

[Print this page](#)**Third 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 *	TAN CHER LIANG AND JULIE KOH NGIN JOO
Designation *	COMPANY SECRETARIES
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**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2007
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**NERA TELECOMMUNICATIONS LTD**  
(Co. Reg. No. 197802690R)

**Unaudited Third Quarter Financial Statements For the Period ended 30 September 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**

	Group			Group		
	3rd Quarter			Period ended 30 September		
	2007	2006	Increase/ (Decrease)	2007	2006	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Continuing operations</b>						
<b>Turnover</b>	<b>44,125</b>	<b>27,145</b>	<b>62.6</b>	<b>121,989</b>	<b>101,074</b>	<b>20.7</b>
Cost of sales	(35,532)	(19,384)	83.3	(96,098)	(79,480)	20.9
<b>Gross profit</b>	<b>8,593</b>	<b>7,761</b>	<b>10.7</b>	<b>25,891</b>	<b>21,594</b>	<b>19.9</b>
Other operating income	511	265	92.8	1,530	586	161.1
Distribution and selling expenses	(3,616)	(3,790)	(4.6)	(10,934)	(9,708)	12.6
Administrative expenses	(1,855)	(802)	131.3	(5,226)	(3,862)	35.3
Other operating expenses	(465)	(446)	4.3	(1,004)	(758)	32.5
<b>Profit from operations</b>	<b>3,168</b>	<b>2,988</b>	<b>6.0</b>	<b>10,257</b>	<b>7,852</b>	<b>30.6</b>
Financial expenses	(40)	(45)	(11.1)	(140)	(121)	15.7
Financial income	229	407	(43.7)	727	1,269	(42.7)
<b>Profit after financial items</b>	<b>3,357</b>	<b>3,350</b>	<b>0.2</b>	<b>10,844</b>	<b>9,000</b>	<b>20.5</b>
Share of results of associated company	58	10	480.0	(22)	(141)	(84.4)
<b>Profit from continuing operations</b>	<b>3,415</b>	<b>3,360</b>	<b>1.6</b>	<b>10,822</b>	<b>8,859</b>	<b>22.2</b>
Exceptional item (1)	-	28,782	(100.0)	-	28,782	(100.0)
<b>Profit from continuing operations before taxation</b>	<b>3,415</b>	<b>32,142</b>	<b>(89.4)</b>	<b>10,822</b>	<b>37,641</b>	<b>(71.2)</b>
Taxation	(376)	(1,205)	(68.8)	(2,092)	(2,228)	(6.1)
<b>Profit for the period from continuing operations</b>	<b>3,039</b>	<b>30,937</b>	<b>(90.2)</b>	<b>8,730</b>	<b>35,413</b>	<b>(75.3)</b>
<b>Discontinued operation</b>						
<b>Profit for the period from a discontinued operation</b>	<b>-</b>	<b>1,273</b>	<b>(100.0)</b>	<b>-</b>	<b>5,420</b>	<b>(100.0)</b>
<b>Profit for the period</b>	<b>3,039</b>	<b>32,210</b>	<b>(90.6)</b>	<b>8,730</b>	<b>40,833</b>	<b>(78.6)</b>
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>3,039</b>	<b>31,806</b>	<b>(90.4)</b>	<b>8,730</b>	<b>39,113</b>	<b>(77.7)</b>
<b>Minority interests</b>	<b>-</b>	<b>404</b>	<b>(100.0)</b>	<b>-</b>	<b>1,720</b>	<b>(100.0)</b>
	<b>3,039</b>	<b>32,210</b>	<b>(90.6)</b>	<b>8,730</b>	<b>40,833</b>	<b>(78.6)</b>

Note :

(1) The exceptional item relates to the gain on disposal of a subsidiary company.

		Group 3rd Quarter				Group Period ended 30 September		
		2007	2006	Increase / (Decrease)		2007	2006	Increase / (Decrease)
		S\$'000	S\$'000	%		S\$'000	S\$'000	%
<b><u>Continuing operations</u></b>								
Profit for the period is arrived at after crediting / (charging) the following :								
Adjustments for over provision of tax in respect of prior years								
		135	-	N.M.		138	-	N.M.
Depreciation		(538)	(88)	511.4		(1,395)	(996)	40.1
Loss on disposal of fixed assets		(2)	-	N.M.		(4)	-	N.M.
Interest income		229	407	(43.7)		727	1,269	(42.7)
Foreign exchange loss		(232)	(64)	262.5		(200)	(225)	(11.1)
Writeback / (provision) for doubtful debts		17	(426)	N.M.		409	306	33.7
(Provision) / write-back for stock obsolescence		(31)	230	N.M.		(524)	25	N.M.
Write-back / (provision) for warranty		53	320	(83.4)		(1,713)	(1,284)	33.4
Gross profit as a percentage of turnover		19.5%	28.6%	(31.8)		21.2%	21.4%	(0.9)
Profit for the period as a percentage of turnover		6.9%	114.0%	(93.9)		7.2%	35.0%	(79.4)
<b><u>Other information</u></b>								
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period								
		4.7%	26.8%	(82.5)		13.5%	32.9%	(59.0)

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	
	30/9/2007 S\$'000	31/12/2006 S\$'000	30/9/2007 S\$'000	31/12/2006 S\$'000
<b>Equity</b>				
Share capital	29,909	29,906	29,909	29,906
Share option reserve	-	1	-	1
Revenue reserve	36,518	38,645	30,979	33,494
Translation reserve	(1,622)	(1,664)	-	-
	64,805	66,888	60,888	63,401
<b>Non current assets</b>				
Fixed assets	7,959	6,379	4,413	4,309
Investment in subsidiaries	-	-	4,316	4,316
Investment in associated company	1,073	1,094	199	199
Deferred tax assets	925	875	223	175
	9,957	8,348	9,151	8,999
<b>Current assets</b>				
Stocks	7,663	5,642	6,849	4,320
Contracts-works-in-progress	(1) 27,531	18,627	24,623	16,794
Trade debtors	(1) 39,013	29,957	32,827	24,812
Other debtors, deposits and prepayments	2,434	1,863	476	569
Due from associated company (trade)	10,583	7,231	9,067	6,303
Due from associated company (non-trade)	1,000	1,263	1,000	1,263
Due from related companies (trade)	104	156	87	56
Due from subsidiaries (trade)	-	-	7,076	4,497
Due from subsidiaries (non-trade)	-	-	402	-
Fixed deposits	33	12,896	-	12,896
Cash and bank balances	11,873	12,935	8,069	10,088
Total current assets	100,234	90,570	90,476	81,598
<b>Current liabilities</b>				
Trade creditors	(1) 26,136	16,393	23,120	14,716
Other creditors and accruals	10,177	9,706	7,922	7,662
Provision for warranty	3,297	3,044	1,446	1,403
Due to subsidiaries (trade)	-	-	415	384
Due to associated company (trade)	-	18	-	-
Due to related companies (trade)	(1) 3,321	374	3,568	327
Provision for taxation	2,455	2,495	2,268	2,704
Total current liabilities	45,386	32,030	38,739	27,196
<b>Net current assets</b>	54,848	58,540	51,737	54,402
	64,805	66,888	60,888	63,401

Note :

- (1) The significant increases are in line with the increase in business activities. They are also affected by 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 30/9/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Amount repayable after one year**

As at 30/9/2007		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**

	<b>Group 3rd Quarter</b>		<b>Group Period ended 30 Sep</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>				
Profit from continuing operations before taxation	3,415	32,142	10,822	37,641
Profit from discontinued operation before taxation	-	1,518	-	6,906
	<u>3,415</u>	<u>33,660</u>	<u>10,822</u>	<u>44,547</u>
Adjustments for :				
Depreciation of fixed assets	538	332	1,395	2,161
Gain from disposal of a subsidiary company, net	-	(28,782)	-	(28,782)
Loss from disposal of fixed assets	2	-	4	-
Share option expenses	-	-	(1)	(1)
Provision / (writeback) for stock obsolescence	31	(31)	524	1,093
(Writeback) / provision for doubtful debts	(17)	625	(409)	242
(Writeback) / provision for warranty	(53)	(78)	1,713	1,816
Interest income	(229)	(489)	(727)	(1,609)
Share of results of associated company	(58)	(10)	22	141
	<u>3,629</u>	<u>5,227</u>	<u>13,343</u>	<u>19,608</u>
<b>Operating profit before working capital changes</b>				
Decrease / (increase) in :				
Trade debtors	1,270	1,343	(8,647)	(3,928)
Other debtors, deposits and prepayments	(371)	35	(571)	(2,459)
Stocks	(858)	(9,145)	(2,545)	(8,247)
Contracts-work-in-progress	6,948	(7,250)	(8,904)	(7,948)
Changes in related parties/associate balances	(9,116)	(1,158)	285	(198)
(Decrease) / increase in :				
Trade creditors	(1,989)	5,897	9,743	12,123
Other creditors and accruals	1,630	3,142	471	(175)
Provision for warranty	(676)	(248)	(1,460)	(1,096)
	<u>467</u>	<u>(2,157)</u>	<u>1,715</u>	<u>7,680</u>
<b>Cash generated from / (used in) operations</b>				
Income taxes paid	(1,126)	(389)	(2,179)	(3,789)
	<u>(659)</u>	<u>(2,546)</u>	<u>(464)</u>	<u>3,891</u>
<b>Net cash flows (used in) / generated from operating activities</b>				
<b>Cash flows from Investing activities</b>				
Purchase of fixed assets	(1,028)	(1,434)	(2,891)	(2,435)
Interest received	82	489	334	1,609
Disposal of a subsidiary company, net of cash disposed	-	39,513	-	39,513
	<u>(946)</u>	<u>38,568</u>	<u>(2,557)</u>	<u>38,687</u>
<b>Net cash flows (used in) / generated from investing activities</b>				
<b>Cash flows from financing activities</b>				
Dividend paid to shareholders	-	-	(10,857)	(10,856)
Dividend paid to minority shareholders	-	-	-	(838)
Proceeds from issue of shares	-	-	3	-
	<u>-</u>	<u>-</u>	<u>(10,854)</u>	<u>(11,694)</u>
<b>Net cash flows used in financing activities</b>				
<b>Net (decrease) / increase in cash and bank balances</b>				
Effect of exchange rate changes	(1,605)	36,022	(13,875)	30,884
	3	(26)	(50)	(423)
Cash and bank balances at beginning of the period	13,508	49,554	25,831	55,089
<b>Cash and bank balances at end of the period</b>	<u>11,906</u>	<u>85,550</u>	<u>11,906</u>	<u>85,550</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	Total
	Share	Revenue	Capital	Share Option	Translation	Interests	Equity
For 3rd Quarter ended 30 Sep	Capital	Reserve	Reserve	Reserve	Reserve		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>							
Balance as at 1.7.2007	29,909	33,479	-	-	(1,563)	-	61,825
Foreign currency translation difference	-	-	-	-	(59)	-	(59)
Net profit for the period	-	3,039	-	-	-	-	3,039
Balance as at 30.9.2007	29,909	36,518	-	-	(1,622)	-	64,805
<b>Balance as at 1.7.2006</b>							
Balance as at 1.7.2006	29,906	58,768	4,951	1	(1,492)	15,782	107,916
Foreign currency translation difference	-	-	-	-	(171)	-	(171)
Net profit for the period	-	31,806	-	-	-	404	32,210
Disposal of a subsidiary company	-	-	(4,951)	-	-	(16,186)	(21,137)
Balance as at 30.9.2006	29,906	90,574	-	1	(1,663)	-	118,818
<b>The Company</b>							
Balance as at 1.7.2007	29,909	27,863	-	-	-	-	57,772
Net profit for the period	-	3,116	-	-	-	-	3,116
Balance as at 30.9.2007	29,909	30,979	-	-	-	-	60,888
<b>Balance as at 1.7.2006</b>							
Balance as at 1.7.2006	29,906	29,743	-	1	-	-	59,650
Net profit for the period	-	55,101	-	-	-	-	55,101
Balance as at 30.9.2006	29,906	84,844	-	1	-	-	114,751

For Period ended 30 Sep	Attributable to equity holders of the Company						Minority Interests	Total Equity
	Share Capital	Share Premium	Revenue Reserve	Capital Reserve	Share Option Reserve	Translation Reserve		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>								
<b>Balance as at 1.1.2007</b>	29,906	-	38,645	-	1	(1,664)	66,888	66,888
Foreign currency translation difference	-	-	-	-	-	42	42	42
Employee share options exercised / (cancelled)	3	-	-	-	(1)	-	2	2
Net profit for the period	-	-	8,730	-	-	-	8,730	8,730
Dividends paid	-	-	(10,857)	-	-	-	(10,857)	(10,857)
<b>Balance as at 30.9.2007</b>	<b>29,909</b>	<b>-</b>	<b>36,518</b>	<b>-</b>	<b>-</b>	<b>(1,622)</b>	<b>64,805</b>	<b>64,805</b>
<b>Balance as at 1.1.2006</b>	18,094	11,812	62,317	4,951	2	(1,206)	95,970	111,274
Transfer of share premium reserve to share capital account	11,812	(11,812)	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	(457)	(457)	(457)
Employee share options cancelled	-	-	-	-	(1)	-	(1)	(1)
Net profit for the period	-	-	39,113	-	-	-	39,113	40,833
Dividends paid	-	-	(10,856)	-	-	-	(10,856)	(11,694)
Disposal of a subsidiary company	-	-	-	(4,951)	-	-	(4,951)	(21,137)
<b>Balance as at 30.9.2006</b>	<b>29,906</b>	<b>-</b>	<b>90,574</b>	<b>-</b>	<b>1</b>	<b>(1,663)</b>	<b>118,818</b>	<b>118,818</b>
<b>The Company</b>								
<b>Balance as at 1.1.2007</b>	29,906	-	33,494	-	1	-	63,401	63,401
Employee share options exercised / (cancelled)	3	-	-	-	(1)	-	2	2
Net profit for the period	-	-	8,342	-	-	-	8,342	8,342
Dividends paid	-	-	(10,857)	-	-	-	(10,857)	(10,857)
<b>Balance as at 30.9.2007</b>	<b>29,909</b>	<b>-</b>	<b>30,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,888</b>	<b>60,888</b>
<b>Balance as at 1.1.2006</b>	18,094	11,812	34,536	-	2	-	64,444	64,444
Transfer of share premium reserve to share capital account	11,812	(11,812)	-	-	-	-	-	-
Employee share options cancelled	-	-	-	-	(1)	-	(1)	(1)
Net profit for the period	-	-	61,164	-	-	-	61,164	61,164
Dividends paid	-	-	(10,856)	-	-	-	(10,856)	(10,856)
<b>Balance as at 30.9.2006</b>	<b>29,906</b>	<b>-</b>	<b>84,844</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>114,751</b>	<b>114,751</b>

**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 30 June 2007. As at 30 September 2007, there were 1,032,000 (@ S\$0.625) unexercised share options granted {30 September 2006 : 1,585,000 (1,562,000 @ S\$0.625 and 23,000 @ S\$0.22)}.



**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 third quarter financial statements for the period ended 30 September 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**

	<b>Group 3rd Quarter</b>		<b>Group Period ended 30 Sep</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:	(cents)	(cents)	(cents)	(cents)
(i) basic - continuing operations	0.84	8.55	2.41	9.79
(ii) basic - discontinued operation	-	0.24	-	1.02
(iii) fully diluted - continuing operations	0.84	8.55	2.41	9.79
(iv) fully diluted - discontinued operation	-	0.24	-	1.02

Basic earnings per ordinary share for the financial period ended 30 September 2007 was calculated based on the weighted average number of shares in issue of 361,891,051 {2006 : 361,883,000} ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 30 September 2007 was calculated based on the adjusted weighted average number of shares in issue (adjusted for the effects of dilutive options) of 361,891,051 ordinary shares {2006 : based on weighted average number of shares in issue (adjusted for the effects of dilutive options) of 361,894,038 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**

	<b>Group</b>		<b>Company</b>	
	<b>30/9/2007</b>	<b>31/12/2006</b>	<b>30/9/2007</b>	<b>31/12/2006</b>
	<b>(cents)</b>	<b>(cents)</b>	<b>(cents)</b>	<b>(cents)</b>
Net Asset Value per ordinary share based on issued share capital	17.91	18.48	16.82	17.52

Net asset value per ordinary share as at 30 September 2007 and 31 December 2006 was calculated based on the number of shares in issue of 361,897,000 and 361,883,000 ordinary shares respectively.

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.**

#### **Review of financial performance of continuing operations**

##### **(a) Turnover**

On a Q on Q comparison, turnover in Q3 2007 increased 62.6% from S\$27.1 million to S\$44.1 million, mainly due to higher turnover in both the Telecom and Infocomm business segments.

Compared to 9 months of 2006, the Group's turnover for this period increased 20.7%, from S\$101.1 million to S\$122.0 million, with higher turnover from both the Telecom and Infocomm business segments.

##### **Telecommunications (Telecom)**

On a Q on Q comparison, turnover in Q3 2007 increased 81.6% from S\$15.2 million to S\$27.6 million, mainly due to significant increase in sales of microwave radio equipment. This was however partially offset by a decrease in sales from the satellite business area.

Compared to 9 months of 2006, turnover for this period increased 20.6%, from S\$60.2 million to S\$72.6 million, with higher sales of microwave radio equipment. This was partially offset by lower sales from the satellite business area as a result of a project sale of satellite gateway systems and land terminals recorded during the corresponding period.

##### **Infocomm**

On a Q on Q comparison, turnover in Q3 2007 increased 37.5% from S\$12.0 million to S\$16.5 million and compared to 9 months of 2006, turnover for this period increased 20.9% from S\$40.9 million to S\$49.4 million.

The increase in turnover for Q3 2007 and the 9 months of 2007 were mainly due to higher sales of network equipment to the Service Provider market sector and point-of-sale terminals to the Financial Services and Retail market sector.

##### **(b) Gross Profit**

On a Q on Q comparison, gross profit increased by 10.7% from S\$7.8 million to S\$8.6 million mainly due to the higher turnover. However, gross margin % ("GM%") decreased from 28.6% to 19.5% mainly due to lower GM% from both the Telecom and Infocomm business segments. This resulted from higher stock provision and lower writeback of warranty provision.

Compared to 9 months of 2006, gross profit for this period increased by 19.9%, from S\$21.6 million to S\$25.9 million mainly due to higher turnover. However, GM% decreased slightly from 21.4% to 21.2% mainly from the Telecom business segment where there were higher stock and warranty provisions.

##### **(c) Operating Expenses**

On a Q on Q comparison, total operating expenses increased by 18.0% from S\$5.0 million to S\$5.9 million. Distribution and selling expenses decreased by 4.6% mainly due to lower provision for doubtful debts partially offset by higher payroll and related expenses. Administrative expenses increased by 131.3% mainly due to higher payroll and related costs in Q3 2007 and part of the corporate costs in Q3 2006 was charged to the discontinued operation. Also in Q3 2006, the professional fees relating to the disposal of a subsidiary previously accrued under administrative expenses were reversed and charged against the proceeds from the disposal.

Compared to 9 months of 2006, total operating expenses for this period increased by 19.6% from S\$14.3 million to S\$17.1 million. Distribution and selling expenses increased by 12.6% mainly due to higher payroll and related costs. Administrative expenses increased by 35.3% mainly due to higher payroll and related costs in this period and part of the corporate costs in the 9 months of 2006 was charged to the discontinued operation. Other operating expenses increased by S\$0.2 million mainly due to higher expenses in research and development.

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

On a Q on Q basis, PBT from continuing operations (before exceptional item) improved slightly by 1.6% due to the higher turnover for Q3 2007 but lower GM% and higher operating expenses. Accordingly, PBT as a percentage of turnover ("PBT %"), excluding the exceptional item in Q3 2006, decreased from 12.4% to 7.7%

Compared to 9 months of 2006, PBT for this period from continuing operations (before exceptional item) improved by 22.2% from S\$8.9 million to S\$10.8 million as a result of higher turnover and other operating income. The higher other operating income was derived from a one-off marketing support fee which the Company received from a principal and higher research and development fee from a related company. PBT as a percentage of turnover ("PBT %"), excluding the exceptional item in the corresponding period, increased slightly from 8.8% to 8.9%.

**(e) Cash flow**

The net decrease in cash and bank balances for the quarter and for the period was mainly due to higher working capital requirements resulting from the increase in revenue.

**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)**

The telecommunication industry remains competitive with many equipment vendors trying to increase their market share.

In the Transmission business area, demand for radio transmission equipment are driven by Mobile Operators continued expansion of their networks to increase their capacity, coverage and introduce new services. There are also 3G operators investing in their transmission network infrastructure.

During the first 9 months of 2007, the Group has secured more than S\$125 million in orders for PDH and SDH radio transmission equipment, services and an integrated communications system. The Group will continue to focus its sales and marketing activities of transmission networks to its Mobile customers and various transmission and telecommunications projects to the Defence, Broadcasting and Enterprises market sectors.

In the Satellite business area, the Group will continue to focus on sales of a wide range of satellite communication products and solutions for land and mobile customers, satellite networks, Inmarsat gateway maintenance, and marine services in various market sectors such as operators, ISP, broadcasters, government and enterprises. The Group will further to seek new markets opportunities for the sale of satellite land terminals and satellite handhelds.

## **Infocomm (IC)**

Competition in the Infocomm industry is keenly contested by a few large players. Demand is driven by consumer needs for higher speed, broadband, richer content multimedia services using the Internet. Enterprises and organisations are investing in their IT network infrastructure to enhance their network security, network performances and improved competitiveness.

The Group will continue to focus its business opportunities in five key market sectors, namely Service Providers, Enterprises, Financial Services and Retail, Media & Broadcasting, and the Government, Transportation and Utilities sectors.

In the Service Provider market sector, demand for infocomm networking equipment is driven by the growth in broadband and Internet services. The Group has managed to secure carrier class network infrastructure projects such as IP VPN core network with leading Telcos. In addition, there are numerous opportunities in the region for next generation broadband networks, wireless broadband access networks such as mesh-wifi and wimax.

In the Enterprise market sector, the Group will focus on sales of various Internet devices and security solutions for unified threat management, optimization, aggregation and caching appliances as well as wireless solutions.

In the Financial Services & Retail market sector, banks, financial institutions and retailers are gradually migrating their point-of-sale ("POS") terminals to those with PCI PED compliant. The Group has managed to secure a major contract to deliver more than 11,000 such terminals to a new customer in South East Asia. The Group will continue to focus on developing its POS terminal sales, terminal applications, rental, leasing and maintenance business and introduce its network infrastructure and wireless products and solutions to the Financial Services and Retail market sector.

In the Media & Broadcasting market sector, the Group intends to focus on sales activities of broadcast infrastructure products to Broadcasters who have plans to migrate their analogue TV systems to the digital DvB systems. In addition, the Group is also introducing a number of new products as well as existing network infrastructure products to customers in the Media & Broadcasting market sector.

In the Government, Transport and Utilities market sector, the Group is working with various Principals and gradually adding new infocomm products to its current product portfolio of network infrastructure, optical networks, wireless applications and solutions to serve the 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/recommended, 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 30 September 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)	
	3rd Quarter	Period ended 30 September
<b>Sales</b>		
Nera Networks AS	857	4,289
Nera Networks, Inc.	-	1,907
<b>Purchases</b>		
Nera Networks AS	9,347	37,976
<b>Other Operating Revenues</b>		
Nera Networks AS	237	651

**BY ORDER OF THE BOARD**

Tan Cher Liang  
Julie Koh Ngin Joo  
Company Secretaries

18/10/2007