- Infosec WOFE and its controlled entity Infosec Local are defined as a discontinued operations in the report.
- According to IFRS 5, the result of discontinued operation is presented and reclassified as a single line item on both income and cash flow statements.
- For same base comparison purpose, Infosec's P&L are separated from the consolidated results during the same periods in 2014.
- Infosec's assets & liabilities are excluded from Array's Balance sheet.

1H 15 Revenue By Region



Growth by Region – 1H, FY15 vs. 1H, FY14

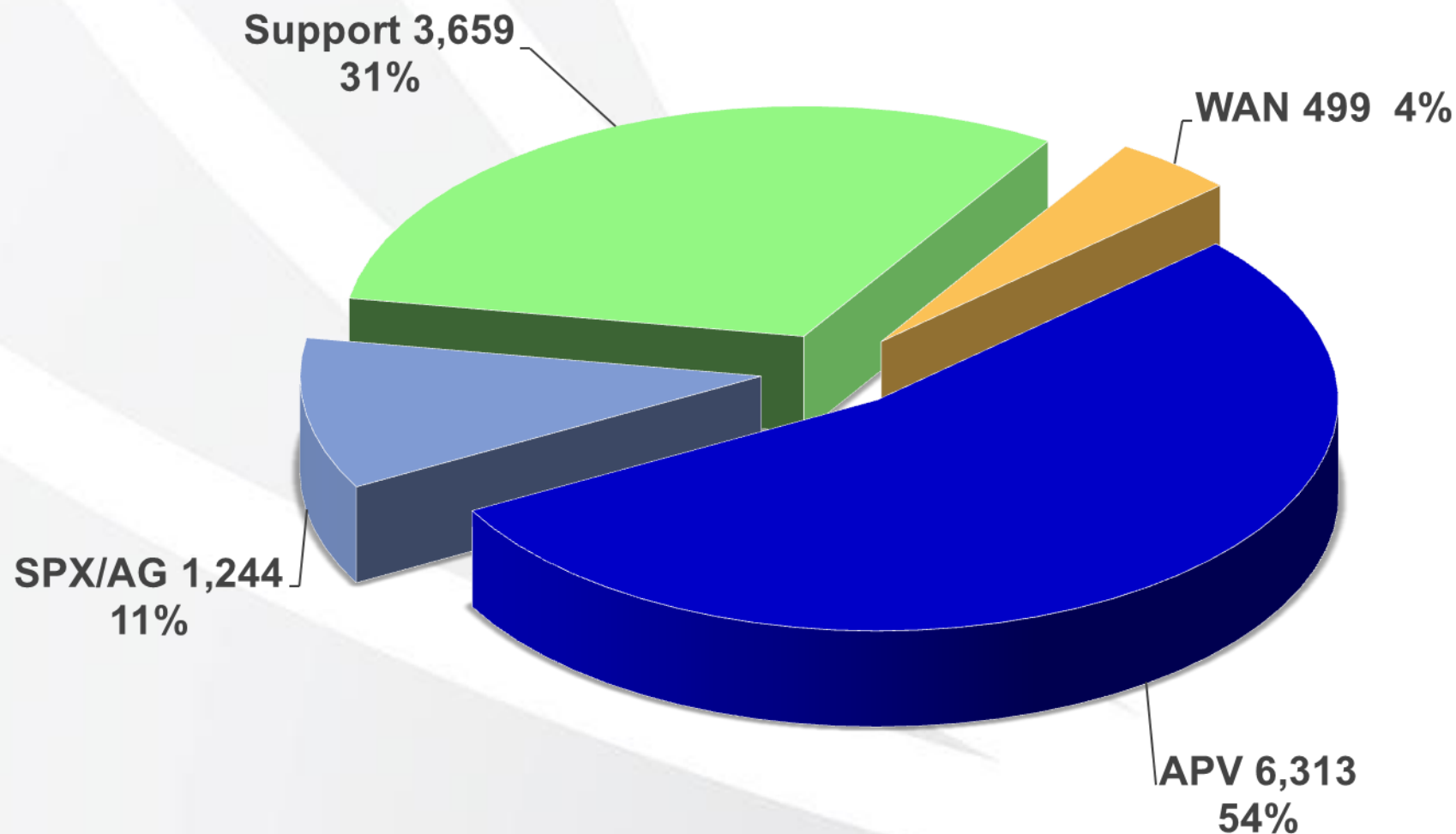
(USD1,000)



1H, 2014	3,571	2,242	1,585	7,352	14,750
1H, 2015	3,278	1,959	2,172	4,306	11,715
Growth	-8%	-13%	37%	-41%	-21%

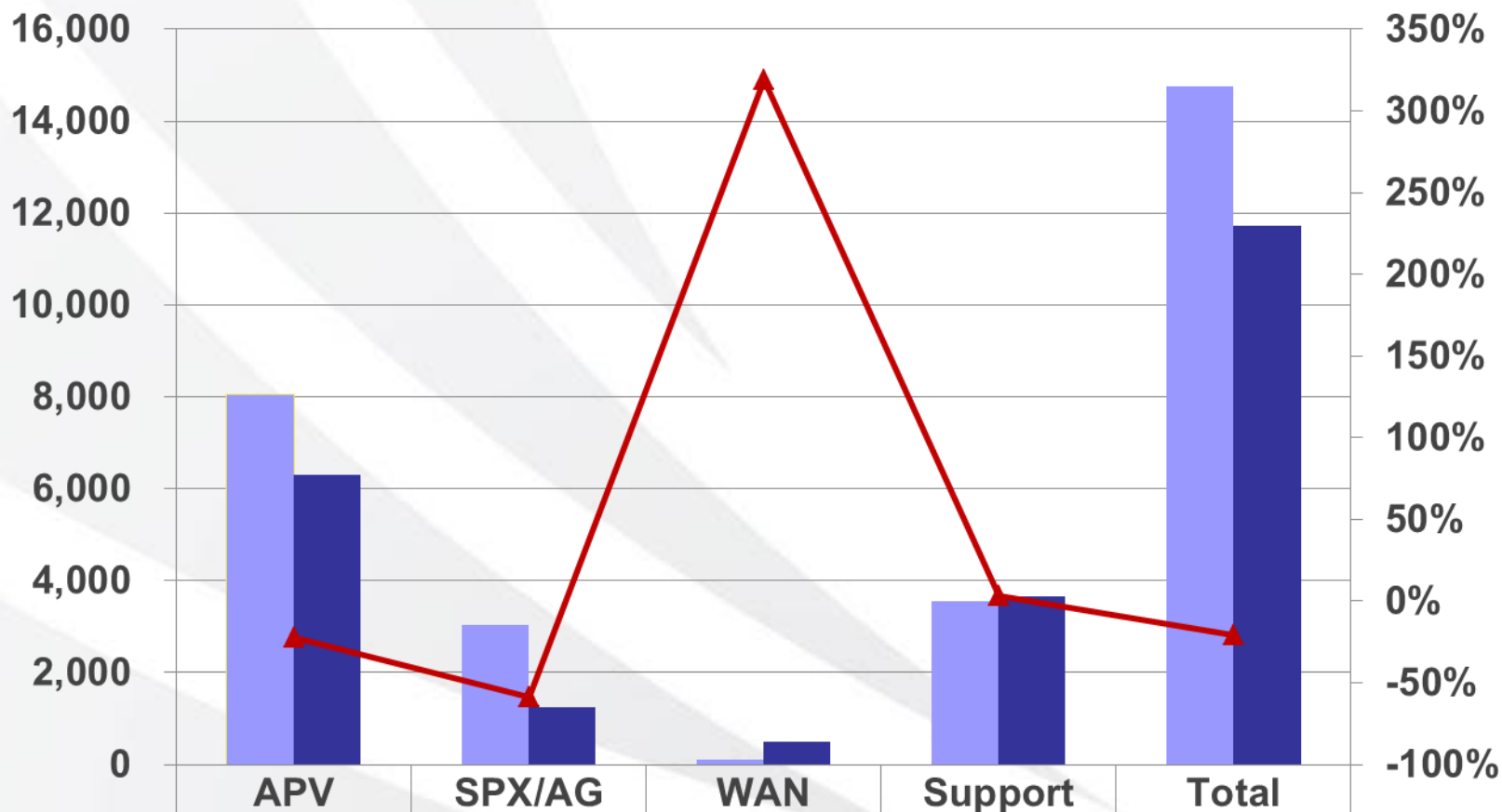
Revenue by Product – 1H, FY15

(USD1,000)



Growth by Product – 1H FY15 vs. 1H FY14

(USD1,000)

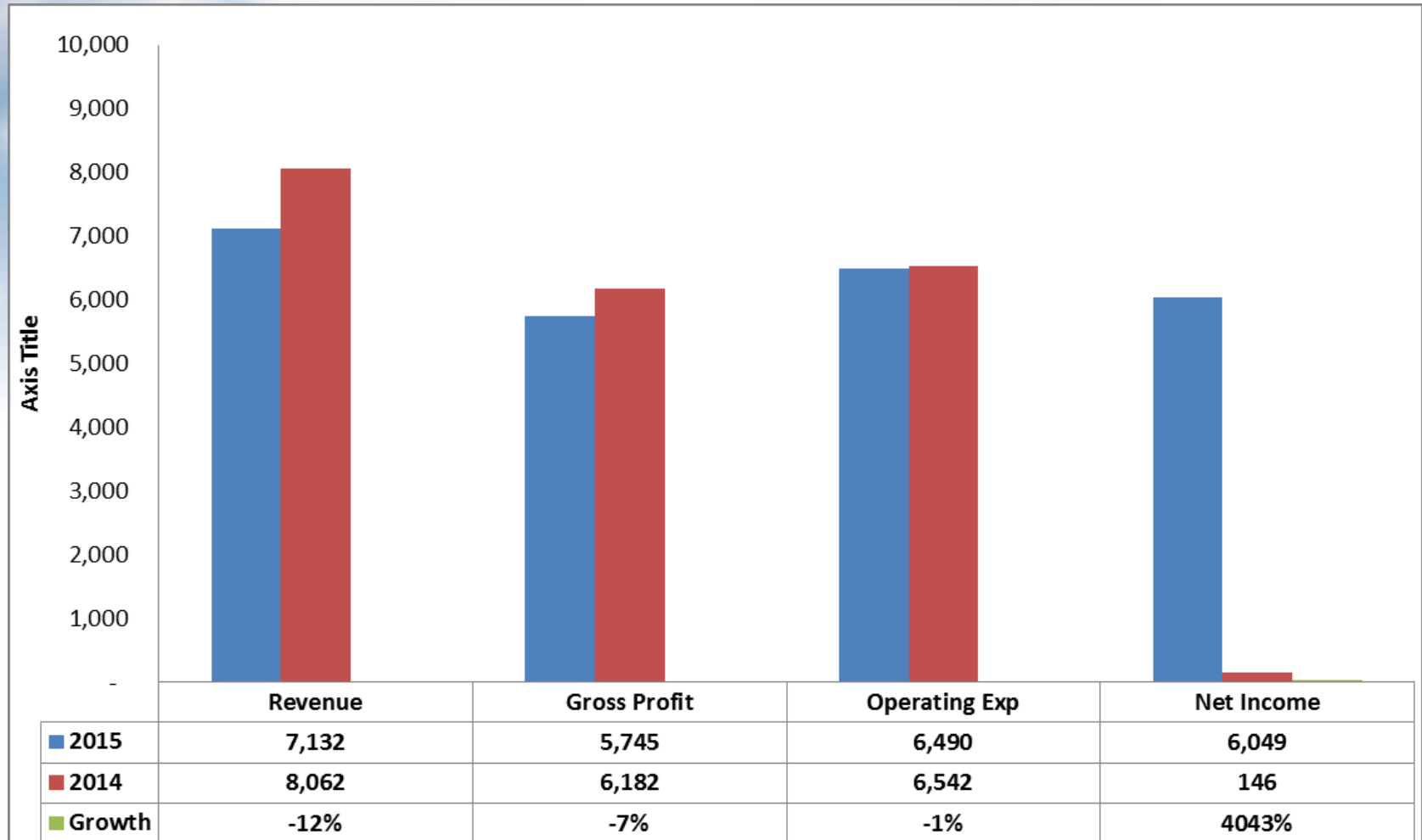


1H, 2014	8,046	3,025	119	3,560	14,750
1H, 2015	6,313	1,244	499	3,659	11,715
▲ Growth	-22%	-59%	319%	3%	-21%

Q2 FY15 results

- US\$7.132M (or NT\$220.79M) in revenue
- 81% gross profit margin
- - 12% revenue decline in 2Q, 2015 vs. 2Q, 2014
- 37% revenue growth in ROW in Q2, 2015 vs. Q2, 2014
- ~2% increase YoY in Operating Expense US\$6.49M (or NT\$200.21M)
- Income from Discontinued Operations US\$6.594M (or NT\$205.77M)
- Net Income US\$6.05M (or NT\$189.79M)

2Q Performance FY15 vs. FY14 (US\$M)



2Q 15 vs. 2Q 14 Income Statement

	Q2., FY15		Q2., FY14		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
Net Sales	7,132		8,062		(930)	-12%
Gross Profit	5,745	81%	6,182	77%	(437)	-7%
Gross Margin	81%		77%			
Operating Expenses						
Sales	(3,072)	-43%	(3,495)	-43%	423	-12%
G&A	(1,190)	-17%	(975)	-12%	(215)	22%
R&D	(2,228)	-31%	(2,072)	-26%	(156)	8%
Total Operating Expenses	(6,490)	-91%	(6,542)	-81%	52	-1%
Operating Income/(Loss)	(745)	-10%	(360)	-4%	(385)	107%
Other Income/(Expense)	254	4%	166	2%	88	-53%
Net Income Before Tax	(491)	-6%	(194)	-2%	(297)	153%
Income Tax Expenses	(54)	-1%	(117)	-1%	64	-54%
Income from discontinued operation	6,594	93%	458	5%	6,136	1340%
Net Income	6,049	86%	147	2%	5,903	4029%

FY15 vs. FY14 Operating Expense Growth

	1H 2015	1H 2014	Growth
Headcount	243	239	2%
IFRS Operating Expense	12,734	12,731	0%
Option Expense	133	156	-15%
Additional AR Reserve	217	65	234%
Operating exp. (Excluded AR reserve & Option exp.)	12,384	12,510	-1%

FY15 vs. FY14 Operating Expense Growth

	1H, 2015	1H,2014	Growth
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FY15 vs. FY14 Balance Sheet

	June 30, 2015	June 30, 2014
	(US\$1,000)	(US\$1,000)
Assets		
Cash and Available for Sale Securities	15,935	26,181
Notes & Accounts Receivable (net)	12,789	14,015
Other Receivables	18,283	114
Inventory (net)	2,957	4,175
Other Current Assets	528	781
Fixed Assets (net)	1,007	1,311
Other Assets / Goodwill	5,129	8,833
Total Assets	56,628	55,410
Liabilities & Equity		
Accounts Payable	996	2,103
Other Current Liabilities	172	507
Accrued Liabilities	3,763	3,525
Deferred Revenue	8,432	9,125
Capital & Paid-in Capital	35,449	34,978
Retained Earnings	7,363	3,615
Treasury shares & other adjustments	453	1,557
Total Liabilities & Equity	56,628	55,410

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THANK YOU!