

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

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For the Financial Period Ended *	31-03-2009
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NERA TELECOMMUNICATIONS LTD

(Co. Reg. No. 197802690R)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**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 2009 S\$'000	Qtr 1 2008 S\$'000	Increase/ (Decrease) %
Turnover		51,189	39,028	31.2
Cost of sales		(41,199)	(29,954)	37.5
Gross profit		9,990	9,074	10.1
Other operating income		443	469	(5.5)
Distribution and selling expenses		(3,622)	(3,694)	(1.9)
Administrative expenses		(1,843)	(2,071)	(11.0)
Other operating expenses		(1,323)	(342)	286.8
Profit from operations		3,645	3,436	6.1
Financial expenses		(28)	(55)	(49.1)
Financial income		144	255	(43.5)
Profit after financial items		3,761	3,636	3.4
Share of results of an associate		(111)	10	N.M.
Profit before taxation		3,650	3,646	0.1
Taxation		(765)	(989)	(22.6)
Profit after taxation		2,885	2,657	8.6
Other comprehensive income / (expense) :				
Foreign currency translation of financial statements of foreign operations		77	(13)	N.M.
Total comprehensive income for the period		2,962	2,644	12.0

		Group		
		Qtr 1 2009 S\$'000	Qtr 1 2008 S\$'000	Increase/ (Decrease) %
Profit for the period is arrived at after crediting / (charging) the following :				
Adjustments for over provision of tax in respect of prior years		19	-	100.0
Depreciation	(1)	(659)	(556)	18.5
Interest expense		(2)	-	100.0
Interest income	(2)	144	255	(43.5)
Foreign exchange loss		(1,053)	(70)	1,404
Gain / (loss) on disposal of fixed assets		2	-	100.0
Writeback of allowance for doubtful debts		239	45	431.1
Bad debts recovered		6	-	100.0
Allowance for stock obsolescence		(5)	(155)	(96.8)
Provision for warranty		(767)	(236)	225.0
Gross profit as a percentage of turnover		19.5%	23.2%	(15.9)
Profit for the period as a percentage of turnover		5.6%	6.8%	(17.6)
Other information				
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of the period		4.4%	3.8%	15.8

N.M. Not meaningful

Notes :

- (1) The increase in depreciation resulted from more point-of-sale terminals purchased for leasing.
- (2) The decrease in interest income was mainly due to lower interest rates for deposits.

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	
	31/3/2009 S\$'000	31/12/2008 S\$'000	31/3/2009 S\$'000	31/12/2008 S\$'000
Equity				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	37,818	34,933	32,406	29,341
Translation reserve	(2,519)	(2,596)	-	-
	65,208	62,246	62,315	59,250
Non current assets				
Fixed assets	8,366	8,845	4,934	5,365
Investment in subsidiaries	-	-	4,316	4,316
Investment in an associate	973	1,077	199	199
Deferred tax assets	587	583	-	-
	9,926	10,505	9,449	9,880
Current assets				
Stocks	6,293	4,793	3,939	4,050
Contract works-in-progress	32,055	30,989	26,467	27,097
Trade receivables	31,337	30,812	25,507	20,215
Other receivables, deposits and prepayments	4,279	3,372	1,430	1,030
Due from an associate (trade)	17,395	12,901	14,640	10,310
Due from an associate (non-trade)	1,120	950	1,120	950
Due from related companies (trade)	15	279	3	15
Due from subsidiaries (trade)	-	-	8,845	9,829
Due from subsidiaries (non-trade)	-	-	365	215
Fixed deposits	3,019	2,018	3,019	2,018
Cash and bank balances	28,127	18,831	23,820	16,466
Total current assets	123,640	104,945	109,155	92,195
Current liabilities				
Trade payables	47,118	33,569	40,159	28,441
Other payables and accruals	11,047	13,141	7,359	8,618
Provision for warranty	3,579	2,965	1,808	1,820
Due to subsidiaries (trade)	-	-	333	316
Due to related companies (trade)	4,181	1,474	4,063	1,427
Provision for taxation	2,236	1,780	2,478	2,035
Obligations under finance leases	25	23	-	-
Total current liabilities	68,186	52,952	56,200	42,657
Net current assets	55,454	51,993	52,955	49,538
Non current liabilities				
Obligations under finance leases	83	84	-	-
Deferred tax liability	89	168	89	168
	172	252	89	168
Net Assets	65,208	62,246	62,315	59,250

Notes :

- (1) The increase in amount due from an associate (trade) was due to sales made during the period.
- (2) The increase in trade payables is in line with the high sales in Q1 2009.

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

Amount repayable in one year or less, or on demand

As at 31/3/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
25	-	23	-

Amount repayable after one year

As at 31/3/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
83	-	84	-

Details of any collateral

Obligations under finance leases of S\$108,000 are secured on three 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

	Group	
	Period ended 31 March	
	2009 S\$'000	2008 S\$'000
Cash flows from operating activities		
Profit before taxation	3,650	3,646
Adjustments for :		
Depreciation of fixed assets	659	556
(Gain) / loss from disposal of fixed assets	(2)	-
Interest expense	2	-
Interest income	(144)	(255)
Allowance for stock obsolescence	5	155
(Write-back) / allowance for doubtful debts	(239)	(45)
Provision for warranty	767	236
Share of results of an associate	111	(10)
Operating profit before working capital changes	4,809	4,283
Decrease / (increase) in :		
Trade receivables	(287)	27,798
Other receivables, deposits and prepayments	(907)	(482)
Stocks	(1,511)	984
Contract work-in-progress	(1,066)	3,408
Changes in related companies and associate balances	(1,693)	(3,322)
(Decrease) / increase in :		
Trade payables	13,549	(1,002)
Other payables and accruals	(2,094)	(1,261)
Provision for warranty	(165)	(208)
Cash generated from operations	10,635	30,198
Income taxes paid	(388)	(853)
Interest paid	(2)	-
Net cash flows from operating activities	10,245	29,345
Cash flows from Investing activities		
Proceeds from disposal of fixed assets	133	-
Purchase of fixed assets	(219)	(344)
Interest received	144	255
Net cash flows from / (used in) Investing activities	58	(89)
Cash flows from financing activities		
Repayment of obligations under finance leases	(5)	-
Net cash flows used in financing activities	(5)	-
Net increase in cash and bank balances	10,298	29,256
Effect of exchange rate changes	(1)	206
Cash and bank balances at beginning of the period	20,849	21,151
Cash and bank balances at end of the period	31,146	50,613

- 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	Translation Reserve S\$'000	Total S\$'000
Group				
Balance as at 1.1.2009	29,909	34,933	(2,596)	62,246
Total comprehensive income for the period	-	2,885	77	2,962
Balance as at 31.3.2009	29,909	37,818	(2,519)	65,208
Balance as at 1.1.2008	29,909	39,241	(1,960)	67,190
Total comprehensive income for the period	-	2,657	(13)	2,644
Balance as at 31.3.2008	29,909	41,898	(1,973)	69,834
Company				
Balance as at 1.1.2009	29,909	29,341	-	59,250
Total comprehensive income for the period	-	3,065	-	3,065
Balance as at 31.3.2009	29,909	32,406	-	62,315
Balance as at 1.1.2008	29,909	34,090	-	63,999
Total comprehensive income for the period	-	2,449	-	2,449
Balance as at 31.3.2008	29,909	36,539	-	66,448

- 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 2008. As at 31 March 2009, there were 1,014,000 (@ S\$0.625) unexercised share options granted (31 March 2008 : 1,032,000 @ S\$0.625). There was no treasury share in issue as at the end of the current financial period (31 March 2008 : 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 2008 : 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 2009, 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	
2009	2008
(cents)	(cents)
0.80	0.73
0.80	0.73

Basic earnings per ordinary share for the financial period ended 31 March 2009 was calculated based on the weighted average number of shares in issue of 361,897,000 (2008 : 361,897,000) ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 31 March 2009 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 {2008 : based on weighted average number of shares in issue (adjusted for the effects of dilutive options) of 361,897,000 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	
31/3/2009 (cents)	31/12/2008 (cents)	31/3/2009 (cents)	31/12/2008 (cents)
18.02	17.20	17.22	16.37

Net asset value per ordinary share as at 31 March 2009 and 31 December 2008 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 2008, the Group's turnover increased 31.2%, from \$39.0 million to \$51.2 million, with higher turnover from both the Telecom and Infocomm business segments.

Telecommunications (Telecom)

Turnover increased 41.3% from \$23.0 million to \$32.5 million, with higher sales of microwave radio equipment in the Transmission business area, as the Group managed to catch up on some of the project delays experienced in Q4 2008. The Satellite business area also registered higher sales of satellite terminals.

Infocomm

Turnover increased by 16.1% from \$16.1 million to \$18.7 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 2008, gross profit increased by 10.1%, from \$9.1 million to \$10.0 million mainly due to higher turnover. However, the gross margin percentage dropped from 23.2% to 19.5% with decrease in margins in both the Telecom and Infocomm business segments. The drop can be attributed to higher warranty provision and the product / services revenue mix.

(c) Operating Expenses

Compared to Q1 2008, total operating expenses increased by 11.2% from \$6.1 million to \$6.8 million. Total operating expenses as a percentage of turnover was lower at 13.3% compared to 15.6% for Q1 2008 as a result of the higher turnover.

Distribution and selling expenses decreased slightly by 1.9% mainly due to higher writeback of doubtful debts provision as compared to the corresponding period. Administrative expenses decreased by 11.0% mainly because in Q1 2008, there was a one-off office relocation cost of a subsidiary. Other operating expenses increased significantly by \$1.0 million mainly due to higher exchange loss as the US dollar continued to appreciate against Singapore dollar in Q1 2009. This affected the hedging contracts as they were contracted at lower exchange rates.

(d) Profit Before Taxation ('PBT')

Compared to Q1 2008, PBT remained similar at \$3.6 million despite the higher turnover and gross margin, mainly due to the higher exchange loss and loss from the associate. PBT as a percentage of turnover ("PBT %") was lower at 7.1% compared to 9.3% in Q1 2008.

(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 to better working capital management.

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**

The Group's business comprises of two main business segments, namely Telecommunications and Infocommunications.

Telecommunications (Telecom)

The Telecommunications business segment comprises of two main business areas : Transmission and Satellite Communications.

In the Telecom business segment, the current global economic slowdown has resulted in some telecom service providers to be more cautious in their capital expenditure and drive to lower operational costs. This has resulted in some Telco's realigning their operational and capital expenditures in line with their expected revenues while others take a more managed spending approach to strengthen their infrastructure and services in preparation for a market upturn. In Q1 2009, the Group's Telecom business segment managed to secure approximately \$16 million in order intake.

We believe that Mobile Operators will continue to expand their mobile transmission network infrastructure to increase their capacity, coverage and introduce new services. The Group will focus on providing a complete range of Evolution series PDH, SDH access and SDH trunk radio transmission networks. The Evolution series offer a wide range of spectrum, scalable based on a software defined platform and ready for current and future Ethernet / IP networks to serve the Mobile market as well as the Defence, Broadcasting and Utilities market sectors.

The Group will also continue to focus on sales of a wide range of Inmarsat satellite communication products, solutions and services for land and mobile customers, non-Inmarsat VSAT marine solutions and handheld satellite phones to various market sectors such as Satellite Operators, ISP, Broadcasters, Government, Oil / Gas / Maritime and Enterprises.

Competition in the telecommunication industry remains intense and the current economic slowdown has resulted in some equipment vendors positioning aggressively in the market and customers are also demanding for lower costs and better terms.

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 Integrated Communication 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.

The global economic slowdown is expected to also affect the Infocomm industry and the performances will be mixed depending on the various market sectors. In Q1 2009, the Group's Infocomm business segment managed to secure approximately \$27 million in order intake.

In the Service Provider market sector, the growth in the broadband, Internet and new services such as IPTV have resulted in the demand for more robust infrastructure networks. The Group will focus on providing high performance network infrastructure equipment such as routers, switches, security, access control and network management system to assist Telcos and Service Providers to lower their capital and operating expenditures.

In the Enterprise market sector, corporate spending is mixed with cutbacks in spending by some enterprises whilst others are taking the opportunity to upgrade. The general trend of corporate customers is to have a cost effective IT infrastructure that will lower costs and increase productivity. The Group will focus on providing effective enterprise-class network infrastructure product and services to this market sector.

In the Financial Services & Retail market sector, due to the poor economic climate, consumer spending is expected to slow down. Banks, financial institutions and retailers will try to lower their operating costs and adopt a more cautious approach to capital expenditure. Some customers will outsource their POS (point-of-sale) equipment infrastructure and concentrate on their core business. The Group will continue to focus on strengthening its POS terminal sales, terminal applications, rental, leasing and maintenance business and introduce its network infrastructure, wireless products and solutions to the Financial Services and Retail market sector.

In the Media & Broadcasting market sector, as a result of the economic slowdown, some Broadcasters expecting lower revenues from advertising have cutback on capital expenditure and implemented measures to reduce costs. This will delay the migration of analogue TV to digital TV system in some countries. The Group intends to focus on Broadcasters who have plans to roll out digital DvB broadcast infrastructure and introduce standalone broadcast products and solutions as well as network infrastructure products to customers in this market sector.

In the Government, Transport and Utilities market sector, Government are increasing their IT spending in various sectors such as education, healthcare, defence as well as transportation and utilities to help to boost the economies. The Group is focusing on providing various products and services such as IT network infrastructure, optical networks, integrated communication solutions, dedicated communication and offshore communication systems to various customers in this market sector.

Competition in the Infocomm industry is intense and keenly contested by both local and global players.

The current global economic slowdown may result in some of our customers realigning their capital expenditure, delay or defer projects in line with potentially lower revenues. The Group will need to adopt a more cautious approach in cost-related activities and balance its short term investment risks and opportunities against its long term business position.

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 2009

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	206
Purchases	
Nera Networks AS	7,688
Other Operating Revenues	
Nera Networks AS	318

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary

20/4/2009