SECOND 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
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2013
Description	Please refer to the following announcements attached: (1) Announcement on Second Quarter Results Ended 30 June 2013 (2) Second Quarter Ended 30 June 2013 Analyst Briefing

Attachments	2Q2013Results_6Aug2013.pdf AnalystBriefing_6Aug2013.pdf Total size =1015K (2048K size limit recommended)

NERA TELECOMMUNICATIONS LTD
(Co. Reg. No. 197802690R)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2013

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 2nd Quarter 2013 S$'000	2012 S$'000	Increase/ (Decrease) %	Group Period ended 30 June 2013 S$'000	2012 S$'000	Increase/ (Decrease) %
Turnover		47,180	41,726	13.1	83,634	85,270	(1.9)
Cost of sales		(32,638)	(29,615)	10.2	(53,927)	(57,705)	(6.5)
Gross profit		14,542	12,111	20.1	29,707	27,565	7.8
Other operating income		(117)	917	NM	941	2,060	(54.3)
Negative goodwill on acquisition of subsidiary	(1)	7,051	-	NM	7,051	-	N.M.
Distribution and selling expenses		(6,575)	(5,859)	12.2	(12,968)	(11,786)	10.0
Administrative expenses		(3,175)	(2,844)	11.6	(5,790)	(5,257)	10.1
Other operating expenses		(247)	(384)	(35.7)	(264)	(768)	(65.6)
Profit from operations		11,479	3,941	191.3	18,677	11,814	58.1
Financial expenses		(64)	(68)	(5.9)	(84)	(101)	(16.8)
Financial income		61	45	35.6	92	85	8.2
Profit after financial items		11,476	3,918	192.9	18,685	11,798	58.4
Share of results of an associate		-	277	(100.0)	159	480	(66.9)
Profit before taxation		11,476	4,195	173.6	18,844	12,278	53.5
Taxation		(996)	(851)	17.0	(2,520)	(2,442)	3.2
Profit after taxation		10,480	3,344	213.4	16,324	9,836	66.0
Other comprehensive income / (expense) :							
Items that may be reclassified subsequently to profit or loss :							
Foreign currency translation of financial statements of foreign operations		(249)	159	NM	(104)	271	(138.4)
Total comprehensive income for the period		10,231	3,503	192.1	16,220	10,107	60.5

N.M. Not meaningful

Note :
(1) Negative goodwill arose from the acquisition of the remaining 70% equity interest in an associate as announced on 26 April 2013, where the fair value of net assets acquired exceeded the consideration paid. The negative goodwill as at 30 June 2013 is only a provisional amount as the accounting for this acquisition is still in progress.

		Group 2nd Quarter			Group Period ended 30 June		
		2013	2012	Increase / (Decrease)	2013	2012	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		-	50	(100.0)	-	50	(100.0)
Amortisation of intangible assets	(1)	(56)	(16)	250.0	(72)	(32)	125.0
Depreciation of property, plant and equipment	(2)	(1,290)	(776)	66.2	(2,418)	(1,774)	36.3
Ex-gratia payment to ex-directors of the Company		-	-	0.0	(325)	-	100.0
Foreign exchange loss		(470)	(370)	27.0	(190)	(733)	(74.1)
Interest expense		-	(2)	(100.0)	-	(2)	(100.0)
Interest income	(3)	61	45	35.6	92	85	8.2
Loss on remeasurement of previously held interest in subsidiary acquired		(6)	-	100.0	(6)	-	100.0
Net gain / (loss) on disposal / write-off of property, plant and equipment		1	3	(66.7)	7	(3)	N.M.
Writeback of provision for doubtful debts		13	106	(87.7)	28	118	(76.3)
(Allowance) / writeback for stock obsolescence		(186)	64	N.M.	(236)	17	N.M.
Provision for warranty		(211)	(531)	(60.3)	(77)	(169)	(54.4)
Gross profit as a percentage of turnover		30.8%	29.0%	1.8	35.5%	32.3%	3.2
Profit for the period as a percentage of turnover		22.2%	8.0%	14.2	19.5%	11.5%	8.0
Other information							
Profit for the period attributable to equity shareholders of the Company as a percentage of issued capital and reserves at end of period		15.5%	4.7%	10.8	24.1%	13.8%	10.3

N.M. Not meaningful

Notes :

(1) The higher amortisation expense resulted from amortisation of intangible asset arising from the acquisition of the remaining 70% equity interest in an associate.

(2) The increase in depreciation expense resulted from additional point-of-sale terminals purchased for leasing.

(3) The increase in interest income was mainly due to the inclusion of interest income from a new subsidiary, after the Group acquired the remaining 70% equity interest in an 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 30/6/2013 S$'000	Group 31/12/2012 S$'000	Company 30/6/2013 S$'000	Company 31/12/2012 S$'000
Equity					
Share capital		29,909	29,909	29,909	29,909
Revenue reserve		40,597	38,749	16,646	25,473
Translation reserve		(2,894)	(2,790)	-	-
		67,612	65,868	46,555	55,382
Non current assets					
Property, plant and equipment	(1)	16,122	8,671	4,154	3,643
Intangible assets		1,251	1,160	1,128	1,160
Investment in subsidiaries		-	-	5,006	4,602
Investment in an associate	(2)	-	2,896	-	199
Finance lease receivable		-	95	-	-
Deferred tax assets		1,668	1,800	110	282
		19,041	14,622	10,398	9,886
Current assets					
Stocks		2,040	5,916	694	4,990
Contract work-in-progress		27,664	18,750	14,681	7,171
Trade receivables		64,995	56,101	20,260	20,316
Finance lease receivable		269	276	-	-
Other receivables, deposits and prepayments		3,818	2,951	173	734
Due from subsidiaries (trade)		-	-	28,282	26,275
Due from subsidiaries (non-trade)		-	-	445	514
Due from an associate (trade)	(2)	-	1,160	-	1,160
Cash and cash equivalents		25,437	43,740	12,035	34,798
Total current assets		124,223	128,894	76,570	95,958
Current liabilities					
Trade payables		47,101	48,955	24,239	31,902
Other payables and accruals		19,197	19,038	11,125	12,846
Due to subsidiaries (non-trade)		-	-	353	382
Due to an associate (trade)	(2)	-	162	-	-
Due to an associate (non-trade)	(2)	-	240	-	-
Provision for taxation		3,757	3,762	2,532	2,878
Provision for warranty		5,597	5,484	2,164	2,454
Obligations under finance leases		-	7	-	-
Total current liabilities		75,652	77,648	40,413	50,462
Net current assets		48,571	51,246	36,157	45,496
Net Assets		67,612	65,868	46,555	55,382

Note :

(1) The significant increase in property, plant and equipment was mainly due to purchase of point-of-sale terminals for leasing to a bank in South East Asia.

(2) The Group acquired the remaining 70% equity interest in an associate as announced on 26 April 2013. As a result, the associate became a wholly-owned subsidiary.

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

Amount repayable in one year or less, or on demand

As at 30/6/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
-	-	7	-

Amount repayable after one year

As at 30/6/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
-	-	-	-

Details of any collateral

Nil

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 2nd Quarter		Group Period ended 30 June	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Profit before taxation	11,476	4,195	18,844	12,278
Adjustments for :				
Amortisation of intangible assets	56	16	72	32
Depreciation of property, plant and equipment	1,290	776	2,418	1,774
Interest expense	-	2	-	2
Interest income	(61)	(45)	(92)	(85)
Net (gain) / loss on disposal / write-off of property, plant and equipment	(1)	(3)	(7)	3
Writeback of provision for doubtful debts	(13)	(106)	(28)	(118)
Allowance / (Writeback) for stock obsolescence	186	(64)	236	(17)
Provision for warranty	211	531	77	169
Negative goodwill on acquisition of subsidiary	(7,051)	-	(7,051)	-
Loss on remeasurement of previously held interest in subsidiary acquired	6	-	6	-
Share of results of an associate	-	(277)	(159)	(480)
Operating profit before working capital changes	6,099	5,025	14,316	13,558
Decrease / (increase) in :				
Stocks	(108)	217	3,659	1,104
Contract work-in-progress	(4,376)	(6,811)	(5,165)	1,194
Trade receivables	(3,374)	5,950	(2,142)	3,748
Finance lease receivable	69	64	102	157
Other receivables, deposits and prepayments	(33)	(371)	(721)	(379)
Changes in associate balances	-	993	1,573	815
(Decrease) / increase in :				
Trade payables	(1,287)	(580)	(7,681)	(7,421)
Other payables and accruals	107	(1,387)	(417)	(1,266)
Provision for warranty	(196)	(463)	(371)	(762)
Cash flows from operations	(3,099)	2,637	3,153	10,748
Interest paid	-	(2)	-	(2)
Income taxes paid	(1,752)	(1,590)	(2,468)	(1,960)
Net cash flows (used in) / from operating activities	(4,851)	1,045	685	8,786
Cash flows from investing activities				
Proceeds from disposal of fixed assets	4	24	15	33
Purchase of fixed assets	(2,378)	(983)	(9,788)	(1,306)
Net cash inflow on acquisition of a subsidiary (Note 1)	5,335	-	5,335	-
Interest received	61	45	92	85
Net cash flows from / (used in) investing activities	3,022	(914)	(4,346)	(1,188)
Cash flows from financing activities				
Dividend paid to shareholders	(14,476)	-	(14,476)	-
Repayment of obligations under finance leases	(1)	(7)	(7)	(14)
Net cash flows used in financing activities	(14,477)	(7)	(14,483)	(14)
Net (decrease) / increase in cash and cash equivalents	(16,306)	124	(18,144)	7,584
Effect of exchange rate changes	(154)	196	(159)	215
Cash and cash equivalents at beginning of the period	41,897	54,014	43,740	46,535
Cash and cash equivalents at end of the period	25,437	54,334	25,437	54,334

Note 1 :

As announced on 26 April 2013, the Group acquired the remaining 70% equity interest in the originally 30%-owned associate, Nera (Malaysia) Sdn Bhd ("NMSB"). Upon the acquisition, NMSB became a wholly-owned subsidiary of the Group.

The fair value of the identifiable assets and liabilities of NMSB as at the date of acquisition were :

	31/03/2013 S$'000
Property, plant and equipment	88
Intangible asset	163
Deferred tax asset	68
Stock	15
Contract work-in-progress	3,749
Trade receivables	6,721
Other receivables	146
Due from related parties	852
Cash and cash equivalent	5,540
Trade payables	(5,827)
Other payables	(576)
Due to related parties	(37)
Provision for warranty	(396)
Provision for taxation	(141)
Total identifiable net assets acquired	10,365
Less : Negative goodwill	(7,051)
	3,314
Consideration transferred for the acquisition of NMSB	
Cash consideration	205
Fair value of equity interest in NMSB held by the Group immediately before the acquisition	3,109
	3,314
Effect of the acquisition of NMSB on cash flow	
Total consideration for 70% equity interest acquired	205
Less : Cash and cash equivalents of subsidiary acquired	(5,540)
Net cash inflow on acquisition	5,335

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
Group				
Balance as at 1.4.2013	29,909	44,593	(2,645)	**71,857**
Total comprehensive income for the period	-	10,480	(249)	10,231
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2013	29,909	40,597	(2,894)	**67,612**
Balance as at 1.4.2012	29,909	40,320	(2,379)	**67,850**
Total comprehensive income for the period	-	3,344	159	3,503
Balance as at 30.6.2012	29,909	43,664	(2,220)	**71,353**
Company				
Balance as at 1.4.2013	29,909	29,506	-	**59,415**
Total comprehensive income for the period	-	1,616	-	1,616
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2013	29,909	16,646	-	**46,555**
Balance as at 1.4.2012	29,909	31,015	-	**60,924**
Total comprehensive income for the period	-	2,797	-	2,797
Balance as at 30.6.2012	29,909	33,812	-	**63,721**

For Period ended 30 June	Share Capital S$'000	Revenue Reserve S$'000	Translation Reserve S$'000	Total S$'000
Group				
Balance as at 1.1.2013	29,909	38,749	(2,790)	**65,868**
Total comprehensive income for the period	-	16,324	(104)	16,220
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2013	29,909	40,597	(2,894)	**67,612**
Balance as at 1.1.2012	29,909	33,828	(2,491)	**61,246**
Total comprehensive income for the period	-	9,836	271	10,107
Balance as at 30.6.2012	29,909	43,664	(2,220)	**71,353**
Company				
Balance as at 1.1.2013	29,909	25,473	-	**55,382**
Total comprehensive income for the period	-	5,649	-	5,649
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.6.2013	29,909	16,646	-	**46,555**
Balance as at 1.1.2012	29,909	28,118	-	**58,027**
Total comprehensive income for the period	-	5,694	-	5,694
Balance as at 30.6.2012	29,909	33,812	-	**63,721**

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 2013. As at 30 June 2013, there was no share options granted (30 June 2012 : nil). There was also no treasury share in issue as at the end of the current financial period (30 June 2012 : 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 2012 : 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 second quarter financial statements for the period ended 30 June 2013, to be false or misleading in any material respect.

On behalf of the Board

Tan Lye Huat
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 2012 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 2013, 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 to the Group as at 1 January 2013.

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	
	2013	2012	2013	2012
Earnings per Ordinary Share for the period based on net profit attributable to shareholders:	(cents)	(cents)	(cents)	(cents)
(i) basic earnings per share	2.90	0.92	4.51	2.72
(ii) fully diluted earnings per share	2.90	0.92	4.51	2.72

Basic earnings per ordinary share for the financial period ended 30 June 2013 was calculated based on the weighted average number of shares in issue of 361,897,000 (2012 : 361,897,000) ordinary shares. Fully diluted earnings per ordinary share for the financial period ended 30 June 2013 was calculated based on the weighted average number of shares in issue of 361,897,000 ordinary shares (2012 : based on weighted average number of shares in issue 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	
	30/6/2013 (cents)	31/12/2012 (cents)	30/6/2013 (cents)	31/12/2012 (cents)
Net Asset Value per ordinary share based on issued share capital	18.68	18.20	12.86	15.30

Net asset value per ordinary share as at 30 June 2013 and 31 December 2012 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 year-on-year ('YOY') comparison, turnover in Q2 2013 increased 13.1% ($5.5 million) from $41.7 million to $47.2 million. The increase resulted from higher turnover from Telecom business segment partially offset by lower turnover in Infocomm business segment.

Compared to 1H 2012, turnover for 1H 2013 declined slightly by 1.9% ($1.7 million) from $85.3 million to $83.6 million. The decrease in turnover resulted from lower turnover from the Infocomm busines segment, partially offset by higher turnover in the Telecom business segment.

Telecommunications (Telecom)

On a YOY comparison, turnover in Q2 2013 increased significantly by 75.5% ($8.3 million) from $11.0 million to $19.3 million. Compared to 1H 2012, turnover for 1H 2013 increased by 7.3% ($2.2 million) from $30.3 million to $32.5 million.

The increase in turnover resulted from higher sales of microwave radio equipment in the Wireless Infrastructure Network business area. The Middle East and North Africa ('MENA') market contributed revenue of $13.2 million and $21.7 million for the quarter and 1H 2013 respectively, compared to $5.9 million and $18.2 million for Q2 2012 and 1H 2012 respectively.

Infocomm

On a YOY comparison, turnover in Q2 2013 declined 9.1% ($2.8 million) from $30.7 million to $27.9 million. Compared to 1H 2012, turnover for 1H 2013 declined 7.1% ($3.9 million) from $55.0 million to $51.1 million.

<u>Network Infrastructure</u>
Turnover for Network Infrastructure business area declined 10.1% ($2.1 million) YOY from $20.7 million to $18.6 million for the quarter and 16.3% ($6.4 million) YOY from $39.2 million to $32.8 million for 1H 2013. This mainly resulted from lower sales of network equipment to the Service Provider market sector due to delay in the deliveries of some projects.

<u>Payment Solutions</u>
Turnover for Payment Solutions business area declined slightly by 7.0% ($0.7 million) YOY from $10.0 million to $9.3 million. However, for 1H 2013, the turnover increased 15.8% ($2.5 million) YOY from $15.8 million to $18.3 million. This was mainly due to delivery of point-of-sale terminals to a bank in South East Asia.

(b) Gross Profit

On a YOY comparison, gross profit for Q2 2013 increased 20.1% from $12.1 million to $14.5 million. Gross profit margin % ("GP%") improved from 29.0% to 30.8%.

Compared to 1H 2012, gross profit for 1H 2013 increased 7.8% from $27.6 million to $29.7 million. GP% improved from 32.3% to 35.5%.

The improvement in gross profit and GP% from both the Telecom and Infocomm business segments can be attributed to sales mix in product, project and services. In addition, certain projects realised higher profit margin upon their completion.

(c) Other operating income

The negative other operating income for the quarter was due to exchange loss suffered in the quarter. The lower other operating income for 1H 2013 as compared with 1H 2012 was mainly due to lower accounts receivable collection fee in relation to an OEM agreement signed on 19 January 2011.

(d) Operating Expenses

On a YOY comparison, total operating expenses for Q2 2013 increased 9.9% from $9.1 million to $10.0 million. Compared to 1H 2012, total operating expenses for 1H 2013 increased 6.7% from $17.8 million to $19.0 million.

Distribution and selling expenses increased 12.2% ($0.7 million) YOY for the quarter and 10.0% ($1.2 million) YOY for 1H 2013. The increase was mainly due to higher payroll related costs as well as operational cost for the new subsidiary in Nigeria.

Administrative expenses increased 11.6% ($0.3 million) YOY for the quarter and 10.1% ($0.5 million) YOY for 1H 2013 mainly due to higher payroll related costs.

(e) Profit Before Taxation ('PBT')

PBT for Q2 2013 and 1H 2013 increased significantly by 173.6% and 53.5% respectively mainly due to the negative goodwill arising from the acquisition of the remaining 70% equity interest in an associate. Excluding the negative goodwill, PBT for the quarter and 1H 2013 was $4.4 million (Q2 2012 : $4.2 million) and $11.8 million (1H 2012 : $12.3 million) respectively.

Compared to Q2 2012, the increase in PBT (excluding negative goodwill) for Q2 2013 resulted from higher increase in gross profit than the increase in expenses. Compared to 1H 2012, the decrease in PBT (excluding negative goodwill) for 1H 2013 resulted from lower other operating income and higher expenses, partially offset by higher gross profit.

(f) Cash flow

For Q2 2013, the decrease in cash and cash equivalents was mainly due to the payment of FY 2012 dividend in May 2013, higher working capital requirements (which mainly consist of increase in contract work-in-progress, trade receivables and decrease in trade payables) and higher capital expenditure. This was partially offset from cash inflow from the acquisition of the subsidiary.

For the first half of 2013, the decrease in cash and cash equivalents was mainly due to the dividend payment, higher working capital requirements (which mianly consist of increase in contract work-in-progress, trade receivables and decrease in trade payables) and purchase of point-of-sale terminals for leasing to customers. This was partially offset from cash inflow from the acquisition of the subsidiary.

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 two business areas : Wireless Infrastructure Networks ('WIN') and Satellite Communications.

In 1H 2013, the Group's Telecom business segment secured approximately $44.0 million in order in-take, an increase of 13.1% compared to $38.9 million in 1H 2012 as a result of strong order in-take in Q2 2013 from the WIN business area.

Competition remains intense and mobile operators are cautious in their capital investments and continue to strive to lower their capital and operating expenses.

Wireless Infrastructure Networks

In the WIN business area, the Group believes that demand for wireless infrastructure networks from mobile operators will continue to be driven by the growth in mobile users, broadband services as well as compliances to stringent regulatory service standards.

The Group has a comprehensive end-to-end wireless infrastructure network product portfolio which comprises of point-to-point and point-to-multi-point radios, mobile coverage solutions, wifi 3G data offload and performances management systems that can help to lower mobile operator's operating and capital costs.

The Group also promote its suite of WIN products and solutions to the Defence, Broadcasting and Utilities market sectors.

Satellite Communications

The Group will continue to offer a range of land, marine and handheld satellite terminals to Satellite Operators, ISP, Broadcasters, Government, Oil / Gas / Maritime and Enterprises market sectors, and continue to seek new satellite business opportunities.

Infocomm

The Infocomm business segment comprises two business areas, namely Network Infrastructure and Payment Solutions. The Group's Infocomm business segment managed to secure approximately $77.0 million of order in-take in 1H 2013 compared to $60.9 million in 1H 2012, an increase of about 26.4% due to strong order in-take in Q2 2013 from both the Network Infrastructure and Payment Solutions businesses.

Network Infrastructure

The Group believes that growth in smart devices, internet, web services as well as regulatory compliances will drive Service Providers to build, expand and upgrade their networks. We believe IT spending from the enterprise sector will grow as organisations will continue to upgrade or build new network infrastructure to increase productivity, improve their competitiveness and strengthen their security. We believe IT spending in the Government, Transport and Utilities market sector will remain strong as governments drive to lower costs and improve public services.

The Group will continue to focus on providing IP, Optical and Broadcast network infrastructure products and solutions to meet our various customers' business objectives.

In 1H 2013, the Group's Network Infrastructure business area managed to secure approximately $55.3 million in order in-take, an increase of 28.9% compared to $42.9 million in 1H 2012 due to strong order in-take in Q2 2013.

In the Infocomm Network Infrastructure business, we are experiencing keen competition from both local resellers, distributors and system integrators, and some global equipment vendors.

Payment Solutions
In the Payment Solutions business, competition is very localised and fragmented with many local payment infrastructure and services vendors offering various payment products and solutions to banks, financial service providers, retailers, telcos, healthcare and transport organisations.

Growth in the payment business is driven by increase in debit and credit cards spending and various types of transactions, various government initiatives to go cashless as well as banks outsourcing their point-of-sale infrastructure.

The Group will focus on providing a comprehensive secured end-to-end electronic payment and network infrastructure, and various types of point-of-sale terminals and services.

In 1H 2013, the Group's Payment Solutions business area managed to secure approximately $21.7 million in order in-take, an increase of 20.6% compared to $18.0 million in 1H 2012 due to strong order in-take in Q2 2013.

11. Dividend

(a) Current Financial Period Reported On

The Directors are pleased to recommend an interim dividend as follow :

Name of Dividend	Interim (one-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	2 cents
Tax Rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Dividend declared for the corresponding period of the immediately preceding financial year :

Name of Dividend	Interim (one-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	4 cents
Tax Rate	Tax exempt

(c) Date payable

30 August 2013

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed on 20 August 2013 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 19 August 2013 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 19 August 2013 will be entitled to the proposed dividend.

12. **If no dividend has been declared/recommended, a statement to that effect.**

    Not applicable

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

6 August 2013

Nera Telecommunications Ltd

Nera Telecommunications Ltd

Analyst Briefing

Samuel Ang
President & CEO

Lim Gee Kiat
CFO

7th August 2013

Content

- Results :
  Q2 2013 vs Q2 2012 and
  1H 2013 vs 1H 2012

- Outlook

Performances

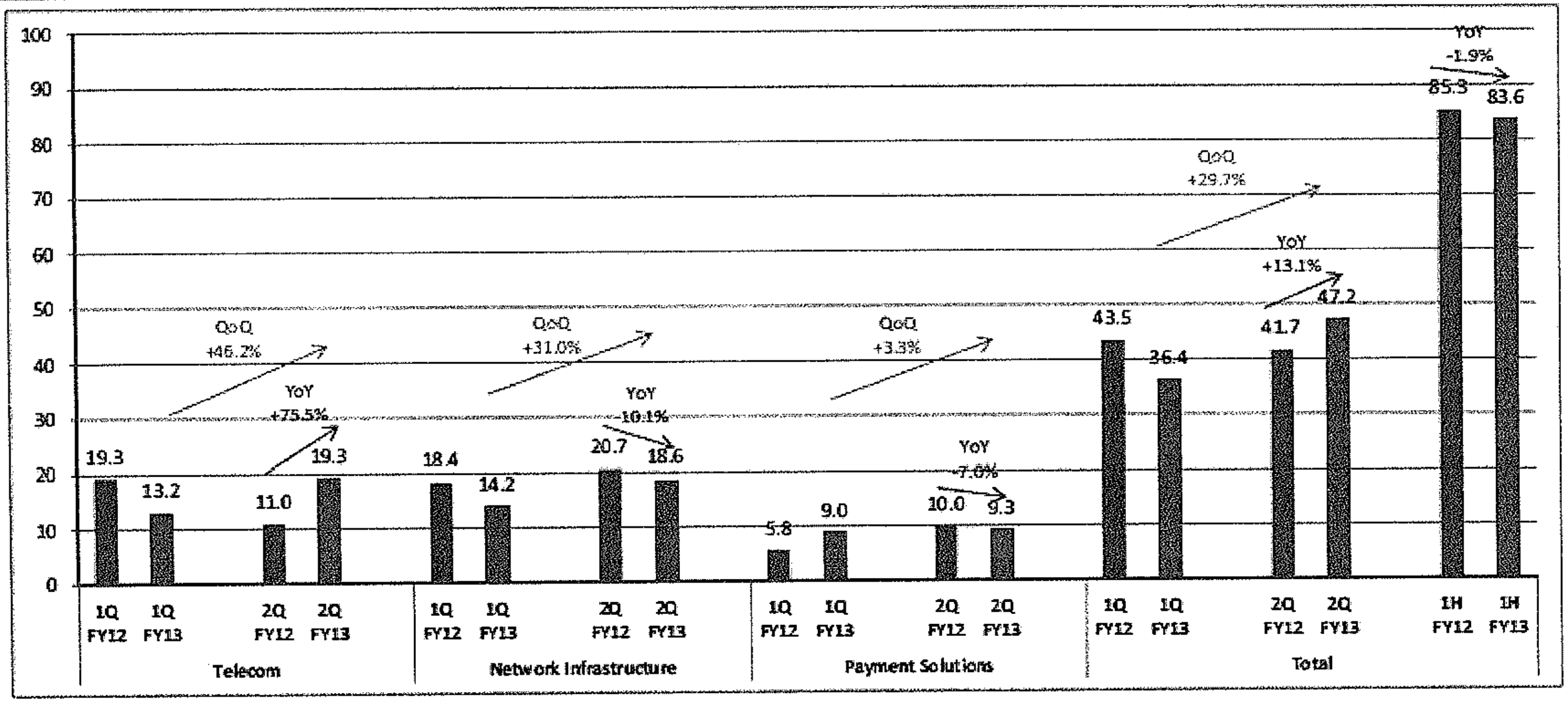
Nera Telecommunications Ltd

Q2 13 vs Q2 12 and 1H 13 vs 1H 12

NeraTel Group	2nd Quarter			Period ended 30 June		
	2013 S$'000	2012 S$'000	+ / - %	2013 S$'000	2012 S$'000	+ / - %
Turnover	47,180	41,726	13.1	83,634	85,270	(1.9)
Gross profit	14,542	12,111	20.1	29,707	27,565	7.8
Profit before taxation	11,476	4,195	173.6	18,844	12,278	53.5
Profit after taxation	10,480	3,344	213.4	16,324	9,836	66.0

Turnover - Group

Nera Telecommunications Ltd



- Turnover in Q2 2013 increased 13.1% ($5.5 million) YoY from $41.7 million to $47.2 million. The increase was resulted from higher turnover from Telecom business segment, partially offset by lower turnover in Infocomm business segment.

- Turnover for 1H 2013 declined slightly by 1.9% ($1.7 million) YoY from $85.3 million to $83.6 million. The decrease in turnover resulted from lower turnover from the Infocomm business segment, partially offset by higher turnover in the Telecom business segment.

Turnover

Nera Telecommunications Ltd

Telecom

- YoY, turnover in Q2 2013 and 1H 2013 increased by 75.5% ($8.3 million) and 7.3% ($2.2 million) from $11.0 million to $19.3 million, and from $30.3 million to $32.5 million respectively.

- The increase in turnover was resulted from higher sales of microwave radio equipment in the Middle East and North Africa market, where revenue contribution was $13.2 million and $21.7 million for Q2 2013 and 1H 2013 respectively, compared to $5.9 million and $18.2 million for Q2 2012 and 1H 2012 respectively.

Infocomm

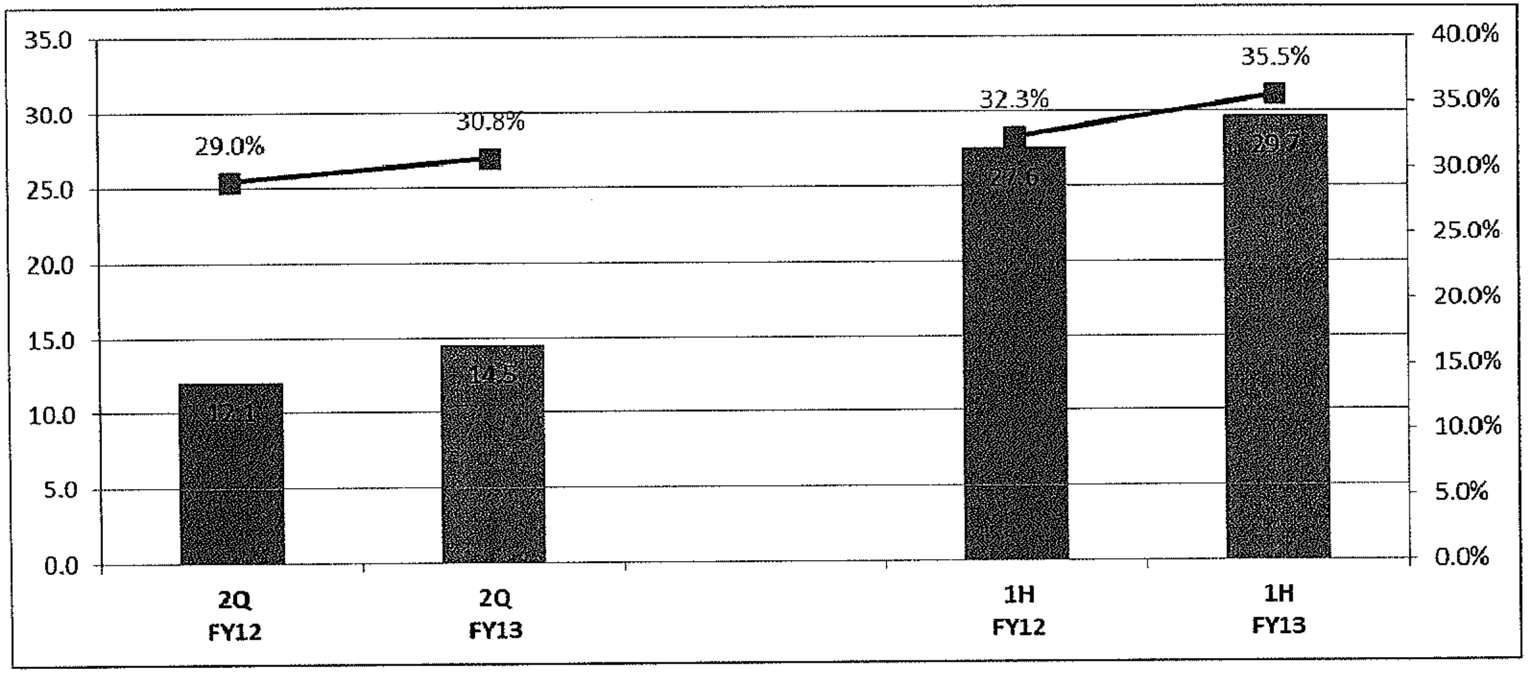
Network Infrastructure

- YoY, turnover in Q2 2013 and 1H 2103 declined 10.1% ($2.1 million) and 16.3% ($6.4m) from $20.7 million to $18.6 million, and $39.2 million to $32.8 million respectively. The decline was mainly due to delay in the deliveries of some projects in the Service Provider sector .

Payment Solutions

- Turnover in Q2 2013 declined slightly by 7.0% ($0.7million) YoY from $10.0 million to $9.3 million. However, for 1H 2013, the turnover increased 15.8% ($2.5 million) YoY from $15.8 million to $18.3 million. This was mainly due to delivery of point-of-sale terminals to a bank in South East Asia.

Gross Profit, GP Margin



- Gross profit for Q2 2013 increased 20.1% YoY from $12.1 million to $14.5 million where gross profit margin improved from 29.0% to 30.8%.
  Compared to 1H 2012, gross profit for 1H 2013 increased 7.8% from $27.6 million to $29.7 million. Gross profit margin improved from 32.3% to 35.5%.

- The improvement in gross profit and GP% from both the Telecom and Infocomm business segments can be attributed to sales mix in product, project and services. In addition, certain projects realised higher profit margin upon their completion.

Operating Expenses

Nera Telecommunications Ltd

- YoY, total operating expenses for Q2 2013 and 1H 2013 increased 9.9% and 6.7% from $9.1 million to $10.0 million, and $17.8 million to $19.0 million respectively.

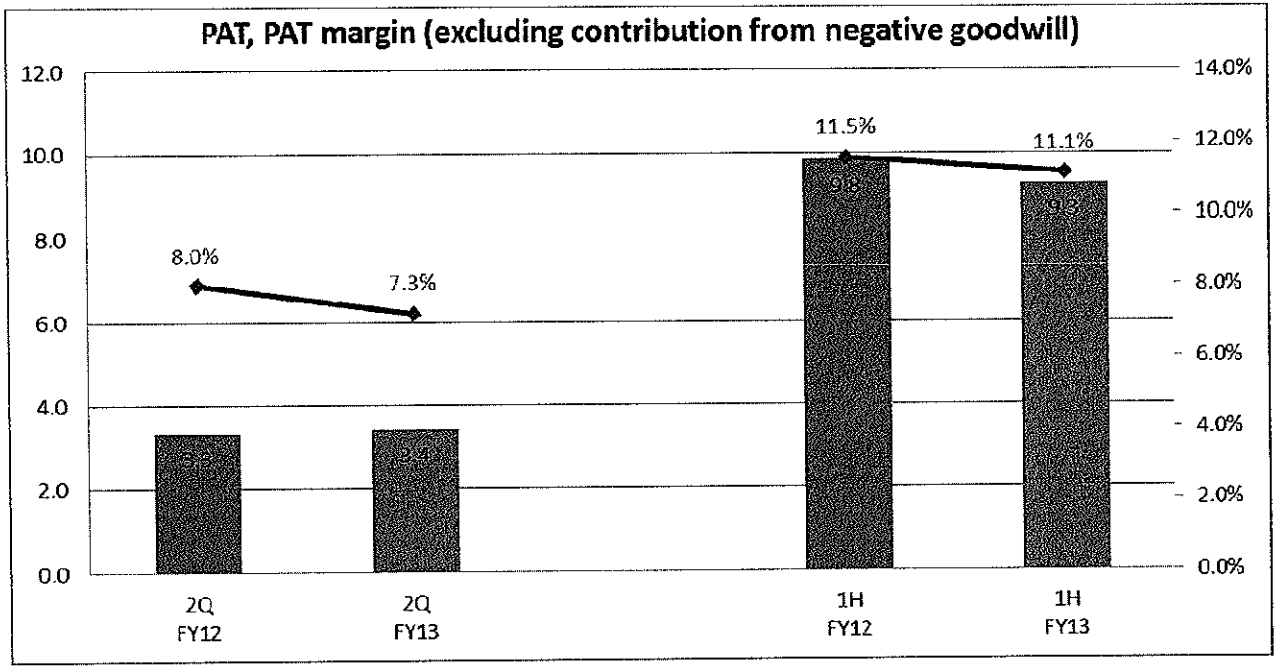
- YoY, distribution and selling expenses for 2Q 2013 and 1H 2013 increased 12.2% ($0.7 million) and 10.0% ($1.2 million) respectively. The increase was mainly due to higher payroll related costs as well as operational cost for the new subsidiary in Nigeria.

- YoY, administrative expenses for Q2 2013 and 1H 2013 increased 11.6% ($0.3 million) and 10.1% ($0.5 million) respectively mainly due to higher payroll related costs.

Profit after tax, PAT margin

Nera Telecommunications Ltd

- YoY, PAT for Q2 2013 and 1H 2013 increased significantly by 213.4% and 66.0% respectively mainly due to contribution from negative goodwill. Excluding that, PAT for Q2 2013 and 1H 2013 was $3.4 million (Q2 2012 : $3.3 million) and $9.3 million (1H 2012 : $9.8 million) respectively.



- While the PAT margin may appear to have declined, it was mainly due to Equity Accounting was used to include the associate contribution in Q2 2012 and 1H 2012, whereas the associate has become a wholly owned subsidiary in Q2 2013 and 1H 2013.

Financial Positions

Nera Telecommunications Ltd

- **Strong balance sheet**

- **Warranty provision, abt. S$5.6m**

- **Strong cash position, abt. S$25.4m**

  + cash generated from operations S$3.2m
  - lower cash due to payment of S$14.5m FY12 dividends in May 2013 and about S$9m capex on POS leasing

Interim Dividend

Nera Telecommunications Ltd

The Board is pleased to recommend an interim dividend as follow :

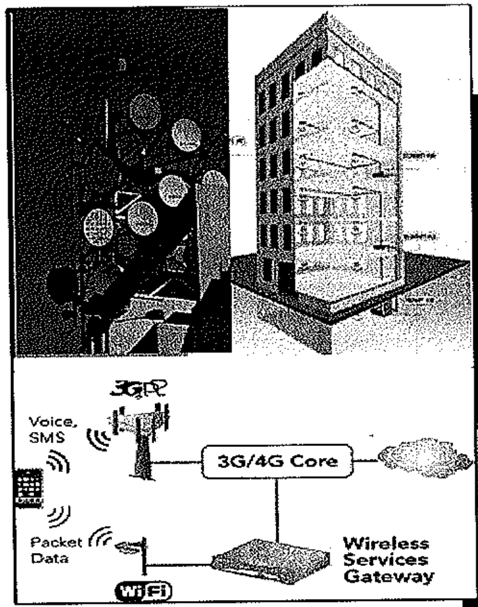
Name of Dividend :	Interim (one-tier)
Dividend Type :	Cash
Dividend Amount per Share (in cents) :	Two (2) cents
Tax Rate :	Tax exempt

Date payable : 30 August 2013

Outlook

TELECOMMUNICATIONS SEGMENT

Nera Telecommunications Ltd



Wireless Infrastructure Networks (WIN)

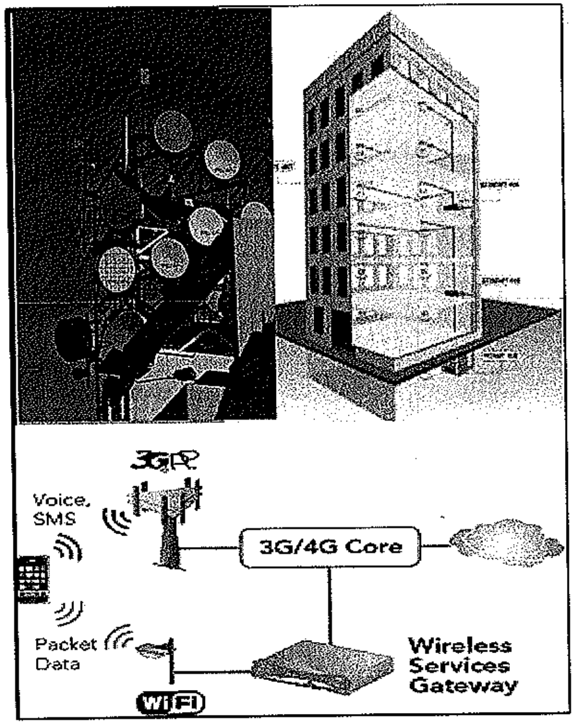
Satellite Communications

The Telecommunications business segment comprises two business areas : Wireless Infrastructure Networks ('WIN') and Satellite Communications.

In 1H 2013, the Group's Telecom business segment secured approximately $44.0 million in order in-take, an increase of 13.1% compared to $38.9 million in 1H 2012 as a result of strong order in-take in Q2 2013 from the WIN business area.

Competition remains intense and mobile operators are cautious in their capital investments and continue to strive to lower their capital and operating expenses.

TELECOMMUNICATIONS
BA : Wireless Infrastructure Networks ("WIN")



In the WIN business area, the Group believes that demand for wireless infrastructure networks from mobile operators will continue to be driven by the growth in mobile users, broadband services as well as compliances to stringent regulatory service standards.

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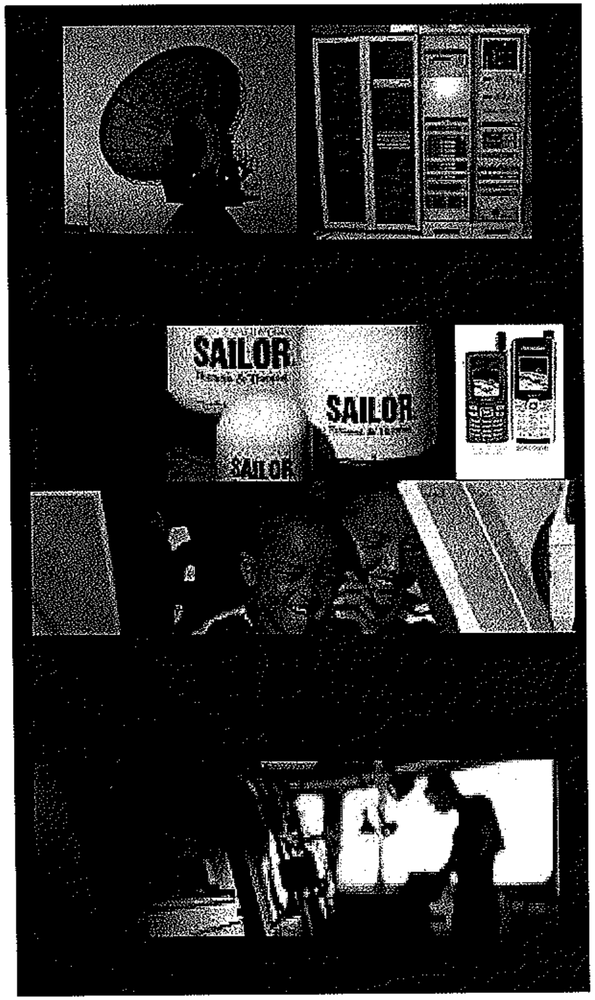
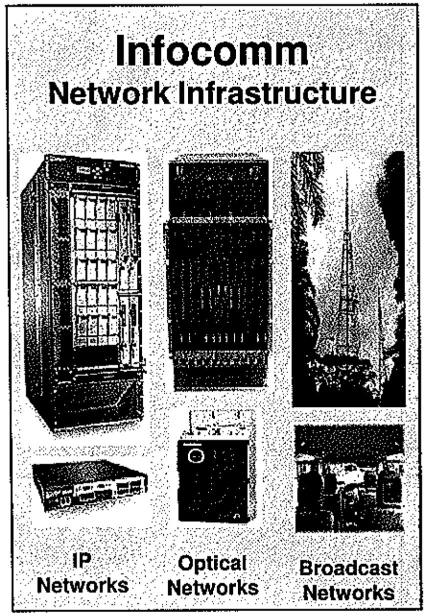
The Group also promote its suite of WIN products and solutions to the Defence, Broadcasting and Utilities market sectors.

TELECOMMUNICATIONS
BA : Satellite Communications



The Group will continue to offer a range of land, marine and handheld satellite terminals to Satellite Operators, ISP, Broadcasters, Government, Oil / Gas / Maritime and Enterprises market sectors, and continue to seek new satellite business opportunities.

INFOCOMM BUSINESS SEGMENT

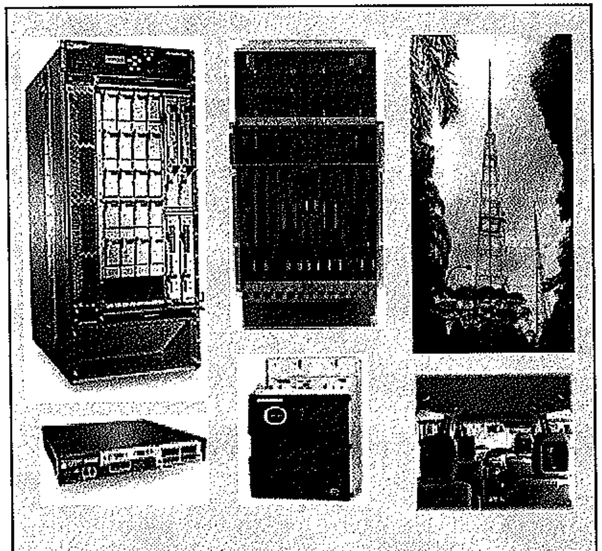


The Infocomm business segment comprises two business areas, namely Network Infrastructure and Payment Solutions.

The Group's Infocomm business segment managed to secure approximately $77.0 million of order in-take in 1H 2013 compared to $60.9 million in 1H 2012, an increase of about 26.4% due to strong order in-take in Q2 2013 from both the Network Infrastructure and Payment Solutions businesses.

INFOCOMM

BA : Network Infrastructure



The Group believes that growth in smart devices, internet, web services as well as regulatory compliances will drive Service Providers to build, expand and upgrade their networks.

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IT spending in the Government, Transport and Utilities market sector will remain strong as governments drive to lower costs and improve public services.

The Group will continue to focus on providing IP, Optical and Broadcast network infrastructure products and solutions to meet our various customers' business objectives.

In 1H 2013, the Group's Network Infrastructure business area managed to secure approximately $55.3 million in order in-take, an increase of 28.9% compared to $42.9 million in 1H 2012 due to strong order in-take in Q2 2013.

In the Infocomm Network Infrastructure business, we are experiencing keen competition from both local resellers, distributors and system integrators, and some global equipment vendors.

INFOCOMM
BA : Payment Solutions

In the Payment Solutions business, competition is very localised and fragmented with many local payment infrastructure and services vendors offering various payment products and solutions to banks, financial service providers, retailers, telcos, healthcare and transport organisations.

Growth in the payment business is driven by increase in debit and credit cards spending and various types of transactions, various government initiatives to go cashless as well as banks outsourcing their point-of-sale infrastructure.

The Group will focus on providing a comprehensive secured end-to-end electronic payment and network infrastructure, and various types of point-of-sale terminals and services.

In 1H 2013, the Group's Payment Solutions business area managed to secure approximately $21.7 million in order in-take, an increase of 20.6% compared to $18.0 million in 1H 2012 due to strong order in-take in Q2 2013.


THANK YOU