

# NERA TELECOMMUNICATIONS LTD

(Co. Reg. No. 197802690R)

## UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2010

### 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 2nd Quarter			Group Period ended 30 June		
		2010 S\$'000	2009 S\$'000	Increase/ (Decrease) %	2010 S\$'000	2009 S\$'000	Increase/ (Decrease) %
<b>Turnover</b>		<b>38,046</b>	<b>49,274</b>	<b>(22.8)</b>	<b>70,977</b>	<b>100,463</b>	<b>(29.4)</b>
Cost of sales		(28,485)	(40,927)	(30.4)	(54,082)	(82,126)	(34.1)
<b>Gross profit</b>		<b>9,561</b>	<b>8,347</b>	<b>14.5</b>	<b>16,895</b>	<b>18,337</b>	<b>(7.9)</b>
Other operating income		687	459	49.7	1,533	902	70.0
Distribution and selling expenses		(3,766)	(3,946)	(4.6)	(7,793)	(7,568)	3.0
Administrative expenses		(2,207)	(1,719)	28.4	(4,006)	(3,562)	12.5
Other operating expenses		(254)	709	N.M.	(491)	(614)	(20.0)
<b>Profit from operations</b>		<b>4,021</b>	<b>3,850</b>	<b>4.4</b>	<b>6,138</b>	<b>7,495</b>	<b>(18.1)</b>
Financial expenses		(106)	(50)	112.0	(168)	(78)	115.4
Financial income		189	209	(9.6)	394	353	11.6
<b>Profit after financial items</b>		<b>4,104</b>	<b>4,009</b>	<b>2.4</b>	<b>6,364</b>	<b>7,770</b>	<b>(18.1)</b>
Share of results of an associate		173	3	5,666.7	499	(108)	N.M.
<b>Profit before taxation</b>		<b>4,277</b>	<b>4,012</b>	<b>6.6</b>	<b>6,863</b>	<b>7,662</b>	<b>(10.4)</b>
Taxation		(1,283)	(706)	81.7	(1,697)	(1,471)	15.4
<b>Profit after taxation</b>		<b>2,994</b>	<b>3,306</b>	<b>(9.4)</b>	<b>5,166</b>	<b>6,191</b>	<b>(16.6)</b>
<b>Other comprehensive income / (expense) :</b>							
Foreign currency translation of financial statements of foreign operations		(17)	92	N.M.	289	169	71.0
<b>Total comprehensive income for the period</b>		<b>2,977</b>	<b>3,398</b>	<b>(12.4)</b>	<b>5,455</b>	<b>6,360</b>	<b>(14.2)</b>

		Group				Group		
		2nd Quarter				Period ended 30 June		
		2010	2009	Increase / (Decrease)		2010	2009	Increase / (Decrease)
		S\$'000	S\$'000	%		S\$'000	S\$'000	%
Profit for the period is arrived at after crediting / (charging) the following :								
Adjustments for (under) / over provision of tax in respect of prior years		(546)	-	N.M.		(555)	19	N.M.
Depreciation	(1)	(728)	(701)	3.9		(1,431)	(1,360)	5.2
Interest expense		(1)	(1)	0.0		(2)	(3)	(33.3)
Interest income	(2)	189	209	(9.6)		394	353	11.6
Fixed assets written off		(1)	-	N.M.		(1)	-	N.M.
Foreign exchange gain / (loss)		98	951	(89.7)		359	(102)	N.M.
Gain on disposal of fixed assets		1	9	(88.9)		2	11	(81.8)
Writeback of provision for doubtful debts		283	123	130.1		57	362	(84.3)
Bad debts recovered		122	6	100.0		128	12	100.0
Allowance for stock obsolescence		(3)	(343)	(99.1)		(74)	(348)	(78.7)
Writeback / (provision) for warranty		86	(869)	N.M.		(248)	(1,636)	(84.8)
Gross profit as a percentage of turnover		25.1%	16.9%	48.5		23.8%	18.3%	30.1
Profit for the period as a percentage of turnover		7.9%	6.7%	17.9		7.3%	6.2%	17.7
<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		5.3%	5.7%	(7.0)		9.1%	10.7%	(15.0)

N.M. Not meaningful

**Notes :**

- (1) The increase in depreciation resulted from more point-of-sale terminals purchased for leasing.
- (2) The lower interest income for Q2 2010 as compared to Q2 2009 was due to lower interest from both deposits and our associated company. The increase in interest income for 1H 2010 as compared to 1H 2009 was due to higher interest from our associated company.

**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	
	30/6/2010 S\$'000	31/12/2009 S\$'000	30/6/2010 S\$'000	31/12/2009 S\$'000
<b>Equity</b>				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	29,053	34,744	23,379	29,047
Translation reserve	(2,106)	(2,395)	-	-
	56,856	62,258	53,288	58,956
<b>Non current assets</b>				
Fixed assets	7,390	7,785	3,791	4,319
Investment in subsidiaries	-	-	4,316	4,316
Investment in an associate	1,745	1,179	199	199
Deferred tax assets	925	892	34	5
	10,060	9,856	8,340	8,839
<b>Current assets</b>				
Stocks	3,154	3,779	1,717	2,052
Contract works-in-progress	24,875	20,677	20,394	15,790
Trade receivables	(1) 33,433	25,280	24,606	18,304
Other receivables, deposits and prepayments	2,887	3,376	1,034	1,558
Due from an associate (trade)	(2) 17,660	21,676	15,431	18,942
Due from an associate (non-trade)	-	420	-	420
Due from related companies (trade)	15	32	3	20
Due from subsidiaries (trade)	-	-	9,486	7,325
Due from subsidiaries (non-trade)	-	-	210	280
Cash and cash equivalents	(3) 19,375	29,401	16,387	26,438
Total current assets	101,399	104,641	89,268	91,129
<b>Current liabilities</b>				
Trade payables	(1) 33,300	30,508	28,950	25,524
Other payables and accruals	12,183	13,239	7,630	8,714
Provision for warranty	4,431	4,415	2,487	2,283
Due to subsidiaries (trade)	-	-	377	399
Due to related companies (trade)	2,777	1,958	2,518	1,834
Provision for taxation	1,835	2,032	2,358	2,258
Obligations under finance leases	27	25	-	-
Total current liabilities	54,553	52,177	44,320	41,012
<b>Net current assets</b>	46,846	52,464	44,948	50,117
<b>Non current liabilities</b>				
Obligations under finance leases	(50)	(62)	-	-
<b>Net Assets</b>	56,856	62,258	53,288	58,956

Notes :

- (1) The increase in trade receivables were mainly due to billings made towards the end of Q2 2010. Trade payables also increased accordingly.
- (2) The reduction in amount due from associate (trade) was mainly due to repayments made during the period.
- (3) The reduction in cash and cash equivalents was mainly due to dividend payment to shareholders during the period.

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

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

As at 30/6/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
27	-	25	-

**Amount repayable after one year**

As at 30/6/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
50	-	62	-

**Details of any collateral**

Hire purchase obligations of S\$77,000 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 2nd Quarter		Group Period ended 30 June	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	4,277	4,012	6,863	7,662
Adjustments for :				
Depreciation of fixed assets	728	701	1,431	1,360
Fixed assets written off	1	-	1	-
Gain from disposal of fixed assets	(1)	(9)	(2)	(11)
Interest expense	1	1	2	3
Interest income	(189)	(209)	(394)	(353)
Allowance for stock obsolescence	3	343	74	348
Writeback of provision for doubtful debts	(283)	(123)	(57)	(362)
(Writeback) / Provision for warranty	(86)	869	248	1,636
Share of results of an associate	(173)	(3)	(499)	108
<b>Operating profit before working capital changes</b>	<b>4,278</b>	<b>5,582</b>	<b>7,667</b>	<b>10,391</b>
Decrease / (increase) in :				
Trade receivables	(1,598)	(2,219)	(8,104)	(2,506)
Other receivables, deposits and prepayments	610	1,238	489	331
Stocks	(406)	782	543	(729)
Contract work-in-progress	(4,099)	12,250	(4,198)	11,184
Changes in related parties/associate balances	3,082	(8,892)	5,272	(10,585)
(Decrease) / increase in :				
Trade payables	1,183	(14,066)	2,792	(517)
Other payables and accruals	(637)	(1,860)	(1,056)	(3,954)
Provision for warranty	(91)	(89)	(250)	(254)
<b>Cash from / (used in) operations</b>	<b>2,322</b>	<b>(7,274)</b>	<b>3,155</b>	<b>3,361</b>
Interest paid	(1)	(1)	(2)	(3)
Income taxes paid	(1,887)	(896)	(1,924)	(1,284)
<b>Net cash flows from / (used in) operating activities</b>	<b>434</b>	<b>(8,171)</b>	<b>1,229</b>	<b>2,074</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of fixed assets	184	122	186	255
Purchase of fixed assets	(941)	(737)	(1,167)	(956)
Interest received	189	209	394	353
<b>Net cash flows used in investing activities</b>	<b>(568)</b>	<b>(406)</b>	<b>(587)</b>	<b>(348)</b>
<b>Cash flows from financing activities</b>				
Dividend paid to shareholders	(10,857)	(10,857)	(10,857)	(10,857)
Repayment of obligations under finance leases	(6)	(1)	(10)	(6)
<b>Net cash flows used in financing activities</b>	<b>(10,863)</b>	<b>(10,858)</b>	<b>(10,867)</b>	<b>(10,863)</b>
<b>Net decrease in cash and bank balances</b>	<b>(10,997)</b>	<b>(19,435)</b>	<b>(10,225)</b>	<b>(9,137)</b>
Effect of exchange rate changes	(3)	164	199	163
Cash and cash equivalents at beginning of the period	30,375	31,146	29,401	20,849
<b>Cash and cash equivalents at end of the period</b>	<b>19,375</b>	<b>11,875</b>	<b>19,375</b>	<b>11,875</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 2nd Quarter ended 30 June	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
<b>Group</b>				
<b>Balance as at 1.4.2010</b>	29,909	36,916	(2,089)	<b>64,736</b>
Total comprehensive income for the period	-	2,994	(17)	2,977
Dividends paid	-	(10,857)	-	(10,857)
<b>Balance as at 30.6.2010</b>	<b>29,909</b>	<b>29,053</b>	<b>(2,106)</b>	<b>56,856</b>
<b>Balance as at 1.4.2009</b>	29,909	37,818	(2,519)	<b>65,208</b>
Total comprehensive income for the period	-	3,306	92	3,398
Dividends paid	-	(10,857)	-	(10,857)
<b>Balance as at 30.6.2009</b>	<b>29,909</b>	<b>30,267</b>	<b>(2,427)</b>	<b>57,749</b>
<b>Company</b>				
<b>Balance as at 1.4.2010</b>	29,909	30,813	-	<b>60,722</b>
Total comprehensive income for the period	-	3,423	-	3,423
Dividends paid	-	(10,857)	-	(10,857)
<b>Balance as at 30.6.2010</b>	<b>29,909</b>	<b>23,379</b>	<b>-</b>	<b>53,288</b>
<b>Balance as at 1.4.2009</b>	29,909	32,406	-	<b>62,315</b>
Total comprehensive income for the period	-	2,358	-	2,358
Dividends paid	-	(10,857)	-	(10,857)
<b>Balance as at 30.6.2009</b>	<b>29,909</b>	<b>23,907</b>	<b>-</b>	<b>53,816</b>

For Period ended 30 June	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
<b>Group</b>				
<b>Balance as at 1.1.2010</b>	29,909	34,744	(2,395)	<b>62,258</b>
Total comprehensive income for the period	-	5,166	289	5,455
Dividends paid	-	(10,857)	-	(10,857)
<b>Balance as at 30.6.2010</b>	<b>29,909</b>	<b>29,053</b>	<b>(2,106)</b>	<b>56,856</b>
<b>Balance as at 1.1.2009</b>	29,909	34,933	(2,596)	<b>62,246</b>
Total comprehensive income for the period	-	6,191	169	6,360
Dividends paid	-	(10,857)	-	(10,857)
<b>Balance as at 30.6.2009</b>	<b>29,909</b>	<b>30,267</b>	<b>(2,427)</b>	<b>57,749</b>
<b>Company</b>				
<b>Balance as at 1.1.2010</b>	29,909	29,047	-	<b>58,956</b>
Total comprehensive income for the period	-	5,189	-	5,189
Dividends paid	-	(10,857)	-	(10,857)
<b>Balance as at 30.6.2010</b>	<b>29,909</b>	<b>23,379</b>	<b>-</b>	<b>53,288</b>
<b>Balance as at 1.1.2009</b>	29,909	29,341	-	<b>59,250</b>
Total comprehensive income for the period	-	5,423	-	5,423
Dividends paid	-	(10,857)	-	(10,857)
<b>Balance as at 30.6.2009</b>	<b>29,909</b>	<b>23,907</b>	<b>-</b>	<b>53,816</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 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 March 2010. As at 30 June 2010, there were 1,000,000 (@ S\$0.625) unexercised share options granted (30 June 2009 : 1,014,000 @ S\$0.625). There was no treasury share in issue as at the end of the current financial period (30 June 2009 : 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 2009 : 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(5) 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 second quarter financial statements for the period ended 30 June 2010, 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 for the financial year ended 31 December 2009 except as described in Section 5 below.

**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.**

The Group has adopted the new and revised Singapore Financial Reporting Standard ("FRSs") that are mandatory for the financial year beginning on or after 1 January 2010, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the revenue reserve of the Group as at 1 January 2010.

**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 2nd Quarter		Group Period ended 30 June	
	2010	2009	2010	2009
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:	(cents)	(cents)	(cents)	(cents)
(i) basic earnings per share	0.83	0.91	1.43	1.71
(ii) fully diluted earnings per share	0.83	0.91	1.43	1.71

Basic earnings per ordinary share for the financial period ended 30 June 2010 was calculated based on the weighted average number of shares in issue of 361,897,000 {2009 : 361,897,000} ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 30 June 2010 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 {2009 : 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 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	
	30/6/2010 (cents)	31/12/2009 (cents)	30/6/2010 (cents)	31/12/2009 (cents)
Net Asset Value per ordinary share based on issued share capital	15.71	17.20	14.72	16.29

Net asset value per ordinary share as at 30 June 2010 and 31 December 2009 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**

On a Q on Q comparison, turnover in Q2 2010 decreased 22.8% (\$11.2 million) from \$49.3 million to \$38.0 million. Similarly, compared to 1H 2009, the Group's turnover decreased 29.4% (\$29.5 million) from \$100.5 million to \$71.0 million. The drop in turnover for Q2 2010 and 1H 2010 resulted from lower turnover from the Telecom business segment, partially offset by higher turnover from the Infocomm business segment.

**Telecommunications (Telecom)**

On a Q on Q comparison, turnover in Q2 2010 decreased significantly by 58.7% (\$16.2 million) from \$27.6 million to \$11.4 million. Compared to 1H 2009, turnover for 1H 2010 also decreased significantly by 69.6% (\$41.8 million) from \$60.1 million to \$18.3 million.

This was mainly due to lower sales of microwave radio equipment in the Transmission business area resulting from project delays from a customer amounting to approximately \$14 million. On the other hand, there were billings for two large projects in Thailand and Indonesia in 1H 2009 amounting to approximately \$32 million. The Satellite business area registered higher sales of satellite terminals for Q2 2010 and 1H 2010.

**Infocomm**

On a Q on Q comparison, turnover in Q2 2010 increased 23.0% (\$5 million) from \$21.7 million to \$26.7 million. The increase was mainly due to higher sales of network equipment to the Enterprise market sector and Government, Transport and Utilities market sector.

Compared to 1H 2009, turnover for 1H 2010 increased 30.4% (\$12.3 million) from \$40.4 million to \$52.7 million. The increase was mainly due to higher sales of network equipment to all three market sectors (Service Provider, Enterprise and Government, Transport and Utilities).

(b) **Gross Profit**

On a Q on Q comparison, gross profit for Q2 2010 increased by 14.5% from \$8.3 million to \$9.6 million despite the lower turnover. Gross margin % ("GM%") improved from 16.9% to 25.1%. Compared to 1H 2009, gross profit for 1H 2010 decreased by 7.9% from \$18.3 million to \$16.9 million mainly due to the lower turnover. However, GM% improved from 18.3% to 23.8%.

The improvement in gross profit for Q2 2010 and GM% for Q2 2010 and 1H 2010 can be attributed to the sales mix in product, project and services and lower warranty expenses following writeback of warranty provision from project closures.

(c) **Operating Expenses**

On a Q on Q comparison, total operating expenses increased by 24.0% from \$5.0 million to \$6.2 million. Distribution and selling expenses decreased by 4.6% (\$0.2 million) mainly due to higher writeback of doubtful debts provision and bad debts recovered. Administrative expenses increased by 28.4% (\$0.5 million) mainly due to higher payroll and related expenses. The negative operating expense of \$0.7 million in the corresponding period was due to exchange gain of \$0.9 million during Q2 2009.

Compared to 1H 2009, total operating expenses increased by 5.1% from \$11.7 million to \$12.3 million. The increase in Distribution and selling expenses of 3% (\$0.2 million) was mainly due to lower writeback of provision for doubtful debts. The increase in administrative expenses of 12.5% (\$0.4 million) was mainly due to higher payroll and related expenses.

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

On a Q to Q basis, PBT for Q2 2010 improved by 6.6% despite the lower turnover and this was mainly due to the improvement in gross margin. PBT as a percentage of turnover ("PBT %") improved from 8.1% to 11.2% for the quarter.

Compared to 1H 2009, PBT for 1H 2010 decreased by 10.4% mainly due to the lower turnover. However, PBT% as a percentage of turnover ("PBT %") improved from 7.6% to 9.7% for the half year, resulting from the improvement in gross margin % mentioned above and higher other operating income. Other operating income was higher mainly due to exchange gain of \$0.4 million and writeback of long outstanding deposits and advances received of \$0.2 million

**(e) Cash flow**

For Q2 2010 and first half of 2010, the Group generated positive cashflows from operating activities. However, net cash and bank balances decreased following the payment of dividends to shareholders in Q2 2010.

**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.**

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 1H 2010, the Group's Telecom business segment managed to secure about \$32 million in order intake.

**Transmission**

The point to point microwave radio transmission market remains competitive with mobile operators demanding for lower costs products and solutions. In 1H 2010, the market is a mixed picture with growth from some mobile operators and others delaying spending.

The Group however believes that the continued demand by smartphones and laptop users for mobile broadband, apps and data services will lead to growth in data traffic in mobile networks and this will prompt mobile operators to upgrade and increase their capacity, coverage and capabilities in their mobile networks as well as in microwave radio transmission infrastructure.

The Group will focus on providing a comprehensive range of microwave radio transmission products and solutions to mobile operators to support their 2/2.5G as well as future 3G/LTE mobile networks deployment. We believe our Nera Evolution series of radios offer a wide range of frequencies, capacities and capabilities based on a common software-defined radio platform which supports legacy, hybrid and future IP/ Ethernet mobile networks. The Evolution series radio products will thus offer lower capital and operational cost for mobile operators to migrate from their legacy networks to an all IP networks.

We also plan to introduce our Evolution series radios to selected Defence, Broadcasting and Utilities markets, primarily for their dedicated communications networks.

#### Satellite Communications

We will continue to focus on providing a range of land and mobile Inmarsat and Thuraya satellite communications products, non-Inmarsat VSAT marine and IP products and solutions as well as handheld satellite phones to various market sectors such as Satellite Operators, ISP, Broadcasters, Government, Marine, Oil & Gas, Enterprises and corporate users. The Group will continue to seek new business opportunities in the satellite market and has successfully delivered Direct-To-Home (DTH) satellite receivers to an Asian Satellite TV Operator.

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

In the Infocomm business segment, the Group will focus on offering products and solutions from the Network Infrastructure and Payment Solutions business areas to three key market sectors, namely Service Providers, Enterprises and the Government, Transportation and Utilities sectors.

The Infocomm industry in the region remains highly competitive with large global market leaders partnering local system integrators and resellers. In 1H 2010, the Group's Infocomm business segment managed to secure about \$46 million in order intake.

In the Service Providers market sector, the Group believes that growth will be driven by consumer demand for higher bandwidth as a result richer content and internet services. Service providers will need more robust, scalable, secured and multi-services networks. The Group will focus on providing high performances and secured IP, Optical and Broadcast network infrastructure products and solutions to Service Providers so that they can deploy new and competitive services to their customers.

IT spending in the Enterprise market sector remains mixed with some enterprises upgrading and investing in new network infrastructure, while others are outsourcing to lower their capital and operational costs as well as potential security threats. The Group will continue to focus on providing enterprise-class network infrastructure products and services such as routers, switches, security equipment or threat management, optimization and aggregation appliances to help enterprises deploy a secured network, save costs and improve productivity.

In the Enterprise market sector, the Group provides end to end secured electronic payment solutions to the Banking, Finance and Retail markets. We are seeing growth in consumer spending in the retail markets and government initiatives to drive cashless payments have resulted in banks and acquirers partnering card issuers to deploy desktop, mobile, contactless, CEPAS point-of-sale ('POS') terminals in retail outlets as well as upgrading and outsourcing their POS infrastructure to save lower costs and improve security.

In the Government, Transport and Utilities market sector, opportunities remain positive. The increase in government IT spending from the education, healthcare, defence, transportation and utilities markets has created numerous opportunities and resulted in the Group securing new orders from customers in this sector. The Group will continue to develop this market and focus on providing IP, optical networks, integrated communication solutions and dedicated communication networks to customers in these market sectors.

**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 30 June 2010.**

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)	
	2nd Quarter	Period ended 30 June
<b>Purchases</b> Nera Networks AS	702	6,849
<b>Other Operating Revenues</b> Nera Networks AS	469	770

**BY ORDER OF THE BOARD**

Tan Cher Liang  
Company Secretary

6/8/2010