

 **Print this page****Third Quarter Results \* Financial Statement And Related 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
Date & Time of Broadcast	14-Oct-2011 17:29:47
Announcement No.	00081



**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2011
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Description	Please refer to the following announcements attached:  (1) Announcement on Third Quarter Ended 30 September 2011 Results (2) Third Quarter Ended 30 September 2011 Results Briefing
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**Attachments**

 Q32011\_Results.pdf  
 Q32011\_ResultsBriefing.pdf  
Total size = **560K**  
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# NERA TELECOMMUNICATIONS LTD

(Co. Reg. No. 197802690R)

## UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

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

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

	Note	Group 3rd Quarter			Group Period ended 30 September		
		2011 S\$'000	2010 S\$'000	Increase/ (Decrease) %	2011 S\$'000	2010 S\$'000	Increase/ (Decrease) %
<b>Turnover</b>		<b>36,596</b>	<b>36,305</b>	<b>0.8</b>	<b>108,309</b>	<b>107,282</b>	<b>1.0</b>
Cost of sales		(25,917)	(27,934)	(7.2)	(78,139)	(82,016)	(4.7)
<b>Gross profit</b>		<b>10,679</b>	<b>8,371</b>	<b>27.6</b>	<b>30,170</b>	<b>25,266</b>	<b>19.4</b>
Other operating income		790	919	(14.0)	4,487	2,452	83.0
Distribution and selling expenses		(6,251)	(4,597)	36.0	(18,584)	(12,390)	50.0
Administrative expenses		(2,042)	(2,291)	(10.9)	(5,989)	(6,297)	(4.9)
Other operating expenses		191	(281)	N.M	(793)	(772)	2.7
<b>Profit from operations</b>		<b>3,367</b>	<b>2,121</b>	<b>58.7</b>	<b>9,291</b>	<b>8,259</b>	<b>12.5</b>
Financial expenses		(95)	(95)	0.0	(236)	(263)	(10.3)
Financial income		59	138	(57.2)	179	532	(66.4)
<b>Profit after financial items</b>		<b>3,331</b>	<b>2,164</b>	<b>53.9</b>	<b>9,234</b>	<b>8,528</b>	<b>8.3</b>
Share of results of an associate		140	16	775.0	290	515	(43.7)
<b>Profit before taxation</b>		<b>3,471</b>	<b>2,180</b>	<b>59.2</b>	<b>9,524</b>	<b>9,043</b>	<b>5.3</b>
Taxation		(814)	(675)	20.6	(2,071)	(2,372)	(12.7)
<b>Profit after taxation</b>		<b>2,657</b>	<b>1,505</b>	<b>76.5</b>	<b>7,453</b>	<b>6,671</b>	<b>11.7</b>
<b>Other comprehensive income / (expense) :</b>							
Foreign currency translation of financial statements of foreign operations		44	(27)	N.M	(98)	262	N.M
<b>Total comprehensive income for the period</b>		<b>2,701</b>	<b>1,478</b>	<b>82.7</b>	<b>7,355</b>	<b>6,933</b>	<b>6.1</b>

		Group 3rd Quarter				Group Period ended 30 September		
		2011	2010	Increase / (Decrease)		2011	2010	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		-	1	(100.0)		(24)	(554)	(95.7)
Amortisation of intangible asset	(1)	(16)	-	100.0		(48)	-	100.0
Depreciation	(2)	(984)	(761)	29.3		(2,441)	(2,192)	11.4
Fixed assets written off		(3)	(3)	0.0		(8)	(4)	100.0
Foreign exchange gain / (loss)		216	624	(65.4)		(159)	983	N.M.
Gain on disposal of fixed assets		4	2	100.0		10	4	150.0
Interest expense		(1)	(1)	0.0		(3)	(3)	0.0
Interest income	(3)	59	138	(57.2)		179	532	(66.4)
(Allowance) / Writeback of allowance for doubtful debts		(56)	-	100.0		(59)	57	N.M.
Bad debts recovered		-	-	0.0		-	128	(100.0)
Allowance for stock obsolescence		(4)	(148)	(97.3)		(20)	(222)	(91.0)
Provision for warranty		(498)	(695)	(28.3)		(1,041)	(943)	10.4
Gross profit as a percentage of turnover		29.2%	23.1%	6.1		27.9%	23.6%	4.3
Profit for the period as a percentage of turnover		7.3%	4.1%	3.2		6.9%	6.2%	0.7
<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		4.8%	2.6%	2.2		13.5%	11.4%	2.1

N.M. Not meaningful

**Notes :**

- (1) The amortisation relates to the Nera Trademark purchased in January 2011.
- (2) The increase in depreciation resulted from more point-of-sale terminals purchased for leasing.
- (3) The lower interest income for the quarter and nine months ended 30 September 2011 as compared to the corresponding periods was due to lower interest income from the associate.

**1(b)(i) A statement of financial position (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	
	30/9/2011 S\$'000	31/12/2010 S\$'000	30/9/2011 S\$'000	31/12/2010 S\$'000
<b>Equity</b>				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	27,776	34,799	22,695	28,281
Translation reserve	(2,543)	(2,445)	-	-
	55,142	62,263	52,604	58,190
<b>Non current assets</b>				
Intangible asset	(1) 1,241	-	1,241	-
Fixed assets	7,081	6,793	3,945	3,357
Investment in subsidiaries	-	-	5,316	4,316
Investment in an associate	1,992	1,730	199	199
Deferred tax assets	1,284	1,285	263	264
	11,598	9,808	10,964	8,136
<b>Current assets</b>				
Stocks	2,716	3,100	1,125	1,745
Contract works-in-progress	23,724	21,750	14,321	14,511
Trade receivables	35,749	39,199	25,596	25,817
Other receivables, deposits and prepayments	2,898	5,100	1,013	3,403
Due from an associate (trade)	(2) 400	4,467	420	3,243
Due from related companies (trade)	-	14	-	3
Due from subsidiaries (trade)	-	-	11,423	14,959
Due from subsidiaries (non-trade)	-	-	326	754
Cash and cash equivalents	47,892	39,991	38,858	35,369
Total current assets	113,379	113,621	93,082	99,804
<b>Current liabilities</b>				
Trade payables	43,531	37,302	33,838	31,960
Other payables and accruals	18,941	15,946	10,786	11,601
Provision for warranty	5,571	4,985	2,852	2,882
Due to subsidiaries (trade)	-	-	2,187	413
Due to related companies (trade)	-	688	-	377
Provision for taxation	1,750	2,182	1,779	2,517
Obligations under finance leases	28	27	-	-
Total current liabilities	69,821	61,130	51,442	49,750
<b>Net current assets</b>	43,558	52,491	41,640	50,054
<b>Non current liabilities</b>				
Obligations under finance leases	(14)	(36)	-	-
<b>Net Assets</b>	55,142	62,263	52,604	58,190

**Notes :**

- (1) Intangible asset relates to the Nera Trademark purchased in January 2011.
- (2) The reduction in amount due from associate (trade) was mainly due to repayments made 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 30/9/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
28	-	27	-

**Amount repayable after one year**

As at 30/9/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
14	-	36	-

**Details of any collateral**

Hire purchase obligations of S\$42,000 are secured on three motor vehicles.

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

	Group 3rd Quarter		Group Period ended 30 Sept	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	3,471	2,180	9,524	9,043
Adjustments for :				
Amortisation of intangible asset	16	-	48	-
Depreciation of fixed assets	984	761	2,441	2,192
Fixed assets written off	3	3	8	4
Gain from disposal of fixed assets	(4)	(2)	(10)	(4)
Interest expense	1	1	3	3
Interest income	(59)	(138)	(179)	(532)
Allowance for stock obsolescence	4	148	20	222
Allowance / (Writeback) of allowance for doubtful debts	56	-	59	(57)
Provision for warranty	498	695	1,041	943
Share of results of an associate	(140)	(16)	(290)	(515)
<b>Operating profit before working capital changes</b>	<b>4,830</b>	<b>3,632</b>	<b>12,665</b>	<b>11,299</b>
Decrease / (increase) in :				
Trade receivables	3,217	245	3,394	(7,859)
Other receivables, deposits and prepayments	400	(3,311)	2,202	(2,822)
Stocks	(397)	(117)	366	426
Contract work-in-progress	2,484	554	(1,974)	(3,644)
Changes in related parties/associate balances	(510)	6,572	3,393	11,844
(Decrease) / increase in :				
Trade payables	(2,159)	5,416	6,229	8,208
Other payables and accruals	1,191	2,521	2,995	1,465
Provision for warranty	(187)	(105)	(448)	(355)
<b>Cash flows from operations</b>	<b>8,869</b>	<b>15,407</b>	<b>28,822</b>	<b>18,562</b>
Interest paid	(1)	(1)	(3)	(3)
Income taxes paid	(1,271)	(1,033)	(2,477)	(2,957)
<b>Net cash flows from operating activities</b>	<b>7,597</b>	<b>14,373</b>	<b>26,342</b>	<b>15,602</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of fixed assets	8	3	33	189
Purchase of fixed assets	(1,807)	(595)	(2,811)	(1,762)
Purchase of intangible asset	-	-	(1,289)	-
Interest received	59	138	179	532
<b>Net cash flows used in investing activities</b>	<b>(1,740)</b>	<b>(454)</b>	<b>(3,888)</b>	<b>(1,041)</b>
<b>Cash flows from financing activities</b>				
Dividend paid to shareholders	-	-	(14,476)	(10,857)
Repayment of obligations under finance leases	(5)	(7)	(21)	(17)
<b>Net cash flows used in financing activities</b>	<b>(5)</b>	<b>(7)</b>	<b>(14,497)</b>	<b>(10,874)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,852</b>	<b>13,912</b>	<b>7,957</b>	<b>3,687</b>
Effect of exchange rate changes	(40)	(7)	(56)	192
Cash and cash equivalents at beginning of the period	42,080	19,375	39,991	29,401
<b>Cash and cash equivalents at end of the period</b>	<b>47,892</b>	<b>33,280</b>	<b>47,892</b>	<b>33,280</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 3rd Quarter ended 30 September	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
<b>Group</b>				
Balance as at 1.7.2011	29,909	25,119	(2,587)	52,441
Total comprehensive income for the period	-	2,657	44	2,701
Balance as at 30.9.2011	29,909	27,776	(2,543)	55,142
Balance as at 1.7.2010	29,909	29,053	(2,106)	56,856
Total comprehensive income for the period	-	1,505	(27)	1,478
Balance as at 30.9.2010	29,909	30,558	(2,133)	58,334
<b>Company</b>				
Balance as at 1.7.2011	29,909	18,937	-	48,846
Total comprehensive income for the period	-	3,758	-	3,758
Balance as at 30.9.2011	29,909	22,695	-	52,604
Balance as at 1.7.2010	29,909	23,379	-	53,288
Total comprehensive income for the period	-	1,341	-	1,341
Balance as at 30.9.2010	29,909	24,720	-	54,629

For Period ended 30 September	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Total S\$'000
<b>Group</b>				
Balance as at 1.1.2011	29,909	34,799	(2,445)	62,263
Total comprehensive income for the period	-	7,453	(98)	7,355
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.9.2011	29,909	27,776	(2,543)	55,142
Balance as at 1.1.2010	29,909	34,744	(2,395)	62,258
Total comprehensive income for the period	-	6,671	262	6,933
Dividend paid	-	(10,857)	-	(10,857)
Balance as at 30.9.2010	29,909	30,558	(2,133)	58,334
<b>Company</b>				
Balance as at 1.1.2011	29,909	28,281	-	58,190
Total comprehensive income for the period	-	8,890	-	8,890
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.9.2011	29,909	22,695	-	52,604
Balance as at 1.1.2010	29,909	29,047	-	58,956
Total comprehensive income for the period	-	6,530	-	6,530
Dividend paid	-	(10,857)	-	(10,857)
Balance as at 30.9.2010	29,909	24,720	-	54,629

- 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 30 June 2011. As at 30 September 2011, there were 942,000 (@ S\$0.625) unexercised share options granted (30 September 2010 : 1,000,000 @ S\$0.625). There was no treasury share in issue as at the end of the current financial period (30 September 2010 : 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 2010 : 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 third quarter financial statements for the period ended 30 September 2011, 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 2010 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 2011, 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 2011.

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 3rd Quarter		Group Period ended 30 Sept	
	2011	2010	2011	2010
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:	(cents)	(cents)	(cents)	(cents)
(i) basic earnings per share	0.73	0.42	2.06	1.84
(ii) fully diluted earnings per share	0.73	0.42	2.06	1.84

Basic earnings per ordinary share for the financial period ended 30 September 2011 was calculated based on the weighted average number of shares in issue of 361,897,000 (2010 : 361,897,000) ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 30 September 2011 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 (2010 : 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	
	30/9/2011 (cents)	31/12/2010 (cents)	30/9/2011 (cents)	31/12/2010 (cents)
Net Asset Value per ordinary share based on issued share capital	15.24	17.20	14.54	16.08

Net asset value per ordinary share as at 30 September 2011 and 31 December 2010 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 Q3 2011 increased slightly by 0.8% (\$0.3 million) from \$36.3 million to \$36.6 million. Compared to nine months of 2010, the Group's turnover increased slightly by 1.0% (\$1.0 million) from \$107.3 million to \$108.3 million.

The increase in turnover for the quarter and for the nine months resulted from higher turnover from the Infocomm business segment, partially offset by lower turnover from the Telecom business segment.

**Telecommunications (Telecom)**

On a Q on Q comparison, turnover in Q3 2011 decreased by 30.2% (\$5.4 million) from \$17.9 million to \$12.5 million. Compared to nine months of 2010, turnover also decreased by 8.0% (\$2.9 million) from \$36.2 million to \$33.3 million.

The decrease resulted from lower sales in microwave radio equipment in the Transmission business area, partially offset by higher sales of satellite terminals in the Satellite business area.

**Infocomm**

On a Q on Q comparison, turnover in Q3 2011 increased by 31.0% (\$5.7 million) from \$18.4 million to \$24.1 million. Compared to nine months 2010, turnover also increased by 5.5% (\$3.9 million) from \$71.1 million to \$75.0 million.

The increase was mainly due to higher sales of network equipment to the Service Provider market sector, partially offset by lower sales from Payment Solution business.

(b) **Gross Profit**

On a Q on Q comparison, gross profit for Q3 2011 increased by 27.6% from \$8.4 million to \$10.7 million. Gross margin % ("GM%") improved from 23.1% to 29.2%.

Compared to nine months of 2010, gross profit increased by 19.4% from \$25.3 million to \$30.2 million. GM% improved from 23.6% to 27.9%.

The improvement in gross profit and GM% for Q3 2011 and nine months of 2011 can be attributed to the sales mix in product, project and services.

(c) **Operating Expenses**

On a Q on Q comparison, total operating expenses increased by 12.5% from \$7.2 million to \$8.1 million. Compared to nine months of 2010, total operating expenses increased by 30.3% from \$19.5 million to \$25.4 million.

Distribution and selling expenses increased by 36.0% (\$1.7 million) for the quarter and 50.0% (\$6.2 million) for nine months of 2011 mainly due to the payroll and operational costs of new territories taken over in relation to an OEM agreement signed on 19 January 2011. The payroll and related costs of existing operations also increased.

Administrative expenses decreased by 10.9% (\$0.2 million) for the quarter and 4.9% (\$0.3 million) for nine months of 2011 mainly due to generally lower operating costs. The negative other operating expense of \$0.2 million was due to exchange gain of \$0.2 million during the third quarter of 2011. Included in other operating expenses for nine months of 2011 was an exchange loss of \$0.2 million.

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

On a Q to Q basis, PBT for Q3 2011 increased by 59.2% mainly due to the improvement in gross margin and higher contribution from the associate. PBT as a percentage of turnover ("PBT %") improved from 6.0% to 9.5% for the quarter.

Compared to nine months of 2010, PBT increased by 5.3% mainly due to the improvement in gross margin and higher other operating income, partially offset by higher operating cost and lower contribution from the associate. Other operating income was higher by \$2.0 million mainly due to an accounts receivable collection fee in relation to an OEM agreement signed on 19 January 2011. PBT% as a percentage of turnover ("PBT %") improved from 8.4% to 8.8% for the nine months.

**(e) Cash flow**

For Q3 2011 and nine months of 2011, the Group was able to generate positive cashflows from operating activities.

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

There is no forecast previously disclosed to shareholders.

**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 two main business segments, namely Telecommunications and Infocommunications.

**Telecommunications (Telecom)**

The Telecommunications business segment comprises two main business areas : Transmission and Satellite Communications. In the first nine months of 2011, the Group's Telecom business segment managed to secure about \$42 million in order intake.

**Transmission**

The point-to-point microwave radio transmission market remains highly competitive as mobile operators continue to demand for lower cost products and services to increase their mobile network capacity and capabilities to support the huge consumer demand for mobile data services. The current financial woes in Europe and the USA as well as uncertainties in spectrum and licensing are causing some mobile operators to be more cautious and delays in their capital expenditures.

We believe the market opportunities in the long term remains positive due to the strong demand for data and mobile broadband services, driven by users of different types of smart mobile devices. Mobile operators cannot afford to delay their network expansion and migration to next generation networks such as 3G/LTE (Long Term Evolution) and introduce new services at lower costs to gain market shares and stay ahead of competitors.

The Group took over the Middle East and North Africa ("MENA") from Nera Networks Norway in January 2011 and have made good progress, securing a number of multi-million dollar orders for microwave radios from various mobile operators.

The Group will, in addition to focusing on the Nera brand point to point radio products, gradually introduce a comprehensive range of wireless infrastructure networks to mobile operators that will help them lower their operating and capital expenditure. In addition, the Group will promote our wireless infrastructure networks products and solutions to the Defence, Broadcasting and Utilities market sectors.

#### Satellite Communications

The land, marine and handheld mobile satellite terminals remains highly competitive and there are many distributors, resellers and agents of similar OEM products.

The Group will continue to evaluate new satellite products and solutions, and focus on providing a range of land, mobile and handheld Inmarsat and Thuraya satellite communications products, non-Inmarsat VSAT marine and satellite IP products and solutions to customers in the Service Providers, Enterprises and Government sectors.

#### **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. The Group's Infocomm business segment managed to secure about \$74 million in order intake during the nine months of 2011.

In the Service Providers market sector, we believe service providers will continue to expand and migrate to next generation consumer, corporate and global broadband networks to meet the huge traffic growth in IP voice, data and video services. The Group will focus on providing high performance IP, Optical and Broadcast network infrastructure products and solutions to enable them to provide cost effective services.

In the Enterprise market sector, the Group will focus on providing cost effective enterprise-class network infrastructure products and services to help customers to lower their IT costs. The Group believes that corporate IT spend will increase as legacy networks are gradually replaced with next generation networks and some enterprises are also evaluating outsourcing and cloud computing networks.

In the Enterprise's Banking, Finance and Retail market sector, the Group will focus on offering end to end payment systems, security and network infrastructure products and solutions to banks, financial institutions and retailers. The retail industry remains positive and increased consumer spending will give rise to more point-of-sale ("pos") terminals deployment, leasing, outsourcing, services and maintenance business opportunities

In the Government, Transport and Utilities market sector, opportunities remain positive mainly due to continued government IT spending from the education, healthcare, defence, transportation and utilities sectors. The Group will continue to develop this market sector and focuses on providing IP, optical networks, integrated and dedicated communication solutions to customers in these market sectors.

Other information – MBF claims

On 30 July 2010, the Group announced that its wholly-owned subsidiary, Nera Infocom (M) Sdn Bhd ('Nera Infocom'), received a claim from MBF Cards (M'sia) Sdn Bhd ('MBF') for losses and damages amounting in aggregate of RM10.7 million (approximately S\$4.5 million) in relation to a Maintenance and Service Agreement dated 4 April 2005 between Nera Infocom and MBF. On 8 February 2011, MBF made additional claims resulting in the new aggregated claims to be RM41.2 million (approximately S\$17.1 million).

Nera Infocom strongly disputes the amount of claim and are currently under legal proceedings. The recent hearing was on 12 October 2011 and the next trial date is set on 27 October 2011.

This claim, if materialised, could affect the Group's profitability.

**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. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There is no IPT mandate obtained.

**BY ORDER OF THE BOARD**

Tan Cher Liang  
Company Secretary

14 October 2011