

First Quarter * Financial Statement And Dividend Announcement

* Asterisks denote mandatory information

Name of Announcer *	NERATELECOMMUNICATIONS LTD
Company Registration No.	197802690R
Announcement submitted on behalf of	NERATELECOMMUNICATIONS LTD
Announcement is submitted with respect to *	NERATELECOMMUNICATIONS LTD
Announcement is submitted by *	Julie Koh Ngin Joo
Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2007
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NERA TELECOMMUNICATIONS LTD

(Co. Reg. No. 197802690R)

Unaudited First Quarter Financial Statements For the Period ended 31 March 2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group		
		Qtr 1 2007 S\$'000	(Restated) Qtr 1 2006 S\$'000	Increase/ (Decrease) %
<u>Continuing operations</u>				
Turnover		36,403	42,180	(13.7)
Cost of sales		(28,545)	(35,368)	(19.3)
Gross profit		7,858	6,812	15.4
Other operating income		631	142	344.4
Distribution and selling expenses		(3,416)	(2,912)	17.3
Administrative expenses		(1,702)	(1,106)	53.9
Other operating expenses		(383)	(281)	36.3
Profit from operations		2,988	2,655	12.5
Financial expenses		(48)	(26)	84.6
Financial income		275	349	(21.2)
Profit after financial items		3,215	2,978	8.0
Share of results of associated company		(45)	(6)	650.0
Profit before taxation		3,170	2,972	6.7
Taxation		(761)	(628)	21.2
Profit for the period from continuing operations		2,409	2,344	2.8
<u>Discontinued operation</u>				
Profit for the period from a discontinued operation		-	1,665	(100.0)
Profit for the period		2,409	4,009	(39.9)
Attributable to:				
Equity holders of the Company		2,409	3,481	(30.8)
Minority interests		-	528	(100.0)
		2,409	4,009	(39.9)

		Group		
			(Restated)	
		Qtr 1 2007	Qtr 1 2006	Increase / (Decrease)
		S\$'000	S\$'000	%
<u>Continuing operations</u>				
Profit for the period is arrived at after crediting / (charging) the following :				
Depreciation		(410)	(458)	(10.5)
Interest income		275	349	(21.2)
Foreign exchange loss		(115)	(179)	(35.8)
Writeback of provision for doubtful debts		313	85	268.2
Provision for stock obsolescence		(483)	(464)	4.1
Writeback / (Provision) for warranty		18	(1,087)	N.M.
Gross profit as a percentage of turnover		21.6%	16.1%	34.2
Profit for the period as a percentage of turnover		6.6%	5.6%	17.9
<u>Other information</u>				
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period				
		3.5%	3.5%	0.0

N.M. Not meaningful

1(b)(i) A balance sheet (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	
		31/3/2007 S\$'000	31/12/2006 S\$'000	31/3/2007 S\$'000	31/12/2006 S\$'000
Equity					
Share capital		29,906	29,906	29,906	29,906
Share option reserve		1	1	1	1
Revenue reserve		41,054	38,645	35,578	33,494
Translation reserve		(1,693)	(1,664)	-	-
		69,268	66,888	65,485	63,401
Non current assets					
Fixed assets		6,990	6,379	4,145	4,309
Investment in subsidiaries		-	-	4,316	4,316
Investment in associated company		1,063	1,094	199	199
Deferred tax assets		977	875	280	175
		9,030	8,348	8,940	8,999
Current assets					
Stocks		4,892	5,642	3,799	4,320
Contracts-works-in-progress	(1)	27,022	18,627	24,304	16,794
Trade debtors	(1)	36,305	29,957	29,956	24,812
Other debtors, deposits and prepayments		2,690	1,863	1,382	569
Due from associated company (trade)		8,186	7,231	6,519	6,303
Due from associated company (non-trade)		1,263	1,263	1,263	1,263
Due from related companies (trade)	(1)	1,161	156	874	56
Due from subsidiaries (trade)		-	-	5,447	4,497
Due from subsidiaries (non-trade)		-	-	697	-
Fixed deposits		13,012	12,896	12,981	12,896
Cash and bank balances		11,268	12,935	9,299	10,088
Total current assets		105,799	90,570	96,521	81,598
Current liabilities					
Trade creditors	(1)	23,565	16,393	21,358	14,716
Other creditors and accruals		8,425	9,706	6,022	7,662
Provision for warranty		2,706	3,044	1,300	1,403
Due to subsidiaries (trade)		-	-	388	384
Due to associated company (trade)		-	18	-	-
Due to related companies (trade)	(1)	7,649	374	7,649	327
Provision for taxation		3,216	2,495	3,259	2,704
Total current liabilities		45,561	32,030	39,976	27,196
Net current assets		60,238	58,540	56,545	54,402
		69,268	66,888	65,485	63,401

Note :

(1) Significant variances mainly due to timing of billing, receipts and payments.

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

Amount repayable in one year or less, or on demand

As at 31/3/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 31/3/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

Not applicable

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

	Group	
	Period ended 31 March	
	2007	2006
	S\$'000	S\$'000
Cash flows from operating activities		
Profit from continuing operations before taxation	3,170	2,972
Profit from discontinued operation before taxation	-	2,301
	<u>3,170</u>	<u>5,273</u>
Adjustments for :		
Depreciation of fixed assets	410	955
Share option expenses	-	(1)
Provision for stock obsolescence	483	712
(Writeback) / provision for doubtful debts	(313)	109
(Writeback) / provision for warranty	(18)	1,164
Interest income	(275)	(443)
Share of results of associated company	45	6
Operating profit before working capital changes	<u>3,502</u>	<u>7,775</u>
Decrease / (increase) in :		
Trade debtors	(6,035)	(6,638)
Other debtors, deposits and prepayments	(827)	(800)
Stocks	267	2,356
Contracts-work-in-progress	(8,395)	3,274
Changes in related parties/associate balances	5,419	(7,097)
Decrease/(increase) in :		
Trade creditors	7,172	4,935
Other creditors and accruals	(1,281)	(3,968)
Provision for warranty	(320)	(310)
Cash used in operations	<u>(498)</u>	<u>(473)</u>
Income taxes paid	<u>(144)</u>	<u>(129)</u>
Net cash flows used in operating activities	<u>(642)</u>	<u>(602)</u>
Cash flows from Investing activities		
Purchase of fixed assets	(1,021)	(584)
Interest received	153	443
Net cash flows used in investing activities	<u>(868)</u>	<u>(141)</u>
Net decrease in cash and bank balances	(1,510)	(743)
Effect of exchange rate changes	(41)	(102)
Cash and bank balances at beginning of the period	25,831	55,089
Cash and bank balances at end of the period	<u>24,280</u>	<u>54,244</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

	← Attributable to equity holders of the Company →						Minority Interests	Total Equity
For Period ended 31 March	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserve S\$'000	Capital Reserve S\$'000	Share Option Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000	S\$'000
The Group								
Balance as at 1.1.2007	29,906	-	38,645	-	1	(1,664)	66,888	-
Foreign currency translation difference	-	-	-	-	-	(29)	(29)	-
Net profit for the period	-	-	2,409	-	-	-	2,409	-
Balance as at 31.3.2007	29,906	-	41,054	-	1	(1,693)	69,268	-
Balance as at 1.1.2006	18,094	11,812	62,317	4,951	2	(1,206)	95,970	15,304
Transfer of share premium reserve to share capital account	11,812	(11,812)	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	(112)	(112)	-
Share option	-	-	-	-	(1)	-	(1)	-
Net profit for the period	-	-	3,481	-	-	-	3,481	528
Balance as at 31.3.2006	29,906	-	65,798	4,951	1	(1,318)	99,338	15,832
The Company								
Balance as at 1.1.2007	29,906	-	33,494	-	1	-	63,401	-
Net profit for the period	-	-	2,084	-	-	-	2,084	-
Balance as at 31.3.2007	29,906	-	35,578	-	1	-	65,485	-
Balance as at 1.1.2006	18,094	11,812	34,536	-	2	-	64,444	-
Transfer of share premium reserve to share capital account	11,812	(11,812)	-	-	-	-	-	-
Share option	-	-	-	-	(1)	-	(1)	-
Net profit for the period	-	-	2,086	-	-	-	2,086	-
Balance as at 31.3.2006	29,906	-	36,622	-	1	-	66,529	-

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 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 December 2006. As at 31 March 2007, there were 1,092,000 (1,069,000 @ S\$0.625 and 23,000 @ S\$0.22) unexercised share options granted (31 March 2006 : 2,042,000).

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 first quarter financial statements for the period ended 31 March 2007, to be false or misleading in any material respect.

On behalf of the Board

S Chandra Das
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.

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

Not applicable.

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	
	Period ended 31 March	
	2007	2006
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:	(cents)	(cents)
(i) basic - continuing operations	0.67	0.65
(ii) basic - discontinued operation	-	0.31
(iii) fully diluted - continuing operations	0.67	0.65
(iv) fully diluted - discontinued operation	-	0.31

Basic earnings per ordinary share for the financial period ended 31 March 2007 was calculated based on the weighted average number of shares in issue of 361,883,000 {2006 : 361,883,000} ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 31 March 2007 was calculated based on the adjusted weighted average number of shares in issue (adjusted for the effects of dilutive options) of 361,893,125 ordinary shares {2006 : based on weighted average number of shares in issue (adjusted for the effects of dilutive options) of 361,895,234 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	
	31/3/2007	31/12/2006	31/3/2007	31/12/2006
	(cents)	(cents)	(cents)	(cents)
Net Asset Value per ordinary share based on issued share capital	19.14	18.48	18.10	17.52

Net asset value per ordinary share as at 31 March 2007 and 31 December 2006 was calculated based on the number of shares in issue of 361,883,000 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

(i) **Review of financial performance of continuing operations**

(a) **Turnover**

Compared to Q1 2006, the Group's turnover decreased 13.7%, from S\$42.2 million to S\$36.4 million, with lower turnover from both the Telecom and Infocomm business segments.

Telecommunications (Telecom)

Turnover decreased 16.2% from S\$26.5 million to S\$22.2 million, with lower turnover from both Satellite and Transmission equipment sales. The lower Satellite equipment sales were mainly due to lower sales of land and marine satellite terminals and Q1 2006's turnover included the final billing for the Inmarsat gateway delivered to India. The lower turnover for Transmission was mainly due to delay in projects.

Infocomm

Turnover decreased 9.6% from S\$15.7 million to S\$14.2 million. This was mainly due to lower sales of DTT ("Digital Terrestrial TV") infrastructure equipment in Singapore to the Media & Broadcasting market sector. There were also lower sales of network infrastructure solutions to the Government, Transportation & Utilities market sector, partially offset by higher sales of network equipment to the Service Provider market sector.

(b) **Gross Profit**

Compared to Q1 2006, despite the lower turnover, the Group's gross profit increased by 15.4%, from S\$6.8 million to S\$7.9 million, and the gross margin % ('GM%') improved from 16.1% to 21.6%. The improvement is mainly due to higher GM% from both business segments as a result of product / services sales mix and lower warranty provision.

(c) **Operating Expenses**

Compared to Q1 2006, the Group registered a 28.0% increase in total operating expenses from S\$4.3 million to S\$5.5 million.

Distribution and sales expenses and administrative expenses have both increased mainly due to higher payroll and related costs. In addition, administrative expenses also increased as part of the corporate costs in Q1 2006 was charged to the discontinued operation. Other operating expenses increased by S\$102,000 mainly due to higher expenses in research and development, partially offset by lower exchange loss.

(d) **Profit Before Taxation ('PBT')**

As a result of the higher gross margin, PBT increased by 6.7% from S\$3.0 million to S\$3.2 million despite the higher operating costs.

(e) **Cash flow**

The decrease in cash and bank balances was mainly due to purchase of fixed assets for leasing of point-of-sale ("POS") terminals and lower cash generated from operations.

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

Telecommunications (Telecom)

In the Transmission business area, the need for radio transmission equipment remains high due to Mobile Operators' requirements for higher transmission bandwidth and capacity, increasing coverage and also strengthening their market positions. In addition, some existing mobile customers and new 3G operators are investing in 3G network infrastructure and services.

With the gradual introduction of Nera's new family of SDH access radio products named Evolution, the Group believes that, with a complete range of PDH, SDH trunk and access radios transmission products, it will better serve the mobile markets as well as the non-Telcos markets such as Defence, Broadcasting and Enterprises. During the 1st quarter of 2007, the Group has secured more than S\$40 million in orders for PDH and SDH radio transmission equipment and services.

In the Satellite business area, Thrane and Thrane acquired Nera Satcom AS Norway in October 2006 whom the Group was an exclusive distributor for their complete range of products. The Group has since concluded a new non-exclusive Distribution Agreement / Certified Partner Agreement with Thrane and Thrane to distribute their complete range of satellite products covering land and mobile satellite terminals as well as satellite gateways. This has broadened the Group's satellite product portfolio and potentially increased our satellite business opportunities.

The Group will continue to focus on sales of various types Inmarsat and non-Inmarsat satellite terminals, satellite gateways and marine services, as well as upgrading and maintenance of existing Inmarsat satellite gateway. The Group will continue to evaluate potential business partners to increase its satellite product portfolio.

The telecommunication industry remains highly competitive and the consolidation of various major telecom equipment players has created larger companies and customers are constantly demanding for shorter delivery times and better commercial terms.

Infocomm (IC)

Growth from the Infocomm industry is generally driven by demand in broadband services, consumers' need for higher speed and bandwidth to access high bandwidth content such as video, gaming, internet services and investment by corporate and enterprises to improve productivity and competitiveness. Competition in the industry is keen and the market is dominated by major industry players.

The Group intends to position itself as a regional Infocommunication infrastructure provider and concentrate on building a comprehensive product portfolio and developing key competence to serve the Service Providers, Enterprises, Financial Institutions and Retail, Media & Broadcasting, and Government, Transportation and Utilities sectors. The Group has recently announced that it has received purchase orders for network infrastructure equipment and services worth about S\$17 million.

In the Service Provider market sector, demand for infocomm networking equipment is driven by the growth from broadband and data related services. The convergence of mobile and fixed networks, IP networks as well as various wireless broadband initiatives such as mesh-wifi and wimax will offer numerous business opportunities for the Group.

In the Enterprise market sector, the Group will continue to focus on sales of various network infrastructure products, security products, solutions, internet appliances and wireless solutions to enterprises.

In the Financial & Retail market sector, demand for point-of-sale ("POS") terminals are driven by migration to EMV-compliant POS terminals by banks and financial institutions. The Group will continue to provide various types of POS payment terminals to banks and retailers under direct purchase, rental, leasing and maintenance schemes. The Group has managed to secure new POS customers in Thailand, Indonesia and Taiwan, and intend to introduce some of its existing non-POS products to the Financial and Retail sector.

In the Media & Broadcasting market sector, Broadcasters will gradually migrate their analogue TV systems to digital systems. There is interest from Broadcasters in South East Asian countries to deploy Digital Terrestrial TV (DVB T/H/M) networks and the Group will focus on promoting such network infrastructure to these potential Broadcasters. The Group intends to introduce its existing range of network infrastructure products to the Broadcasters.

In the Government, Transport and Utilities market sector, the Group offers its network infrastructure products, optical networks, wireless solutions and integrated communication systems to government organisations, defence, education, healthcare, utilities, oil/gas and the transportation industries.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ? None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended for the financial period.

13. Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate for the period ended 31 March 2007.

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the details of the aggregate value of interested person transactions conducted pursuant to a shareholders' general mandate are as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000
Sales	
Nera Networks AS	1,594
Nera Networks, Inc.	859
Purchases	
Nera Networks AS	12,200
Other Operating Revenues	
Nera Networks AS	306

BY ORDER OF THE BOARD

Tan Cher Liang
Julie Koh Ngin Joo
Company Secretaries

19/4/2007