

**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 *	TAN CHER LIANG
Designation *	COMPANY SECRETARY
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**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2008
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**NERA TELECOMMUNICATIONS LTD**

(Co. Reg. No. 197802690R)

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2008****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		
	Qtr 1 2008 S\$'000	Qtr 1 2007 S\$'000	Increase/ (Decrease) %
<b>Turnover</b>	<b>39,028</b>	<b>36,403</b>	<b>7.2</b>
Cost of sales	(29,954)	(28,545)	4.9
<b>Gross profit</b>	<b>9,074</b>	<b>7,858</b>	<b>15.5</b>
Other operating income	469	631	(25.7)
Distribution and selling expenses	(3,694)	(3,415)	8.2
Administrative expenses	(2,071)	(1,703)	21.6
Other operating expenses	(342)	(383)	(10.7)
<b>Profit from operations</b>	<b>3,436</b>	<b>2,988</b>	<b>15.0</b>
Financial expenses	(55)	(48)	14.6
Financial income	255	275	(7.3)
<b>Profit after financial items</b>	<b>3,636</b>	<b>3,215</b>	<b>13.1</b>
Share of results of associated company	10	(45)	N.M.
<b>Profit before taxation</b>	<b>3,646</b>	<b>3,170</b>	<b>15.0</b>
Taxation	(989)	(761)	30.0
<b>Profit after taxation</b>	<b>2,657</b>	<b>2,409</b>	<b>10.3</b>
Profit for the period is arrived at after crediting / (charging) the following :			
Adjustments for over provision of tax in respect of prior years	-	2	N.M.
Depreciation	(556)	(410)	35.6
Interest expense	(19)	-	100.0
Interest income	255	275	(7.3)
Foreign exchange loss	(70)	(115)	(39.1)
Writeback of provision for doubtful debts	45	313	(85.6)
Provision for stock obsolescence	(155)	(483)	(67.9)
(Provision) / Writeback for warranty	(236)	18	N.M.
Gross profit as a percentage of turnover	23.2%	21.6%	7.4
Profit for the year as a percentage of turnover	6.8%	6.6%	3.0
<b>Other information</b>			
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period	3.8%	3.5%	8.6

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	
	31/3/2008 S\$'000	31/12/2007 S\$'000	31/3/2008 S\$'000	31/12/2007 S\$'000
<b>Equity</b>				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	41,898	39,241	36,539	34,090
Translation reserve	(1,973)	(1,960)	-	-
	69,834	67,190	66,448	63,999
<b>Non current assets</b>				
Fixed assets	7,849	8,168	4,168	4,308
Investment in subsidiaries	-	-	4,316	4,316
Investment in associated company	1,117	1,111	199	199
Deferred tax assets	1,383	1,327	243	180
	10,349	10,606	8,926	9,003
<b>Current assets</b>				
Stocks	6,049	7,188	5,204	6,185
Contracts-works-in-progress	17,279	20,687	11,207	15,725
Trade debtors	(1) 20,980	48,733	16,507	38,563
Other debtors, deposits and prepayments	2,251	1,769	367	128
Due from associated company (trade)	6,719	8,145	5,705	7,076
Due from associated company (non-trade)	1,000	1,000	1,000	1,000
Due from related companies (trade)	362	95	213	83
Due from subsidiaries (trade)	-	-	6,680	8,033
Due from subsidiaries (non-trade)	-	-	207	359
Fixed deposits	(1) 23,013	35	23,013	-
Cash and bank balances	(1) 27,600	21,116	23,938	18,934
Total current assets	105,253	108,768	94,041	96,086
<b>Current liabilities</b>				
Trade creditors	21,496	22,498	17,303	16,945
Other creditors and accruals	16,187	17,448	13,263	13,875
Provision for warranty	3,849	3,821	1,640	1,706
Due to subsidiaries (trade)	-	-	398	400
Due to related companies (trade)	1,110	5,591	1,146	5,548
Provision for taxation	3,026	2,826	2,769	2,616
Hire purchase obligations (current portion)	20	-	-	-
Total current liabilities	45,688	52,184	36,519	41,090
<b>Net current assets</b>	59,565	56,584	57,522	54,996
<b>Non current liabilities</b>				
Hire purchase obligations	(80)	-	-	-
	69,834	67,190	66,448	63,999

Note :

- (1) The significant variances in trade debtors and fixed deposits / cash and bank balances resulted from good collections in Q1 2008.

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

**Amount repayable in one year or less, or on demand**

As at 31/3/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
20	-	-	-

**Amount repayable after one year**

As at 31/3/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
80	-	-	-

**Details of any collateral**

Hire purchase obligations of S\$100,000 are secured on two motor vehicles.

- 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</b>	
	<b>Period ended 31 March</b>	
	<b>2008</b>	<b>2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	3,646	3,170
Adjustments for :		
Depreciation of fixed assets	556	410
Provision for stock obsolescence	155	483
Writeback of provision for doubtful debts	(45)	(313)
Provision / (Writeback) for warranty	236	(18)
Interest expense	19	-
Interest income	(255)	(275)
Share of results of associated company	(10)	45
<b>Operating profit before working capital changes</b>	<b>4,302</b>	<b>3,502</b>
Decrease / (increase) in :		
Trade debtors	27,798	(6,035)
Other debtors, deposits and prepayments	(482)	(827)
Stocks	984	267
Contracts-work-in-progress	3,408	(8,395)
Changes in related parties/associate balances	(3,322)	5,419
(Decrease) / increase in :		
Trade creditors	(1,002)	7,172
Other creditors and accruals	(1,261)	(1,281)
Provision for warranty	(208)	(320)
<b>Cash generated from / (used in) operations</b>	<b>30,217</b>	<b>(498)</b>
Income taxes paid	(853)	(144)
Interest paid	(19)	-
<b>Net cash flows generated from / (used in) operating activities</b>	<b>29,345</b>	<b>(642)</b>
<b>Cash flows from Investing activities</b>		
Purchase of fixed assets	(344)	(1,021)
Interest received	255	153
<b>Net cash flows used in investing activities</b>	<b>(89)</b>	<b>(868)</b>
<b>Net increase / (decrease) in cash and bank balances</b>	<b>29,256</b>	<b>(1,510)</b>
Effect of exchange rate changes	206	(41)
Cash and bank balances at beginning of the period	21,151	25,831
<b>Cash and bank balances at end of the period</b>	<b>50,613</b>	<b>24,280</b>

- 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 Period ended 31 March	Share Capital S\$'000	Revenue Reserve S\$'000	Share Option Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
<b>Group</b>					
Balance as at 1.1.2008	29,909	39,241	-	(1,960)	67,190
Foreign currency translation difference	-	-	-	(13)	(13)
Net profit for the period	-	2,657	-	-	2,657
Balance as at 31.3.2008	29,909	41,898	-	(1,973)	69,834
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
<b>Company</b>					
Balance as at 1.1.2008	29,909	34,090	-	-	63,999
Net profit for the period	-	2,449	-	-	2,449
Balance as at 31.3.2008	29,909	36,539	-	-	66,448
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

- 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 December 2007. As at 31 March 2008, there were 1,032,000 (@ S\$0.625) unexercised share options granted (31 March 2007 : 1,092,000 (1,069,000 @ S\$0.625 and 23,000 @ S\$0.22)). There was no treasury share in issue as at the end of the current financial period (31 March 2007 : 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 2007 : 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

**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 2008, 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.**

Earnings per Ordinary Share for the year based on net profit attributable to shareholders:

(i) basic earnings per share

(iii) fully diluted earnings per share

Group Period ended 31 March	
2008	2007
(cents)	(cents)
0.73	0.67
0.73	0.67

Basic earnings per ordinary share for the financial period ended 31 March 2008 was calculated based on the weighted average number of shares in issue of 361,897,000 (2007 : 361,883,000) ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 31 March 2008 was calculated based on the adjusted weighted average number of shares in issue (adjusted for the effects of dilutive options) of 361,897,000 ordinary shares (2007 : based on weighted average number of shares in issue (adjusted for the effects of dilutive options) of 361,893,125 ordinary shares).

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

Net Asset Value per ordinary share based on issued share capital

Group		Company	
31/3/2008 (cents)	31/12/2007 (cents)	31/3/2008 (cents)	31/12/2007 (cents)
19.30	18.57	18.36	17.68

Net asset value per ordinary share as at 31 March 2008 and 31 December 2007 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**

Compared to Q1 2007, the Group's turnover increased 7.2%, from S\$36.4 million to S\$39.0 million, with higher turnover from both the Telecom and Infocomm business segments.

**Telecommunications (Telecom)**

Turnover increased 3.4% from S\$22.2 million to S\$23.0 million, with higher sales of microwave radio equipment. This was offset by lower sales from the satellite business area due to lower sales of satellite terminals.

**Infocomm**

Turnover increased by 13.1% from \$14.2 million to \$16.1 million. The increase in turnover was 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**

Compared to Q1 2007, gross profit increased by 15.5%, from S\$7.9 million to S\$9.1 million mainly due to higher turnover. The gross margin percentage increased from 21.6% to 23.2% with improvement in margins in both the Telecom and Infocomm business segments.

**(c) Operating Expenses**

Compared to Q1 2007, total operating expenses increased slightly by 11.0% from S\$5.5 million to S\$6.1 million. Distribution and selling expenses increased by 8.2% mainly due to lower writeback of doubtful debts provision as compared to the corresponding period. Administrative expenses increased by 21.6% mainly due to higher payroll and related costs, and office relocation costs of a subsidiary. Total operating expenses as a percentage of turnover was slightly higher at 15.6% compared to 15.1% for Q1 2007.

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

Compared to Q1 2007, PBT improved by 15.0% from S\$3.2 million to S\$3.6 million as a result of higher turnover and higher gross margin. PBT as a percentage of turnover ("PBT %") was higher at 9.3% compared to 8.7% in Q1 2007.

**(e) Cash flow**

The Group was able to generate positive cashflow from operating activities. The significant increase in cash and bank balances for the period was mainly due good collections from trade debtors in Q1 2008.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable

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, demand for radio transmission equipment is driven by Mobile Operators' continued expansion of their transmission network infrastructure to increase their capacity, coverage and the introduction of mobile data and video services.

The Group will continue to focus on providing a wide spectrum and capacity of PDH, SDH access and SDH trunk radio transmission networks to the Mobile market as well as transmission and telecommunications solutions to the Defence, Broadcasting and Utilities market sectors.

In the Satellite business area, the Group will continue to focus on sales of a wide range of Inmarsat satellite communication products and solutions for land and mobile customers, satellite networks, Inmarsat gateway maintenance, and marine services to various market sectors such as Satellite Operators, ISP, Broadcasters, Government, Oil / Gas / Maritime and Enterprises. The Group intends to seek new business opportunities for the sale of non-Inmarsat handheld satellite phones and other satellite communication products and systems.

The telecommunication industry remains highly competitive with many large equipment vendors aggressively trying to increase their market share and customers demanding for lower price and shorter delivery time.

#### **Infocomm (IF)**

In the Infocomm business segment, the Group will continue to focus on offering products and solutions from the Network Infrastructure, Broadcasting Infrastructure, Payment Solutions and Wireless Solutions business areas to 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 is focusing on providing carrier class network infrastructure equipment such as IP VPN core network, switches, security, access control, network operating and management system to Telcos and Service Providers. In addition, there are also opportunities for the deployment of next generation broadband networks, wireless broadband access networks such as wimax and mobile TV infrastructure.

In the Enterprise market sector, the Group will focus on sales of high performances network infrastructure, 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 continued to migrate their point-of-sale ("POS") terminals to those with PCI PED compliant. The Group will continue to focus on strengthening its current POS terminal sales, terminal applications, rental, leasing and maintenance business and also seek new POS market opportunities and introduce its network infrastructure, wireless products and solutions to the Financial Services and Retail market sector.

In the Media & Broadcasting market sector, the Group intends to focus on broadcast infrastructure projects to Broadcasters who have plans to migrate their analogue TV systems to the digital DvB systems. The Group is also introducing new standalone products and solutions for IP video transport, head-end compression and multiplex, encoders as well as our existing network infrastructure product range to customers in this market sector.

In the Government, Transport and Utilities market sector, the Group is offering integrated communications solutions such as surveillance, train communication and offshore communication systems as well as network infrastructure and optical networks to the defence, education, healthcare, utilities and transportation industries.

Competition in the Infocomm industry is expected to be high and keenly contested by both local and global players.

**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 2008.**

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:

<b>Name of Interested Person</b>	<b>Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
	<b>S\$'000</b>
<b>Sales</b>	
Nera Networks AS	272
Nera Networks, Inc.	142
Nera Networks, s.r.o	124
<b>Purchases</b>	
Nera Networks AS	2,863
<b>Other Operating Revenues</b>	
Nera Networks AS	282

**BY ORDER OF THE BOARD**

Tan Cher Liang  
Company Secretary

17/4/2008