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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	07-Nov-2013 19:24:53
Announcement No.	00134

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2013

Description	Please refer to the following announcements attached: (1) Announcement on Third Quarter Results Ended 30 September 2013 (2) Third Quarter Ended 30 September 2013 Analyst Briefing

Attachments

3Q2013Results_7Nov2013.pdf

AnalystBriefing_7Nov2013.pdf

Total size = **1193K**
(2048K size limit recommended)

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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 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.

		Group 3rd Quarter			Group Period ended 30 September		
	Note	2013 S$'000	2012 S$'000	Increase/ (Decrease) %	2013 S$'000	2012 S$'000	Increase/ (Decrease) %
Turnover		**50,128**	**48,195**	**4.0**	**133,762**	**133,465**	**0.2**
Cost of sales		(34,815)	(33,903)	2.7	(88,742)	(91,608)	(3.1)
Gross profit		**15,313**	**14,292**	**7.1**	**45,020**	**41,857**	**7.6**
Other operating income		49	727	(93.3)	990	2,787	(64.5)
Negative goodwill on acquisition of subsidiary	(1)	-	-	0.0	7,051	-	100.0
Distribution and selling expenses		(7,218)	(5,836)	23.7	(20,186)	(17,622)	14.5
Administrative expenses		(2,671)	(2,277)	17.3	(8,461)	(7,534)	12.3
Other operating expenses		(928)	(385)	141.0	(1,192)	(1,153)	3.4
Profit from operations		**4,545**	**6,521**	**(30.3)**	**23,222**	**18,335**	**26.7**
Financial expenses		(104)	(176)	(40.9)	(188)	(277)	(32.1)
Financial income		42	39	7.7	134	124	8.1
Profit after financial items		**4,483**	**6,384**	(29.8)	**23,168**	**18,182**	27.4
Share of results of an associate		-	216	(100.0)	159	696	(77.2)
Profit before taxation		**4,483**	**6,600**	**(32.1)**	**23,327**	**18,878**	**23.6**
Taxation		(1,188)	(910)	30.5	(3,708)	(3,352)	10.6
Profit after taxation		**3,295**	**5,690**	**(42.1)**	**19,619**	**15,526**	**26.4**
Other comprehensive income / (expense) :							
Items that may be reclassified subsequently to profit or loss :							
Foreign currency translation of financial statements of foreign operations		**(1,141)**	**(273)**	317.9	**(1,245)**	**(2)**	62,150.0
Total comprehensive income for the period		**2,154**	**5,417**	**(60.2)**	**18,374**	**15,524**	**18.4**

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.

		Group 3rd Quarter			Group Period ended 30 September		
		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		(42)	(8)	425.0	(42)	42	N.M.
Amortisation of intangible assets	(1)	(56)	(17)	229.4	(128)	(49)	161.2
Depreciation of property, plant and equipment	(2)	(1,277)	(756)	68.9	(3,695)	(2,530)	46.0
Ex-gratia payment to ex-directors of the Company		-	-	0.0	(325)	-	100.0
Foreign exchange loss		(867)	(372)	133.1	(1,057)	(1,105)	(4.3)
Interest expense		-	-	0.0	-	(2)	(100.0)
Interest income	(3)	42	39	7.7	134	124	8.1
Loss on remeasurement of previously held interest in subsidiary acquired		-	-	-	(6)	-	100.0
Net gain / (loss) on disposal / write-off of property, plant and equipment		14	7	100.0	21	4	425.0
(Provision) / writeback of provision for doubtful debts		(211)	38	N.M.	(183)	156	N.M.
Writeback / (allowance) for stock obsolescence		19	15	26.7	(217)	32	N.M.
Provision for warranty		(283)	(394)	(28.2)	(360)	(563)	(36.1)
Gross profit as a percentage of turnover		30.5%	29.7%	0.8	33.7%	31.4%	2.3
Profit for the period as a percentage of turnover		6.6%	11.8%	(5.2)	14.7%	11.6%	3.1
<u>Other information</u>							
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%	9.1%	(3.8)	31.4%	24.9%	6.5

N.M. Not meaningful

<u>Notes</u> :

(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 30/9/2013 S$'000	Group 31/12/2012 S$'000	Company 30/9/2013 S$'000	Company 31/12/2012 S$'000
Equity					
Share capital		29,909	29,909	29,909	29,909
Revenue reserve		36,654	38,749	17,698	25,473
Translation reserve		(4,035)	(2,790)	-	-
		62,528	65,868	47,607	55,382
Non current assets					
Property, plant and equipment	(1)	14,742	8,671	4,174	3,643
Intangible assets		1,195	1,160	1,112	1,160
Investment in subsidiaries		-	-	5,006	4,602
Investment in an associate	(2)	-	2,896	-	199
Finance lease receivable		-	95	-	-
Deferred tax assets		1,522	1,800	101	282
		17,459	14,622	10,393	9,886
Current assets					
Stocks		1,974	5,916	678	4,990
Contract work-in-progress		25,079	18,750	15,824	7,171
Trade receivables		58,911	56,101	18,542	20,316
Finance lease receivable		190	276	-	-
Other receivables, deposits and prepayments		3,974	2,951	274	734
Due from subsidiaries (trade)		-	-	22,281	26,275
Due from subsidiaries (non-trade)		-	-	1,904	514
Due from an associate (trade)	(2)	-	1,160	-	1,160
Cash and cash equivalents		25,926	43,740	15,478	34,798
Total current assets		116,054	128,894	74,981	95,958
Current liabilities					
Trade payables		43,232	48,955	21,568	31,902
Other payables and accruals		18,677	19,038	11,647	12,846
Due to subsidiaries (non-trade)		-	-	349	382
Due to an associate (trade)	(2)	-	162	-	-
Due to an associate (non-trade)	(2)	-	240	-	-
Provision for taxation		3,642	3,762	1,987	2,878
Provision for warranty		5,434	5,484	2,216	2,454
Obligations under finance leases		-	7	-	-
Total current liabilities		70,985	77,648	37,767	50,462
Net current assets		45,069	51,246	37,214	45,496
Net Assets		62,528	65,868	47,607	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 30/9/2013		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 30/9/2013		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 3rd Quarter		Group Period ended 30 Sep	
	2013	2012	2013	2012
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Profit before taxation	4,483	6,600	23,327	18,878
Adjustments for :				
Amortisation of intangible assets	56	17	128	49
Depreciation of property, plant and equipment	1,277	756	3,695	2,530
Interest expense	-	-	-	2
Interest income	(42)	(39)	(134)	(124)
Net gain on disposal / write-off of property, plant and equipment	(14)	(7)	(21)	(4)
Allowance / (Writeback) of provision for doubtful debts	211	(38)	183	(156)
(Writeback) / Allowance for stock obsolescence	(19)	(15)	217	(32)
Provision for warranty	283	394	360	563
Negative goodwill on acquisition of subsidiary	-	-	(7,051)	-
Loss on remeasurement of previously held interest in subsidiary acquired	-	-	6	-
Share of results of an associate	-	(216)	(159)	(696)
Operating profit before working capital changes	6,235	7,452	20,551	21,010
Decrease / (increase) in :				
Stocks	93	146	3,752	1,250
Contract work-in-progress	2,585	(950)	(2,580)	244
Trade receivables	5,888	(7,508)	3,746	(3,760)
Finance lease receivable	79	57	181	214
Other receivables, deposits and prepayments	(156)	(191)	(877)	(570)
Changes in associate balances	-	(113)	1,573	702
(Decrease) / increase in :				
Trade payables	(3,869)	75	(11,550)	(7,346)
Other payables and accruals	(520)	955	(937)	(311)
Provision for warranty	(202)	(259)	(573)	(1,021)
Cash flows from operations	10,133	(336)	13,286	10,412
Interest paid	-	-	-	(2)
Income taxes paid	(1,334)	(963)	(3,802)	(2,923)
Net cash flows from / (used in) operating activities	8,799	(1,299)	9,484	7,487
Cash flows from investing activities				
Proceeds from disposal of fixed assets	18	28	33	61
Purchase of fixed assets	(962)	(937)	(10,750)	(2,243)
Net cash inflow on acquisition of a subsidiary (Note 1)	-	-	5,335	-
Interest received	42	39	134	124
Net cash flows used in investing activities	(902)	(870)	(5,248)	(2,058)
Cash flows from financing activities				
Dividend paid to shareholders	(7,238)	(14,476)	(21,714)	(14,476)
Repayment of obligations under finance leases	-	(7)	(7)	(21)
Net cash flows used in financing activities	(7,238)	(14,483)	(21,721)	(14,497)
Net increase / (decrease) in cash and cash equivalents	659	(16,652)	(17,485)	(9,068)
Effect of exchange rate changes	(170)	(246)	(329)	(31)
Cash and cash equivalents at beginning of the period	25,437	54,334	43,740	46,535
Cash and cash equivalents at end of the period	25,926	37,436	25,926	37,436

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 3rd Quarter ended 30 September	Share Capital S$'000	Revenue Reserve S$'000	Translation Reserve S$'000	Total S$'000
Group				
Balance as at 1.7.2013	29,909	40,597	(2,894)	**67,612**
Total comprehensive income for the period	-	3,295	(1,141)	2,154
Dividend paid	-	(7,238)	-	(7,238)
Balance as at 30.9.2013	29,909	36,654	(4,035)	**62,528**
Balance as at 1.7.2012	29,909	43,664	(2,220)	**71,353**
Total comprehensive income for the period	-	5,690	(273)	5,417
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.9.2012	29,909	34,878	(2,493)	**62,294**
Company				
Balance as at 1.7.2013	29,909	16,646	-	**46,555**
Total comprehensive income for the period	-	8,290	-	8,290
Dividend paid	-	(7,238)	-	(7,238)
Balance as at 30.9.2013	29,909	17,698	-	**47,607**
Balance as at 1.7.2012	29,909	33,812	-	**63,721**
Total comprehensive income for the period	-	4,608	-	4,608
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.9.2012	29,909	23,944	-	**53,853**

For Period ended 30 September	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	-	19,619	(1,245)	18,374
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 30.9.2013	29,909	36,654	(4,035)	**62,528**
Balance as at 1.1.2012	29,909	33,828	(2,491)	**61,246**
Total comprehensive income for the period	-	15,526	(2)	15,524
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.9.2012	29,909	34,878	(2,493)	**62,294**
Company				
Balance as at 1.1.2013	29,909	25,473	-	**55,382**
Total comprehensive income for the period	-	13,939	-	13,939
Dividend paid	-	(21,714)	-	(21,714)
Balance as at 30.9.2013	29,909	17,698	-	**47,607**
Balance as at 1.1.2012	29,909	28,118	-	**58,027**
Total comprehensive income for the period	-	10,302	-	10,302
Dividend paid	-	(14,476)	-	(14,476)
Balance as at 30.9.2012	29,909	23,944	-	**53,853**

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 2013. As at 30 September 2013, there was no share options granted (30 September 2012 : nil). There was also no treasury share in issue as at the end of the current financial period (30 September 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 704(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 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 3rd Quarter		Group Period ended 30 Sep	
	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	0.91	1.57	5.42	4.29
(ii) fully diluted earnings per share	0.91	1.57	5.42	4.29

Basic earnings per ordinary share for the financial period ended 30 September 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 September 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	
	30/9/2013 (cents)	31/12/2012 (cents)	30/9/2013 (cents)	31/12/2012 (cents)
Net Asset Value per ordinary share based on issued share capital	17.28	18.20	13.15	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) <u>Turnover</u>

On a year-on-year ('YOY') comparison, turnover in Q3 2013 increased 4.0% ($1.9 million) from $48.2 million to $50.1 million. Compared to nine months of 2012, turnover for nine months of 2013 increased slightly by 0.2% ($0.3 million) from $133.5 million to $133.8 million.

The increase in turnover for the quarter and for the nine months of 2013 resulted from higher turnover from Telecom business segment, partially offset by lower turnover in Infocomm business segment.

Telecommunications (Telecom)

On a YOY comparison, turnover in Q3 2013 increased 28.7% ($4.9 million) from $17.1 million to $22.0 million. Compared to nine months of 2012, turnover for nine months of 2013 increased by 15.0% ($7.1 million) from $47.4 million to $54.5 million.

The increase in turnover resulted from higher sales of microwave radio equipment in the Wireless Infrastructure Network business area. The Middle East and Africa market contributed revenue of $12.8 million and $34.5 million for the quarter and nine months of 2013 respectively, compared to $9.2 million and $27.4 million for Q3 2012 and nine months of 2012 respectively.

Infocomm

On a YOY comparison, turnover in Q3 2013 declined 9.7% ($3.0 million) from $31.0 million to $28.0 million. Compared to nine months of 2012, turnover for nine months of 2013 declined 7.9% ($6.8 million) from $86.0 million to $79.2 million.

<u>Network Infrastructure</u>
Turnover for Network Infrastructure business area increased slightly by 1.1% ($0.2 million) YOY from $18.1 million to $18.3 million for the quarter but declined 10.6% ($6.1 million) YOY from $57.3 million to $51.2 million for nine months of 2013. The decline mainly resulted from lower sales of network equipment to the Service Provider market sector arising from project delays. However, higher sales were recorded from Indonesia, Malaysia, Philippines and Thailand.

<u>Payment Solutions</u>
Turnover for Payment Solutions business area declined 24.8% ($3.2 million) YOY from $12.9 million to $9.7 million for the quarter. This was mainly due to a lumpy sales recognition from delivery of point-of-sale terminals to a customer in Q3 2012. For nine months of 2013, the turnover for Payment Solutions had a lower decline at 2.4% ($0.7 million) YOY from $28.7 million to $28.0 million as a result of increased contribution from leasing revenue.

(b) <u>Gross Profit</u>

On a YOY comparison, gross profit for Q3 2013 increased 7.1% from $14.3 million to $15.3 million. Gross profit margin % ("GP%") improved from 29.7% to 30.5%.

Compared to nine months of 2012, gross profit for nine months of 2013 increased 7.6% from $41.9 million to $45.0 million. GP% improved from 31.4% to 33.7%.

The improvement in gross profit and GP% can be attributed to sales mix in product, project and higher services and leasing income. In addition, certain projects realised higher profit margin upon their completion.

(c) Other operating income

The lower other operating income for Q3 2013 and nine months of 2013 as compared with the corresponding periods 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 Q3 2013 increased 27.1% from $8.5 million to $10.8 million. Compared to nine months of 2012, total operating expenses for nine months of 2013 increased 13.3% from $26.3 million to $29.8 million.

Distribution and selling expenses increased 23.7% ($1.4 million) YOY for the quarter and 14.5% ($2.6 million) YOY for nine months of 2013. The increase was mainly due to higher payroll related costs, operational cost for the new subsidiary set up in Nigeria in February 2013, consolidation of expenses from Nera (Malaysia) Sdn Bhd ('NMSB') where it became a subsidiary on 26 Apr 2013 and net provision of $0.18 million made for doubtful debts. In nine months of 2012, there was a net $0.16 million written back on provision made earlier.

Administrative expenses increased 17.3% ($0.4 million) YOY for the quarter and 12.3% ($0.9 million) YOY for nine months of 2013 mainly due to higher payroll related costs and consolidation of operational cost from NMSB where it became a subsidiary on 26 Apr 2013.

(e) Profit Before Taxation ('PBT')

PBT for Q3 2013 decreased 32.1% from $6.6 million to $4.5 million mainly due to the higher operating expenses and lower other operating income.

PBT for nine months of 2013 increased 23.6% from $18.9 million to $23.3 million 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 nine months of 2013 was $2.6 million lower at $16.3 million. The decrease resulted from lower other operating income and higher operating expenses, partially offset by higher gross profit.

(f) Cash flow

For Q3 2013, the Group was able to generate positive cashflow, despite payment of an interim dividend of $7.2 million for FY2013 during the quarter.

For the nine months of 2013, the decrease in cash and cash equivalents was mainly due to the payment of final dividend for FY2012 and interim dividend for FY2013 and purchase of point-of-sale terminals for leasing to customers. This was partially offset by cash inflow from the acquisition of the subsidiary of $5.3 million.

For Q3 2013 and nine months of 2013, the Group incurred $0.8 million and $9.8 million respectively on point-of-sales terminals for leasing to customers. The remaining capital expenditure incurred was mainly for purchase of software licence needed for Wireless Infrastructure Network project implementation, motor vehicle and the new office set up cost.

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 the nine months of 2013, the Group's Telecom business segment secured approximately $54.7 million in order in-take, an increase of 4.4% compared to $52.4 million in the nine months of 2012.

Telecom operators continue to be cautious in their capital investments and operational costs, and demanded products and solutions with lower capital and operating expenses. Competition is expected to remain intense.

Wireless Infrastructure Networks
The rapid growth in mobile devices, users and mobile broadband services and regulatory compliances has driven mobile operators to continue to invest and improve their wireless infrastructure networks.

The Group will continue to provide 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 to meet the market demands.

In the non-mobile market sectors, the Group will focus on offering its suite of WIN products and solutions to the Defence, Broadcasting and Utilities customers.

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

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 $102.7 million of order in-take in the nine months of 2013 compared to $87.5 million in the nine months of 2012, an increase of about 17.4% due to better order in-take from both the Network Infrastructure and Payment Solutions businesses.

Network Infrastructure
Competition is expected to remain strong from both local resellers, distributors and system integrators as well as some global equipment manufacturers.

The Group believes that the strong growth in internet traffic, web services and regulatory compliances will drive Service Providers to build, expand and upgrade their networks. The demand for IT and network equipment for the Enterprise market sector is expected to be driven by network security concerns and the need to improve competitiveness. In the Government, Transport and Utilities market sector, demand for IT infrastructure networks will remain strong as governments drive to lower costs and improve public services.

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

In the nine months of 2013, the Group's Network Infrastructure business area managed to secure approximately $68.3 million in order in-take, an increase of 15.2% compared to $59.3 million in the nine months of 2012 due to higher order intake from customers in Indonesia, Malaysia, Philippines and Thailand.

Payment Solutions

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

The Group will continue to focus on providing a secured end-to-end electronic payment network infrastructure, which comprises of point-of-sale terminals, solutions and services to the banks and financial institutions.

In the nine months of 2013, the Group's Payment Solutions business area managed to secure approximately $34.4 million in order in-take, an increase of 22.0% compared to $28.2 million in the nine months of 2012 due to strong point-of-sale terminal orders from banks in Philippines and Thailand.

Competition in the electronic payment industry is very localised and fragmented with many local payment infrastructure and services vendors partnering point-of-sales terminals manufacturers to offer their products and solutions to various markets.

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/recommended, 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

7 November 2013

Nera Telecommunications Ltd

Analyst Briefing

Samuel Ang
President & CEO

Lim Gee Kiat
CFO

8th November 2013

Content

- Results :
  - Q3 FY13 vs Q3 FY12
  - YTD Sep FY13 vs YTD Sep FY12
- Outlook

Performances

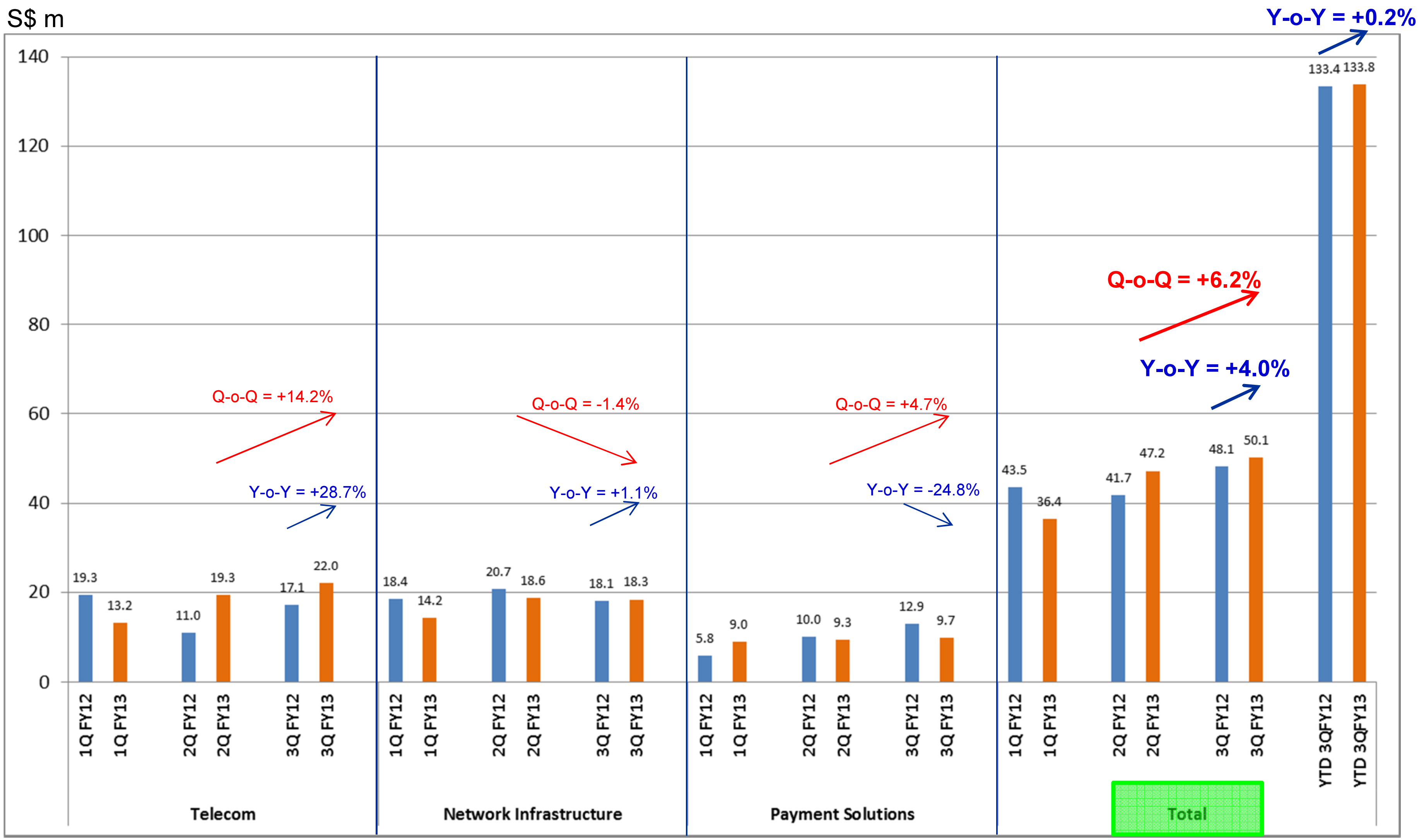
Nera Telecommunications Ltd

Q3 FY13 vs Q3 FY12 and YTD Sep FY13 vs YTD Sep FY12

	3rd Quarter			YTD Sep		
S$'000	**2013**	**2012**	**+/- %**	**2013**	**2012**	**+/- %**
Turnover	**50,128**	**48,195**	**4.0%**	**133,762**	**133,465**	**0.2%**
Gross profit	15,313	14,292	7.1%	45,020	41,857	7.6%
Gross profit %	*30.5%*	*29.7%*	*0.9%*	*33.7%*	*31.4%*	*2.3%*
Profit before negative goodwill	4,483	6,384	-29.8%	16,117	18,182	-11.4%
Profit after negative goodwill	4,483	6,384	-29.8%	23,168	18,182	27.4%
Profit before taxation	**4,483**	**6,600**	**-32.1%**	**23,327**	**18,878**	**23.6%**
Profit after taxation	**3,295**	**5,690**	**-42.1%**	**19,619**	**15,526**	**26.4%**

Turnover

Nera Telecommunications Ltd



Turnover – Overall group

Nera Telecommunications Ltd

3Q FY13

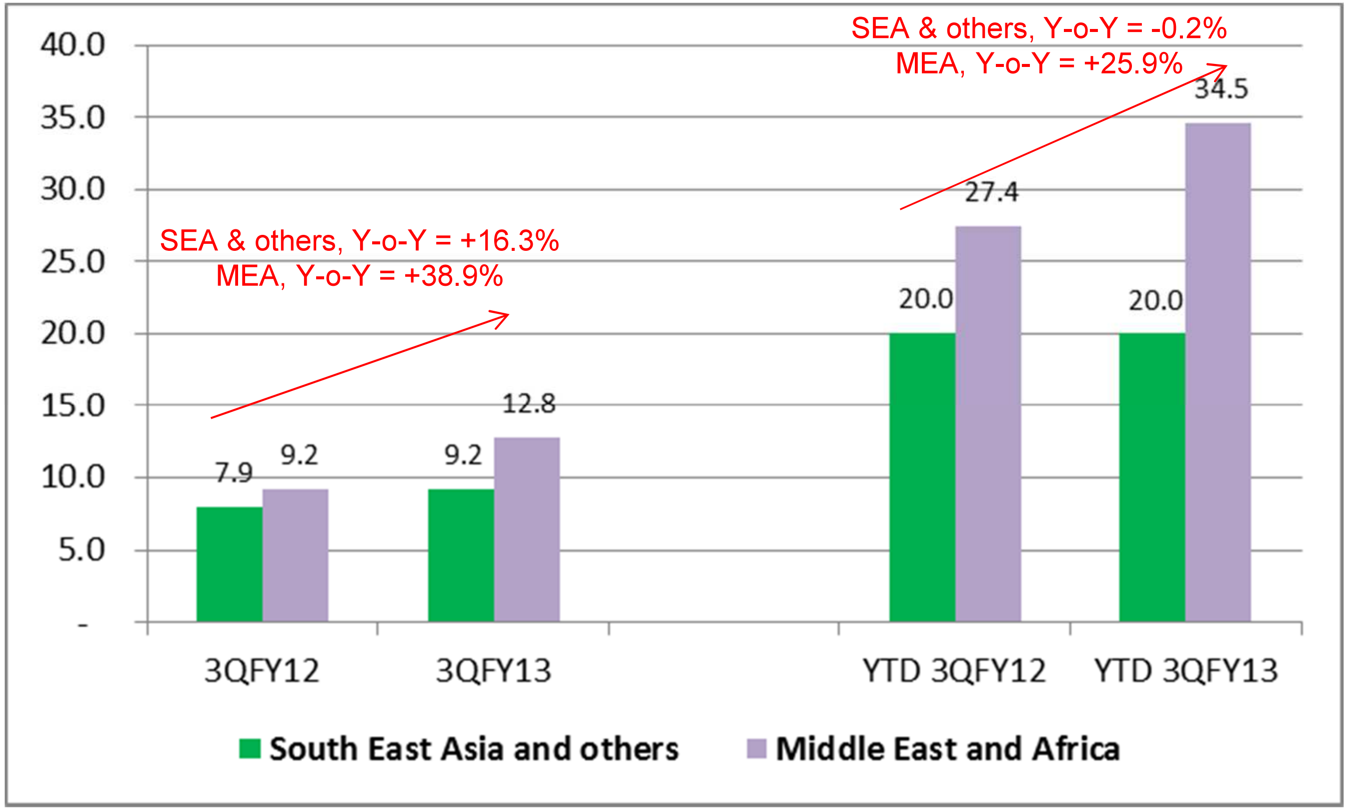
- Turnover in 3Q FY13 increased 4.0% ($1.9 million) y-o-y from $48.2 million to $50.1 million
  - Telecom = increased 28.7% ($4.9 million) y-o-y from $17.1 million to $22.0 million
  - Network Infrastructure = increased slightly by 1.1% ($0.2 million) y-o-y from $18.1 million to $18.3 million
  - Payment solution = declined 24.8% ($3.2 million) y-o-y from $12.9 million to $9.7 million

YTD Sep FY13

- Turnover increased slightly by 0.2% ($0.3 million) y-o-y from $133.5 million to $133.8 million
  - Telecom = increased by 15.0% ($7.1 million) y-o-y from $47.4 million to $54.5 million
  - Network Infrastructure = declined 10.6% ($6.1 million) y-o-y from $57.3 million to $51.2 million
  - Payment solution = decline at 2.4% ($0.7 million) y-o-y from $28.7 million to $28.0 million

Turnover - Telecom

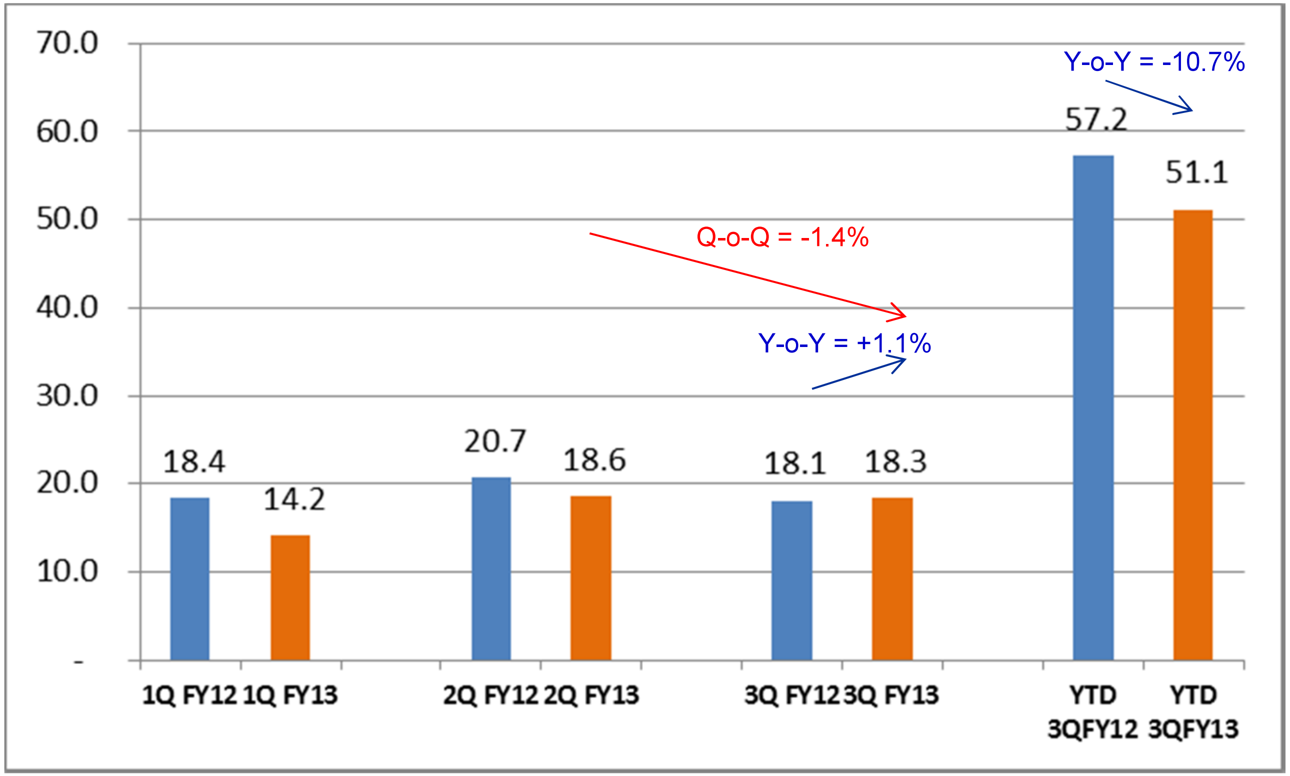
Nera Telecommunications Ltd



- The venture into Middle East and Africa ("MEA") market has been paying off.
- The growth in MEA market has been strong, with +38.9% y-o-y in 3QFY13 and +25.9% y-o-y in YTD 3QFY13.
- This is significantly higher that the +16.3% y-o-y in SEA and others in 3QFY13 and a relatively flat revenue y-o-y in YTD 3QFY13.

Turnover – Network Infrastructure

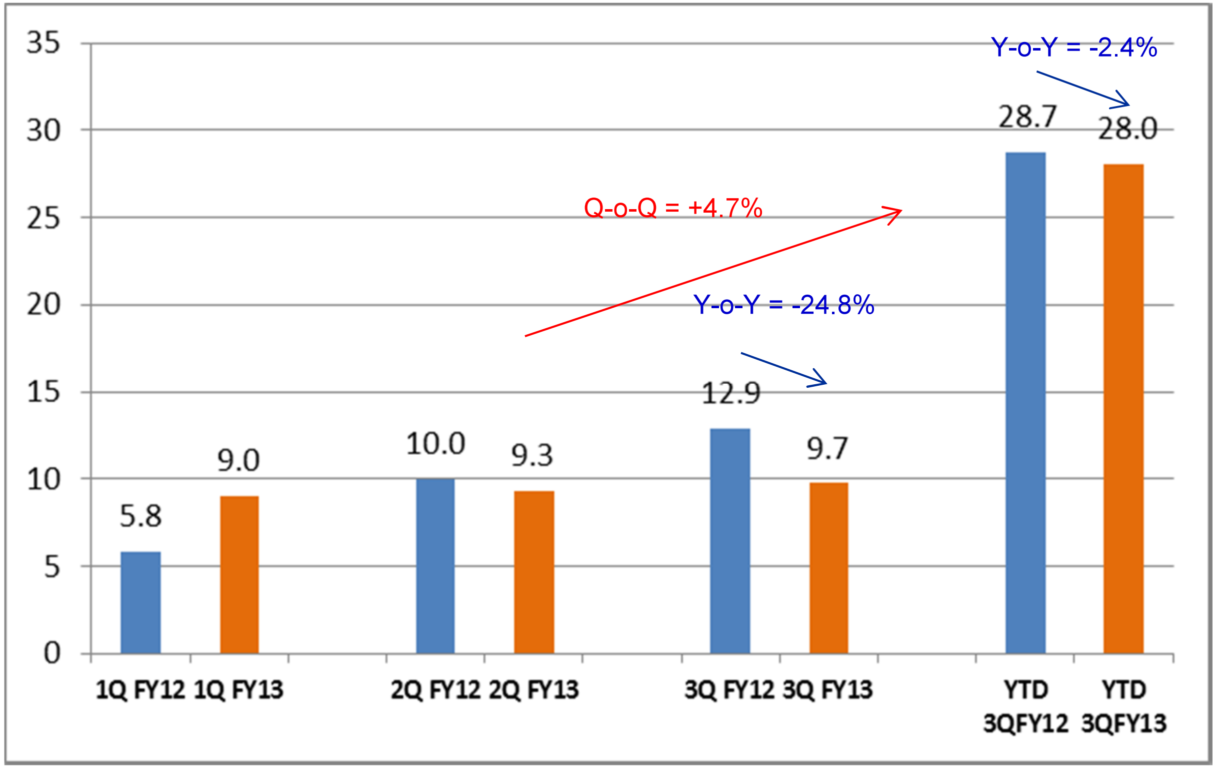
NERA
Nera Telecommunications Ltd



- 3QFY13 revenue contribution from Network Infrastructure had seen an increase of 1.1% y-o-y, after 2 consecutive quarters of y-o-y decline in 1QFY13 and 2QFY13.
- Due to the decline in 1HFY13, YTD 3QFY13 revenue contribution for Network Infrastructure YTD declined by 10.7% y-o-y.
- The decline mainly resulted from lower sales of network equipment to the Service Provider market sector arising from project delays in Singapore. However, the decline was reduced due to higher sales recorded from Indonesia, Malaysia, Philippines and Thailand.

Turnover – Payment Solution

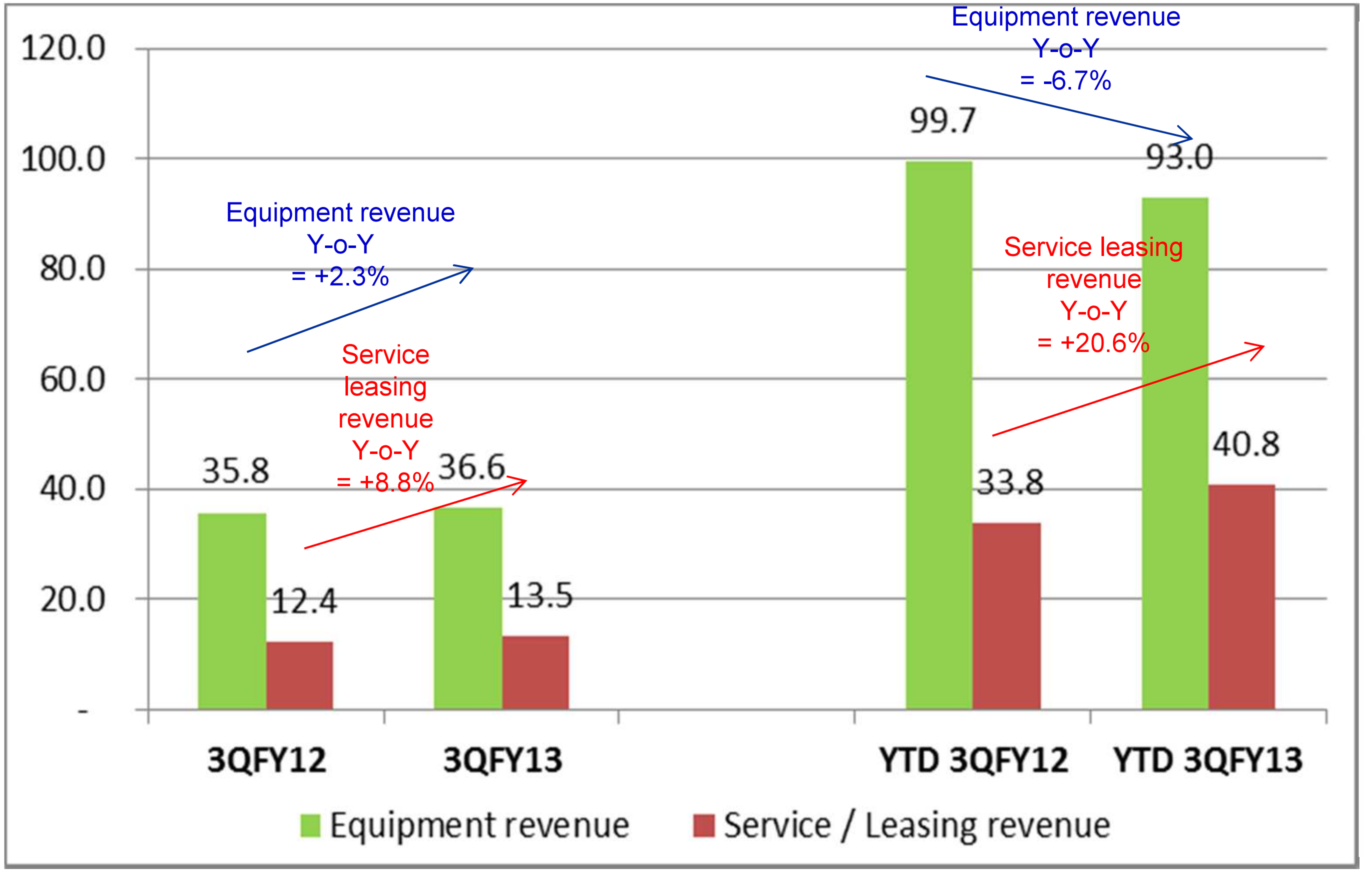
Nera Telecommunications Ltd

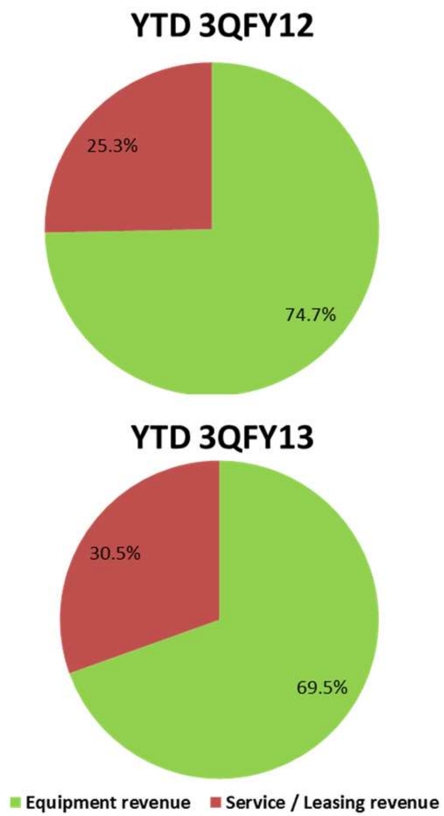


- Revenue for Payment Solutions business declined 24.8% ($3.2 million) y-o-y from $12.9 million to $9.7 million in 3QFY13. This was mainly due to a lumpy sales recognition from delivery of point-of-sale terminals to a customer in Indonesia in 3QFY12.
- However, with the increasing contribution from terminal leasing revenue, revenue from Payment Solutions business increased 4.7% q-o-q. This has reduced the YTD 3QFY13 decline to -2.4% ($0.7 million) y-o-y from $28.7 million to $28.0 million.

Turnover – Breakdown by nature

Nera Telecommunications Ltd





- Revenue contribution from service and terminal leasing revenue has increase +8.8% and +20.6% y-o-y in 3QFY13 and YTD 3QFY13 respectively.

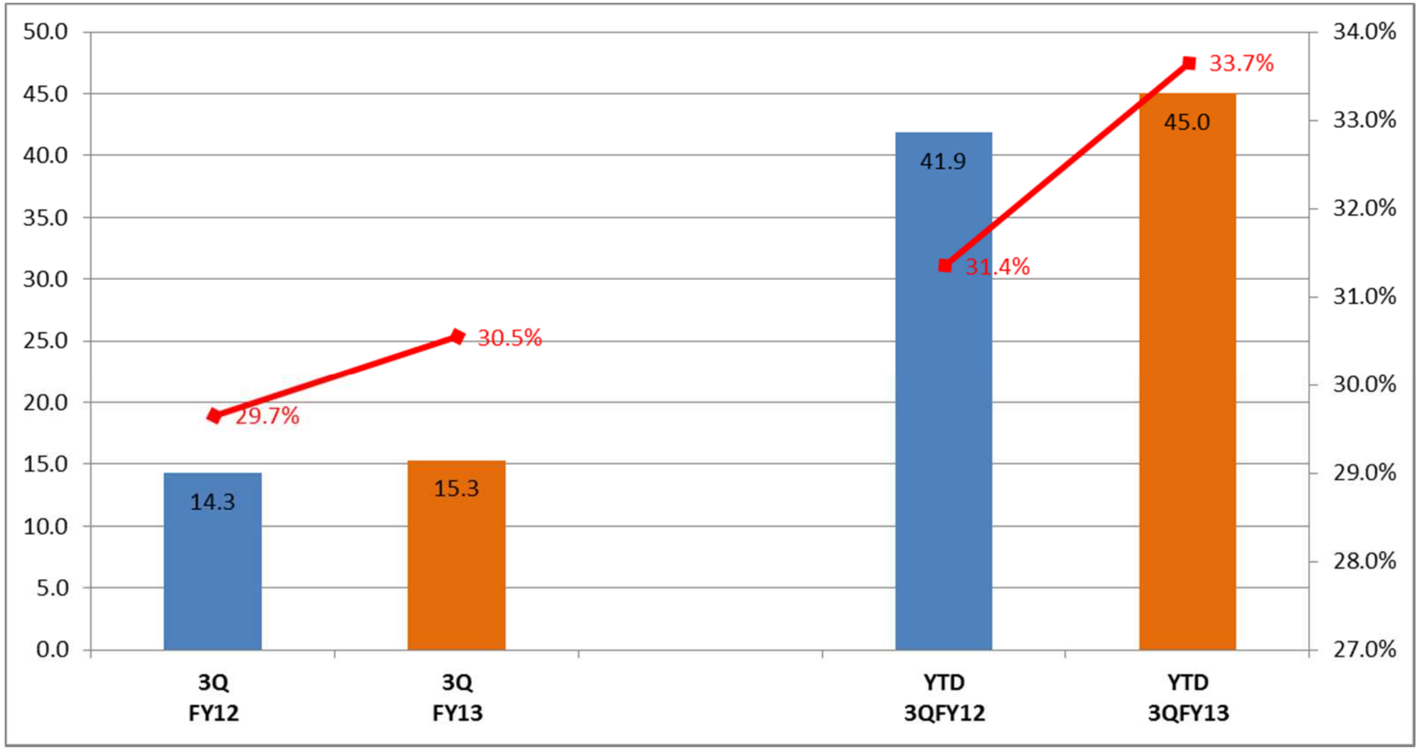
Building a resilient revenue model

Nera Telecommunications Ltd

- **Several pillars of revenue sources**
  - Telecommunication – Wireless Infrastructure Network, Satellite Communications
  - Network Infrastructure
  - Payment solution
- **Geographical expansion / diversification into new emerging markets**
  - Nigeria, Libya, Indo-China (Myanmar, Vietnams)
- **Increase contribution from service and leasing revenue**
  - Maintenance services
  - POS terminal / IT solution rental revenues
- **Increase the number of segments within the existing business units with new capabilities**
  - In-building solution
  - Software defined network

Gross Profit, GP Margin

NERA
Nera Telecommunications Ltd



- Gross profit for 2QFY13 increased 7.1% y-o-y from $14.3 million to $15.3 million where gross profit margin improved from 29.7% to 30.5%.
- Compared to YTD 3QFY12, gross profit for YTD 3QFY13 increased 7.6% from $41.9 million to $45.0 million. Gross profit margin improved from 31.4% to 33.7%.
- The improvement in gross profit and GP% can be attributed to sales mix in product, project and higher services and leasing income. In addition, certain projects realised higher profit margin upon their completion.

Other income, Operating Expenses

Nera Telecommunications Ltd

Other operating income

- Y-o-Y, other operating income for 3QFY13 and YTD 3QFY13 declined 93.3% ($0.68 million) and 64.5% ($1.80 million) respectively. This was mainly due to lower accounts receivable collection fee in relation to an OEM agreement signed on 19 January 2011.

Distribution and Selling expenses

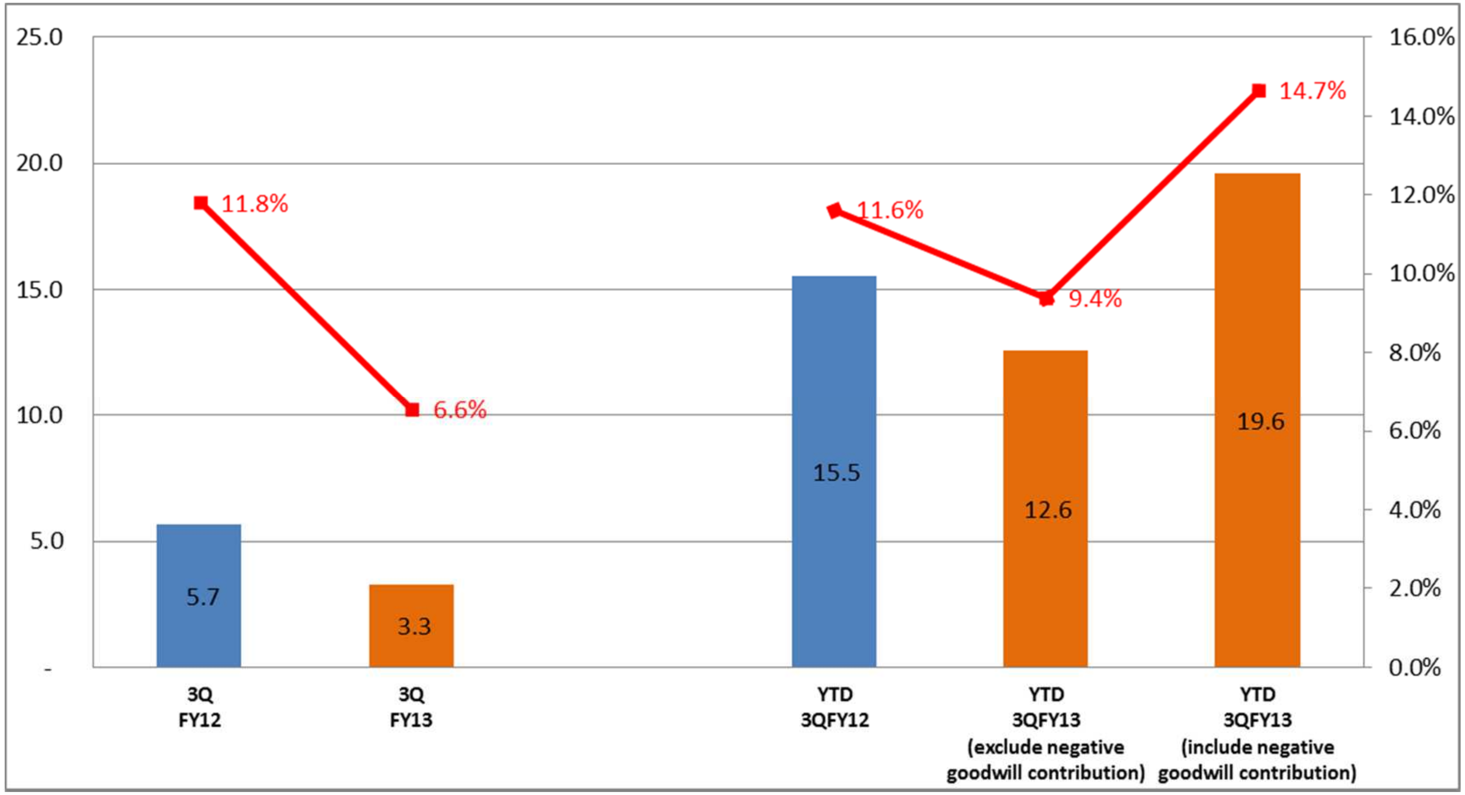
- Y-o-Y, distribution and selling expenses for 3QFY13 and YTD 3QFY13 increased 23.7% ($1.4 million) and 14.5% ($2.6 million) respectively.
- The increase was mainly due to higher payroll related costs including new hiring, operational cost for the new subsidiary set up in Nigeria in Feb 2013, consolidation of expenses from Nera (Malaysia) Sdn Bhd where it became a subsidiary on 26 Apr 2013 and net provision of $0.18 million made for doubtful debts in YTD 3QFY13. In YTD 3QFY13, there was a net $0.16 million written back on provision made earlier.

Administrative expenses

- Y-o-Y, administrative expenses for 2QFY13 and YTD 3QFY13 increased 17.3% ($0.4 million) and 12.3% ($0.9 million) respectively.
- The increase was mainly due to higher payroll related costs including new hiring, consolidation of operational cost from Nera (Malaysia) Sdn Bhd. For YTD 3QFY13, it also included some one-off expenses.

Profit after tax, PAT margin

Nera Telecommunications Ltd



- With the combine effect of higher gross profit, lower other operating income, higher operating expenses and higher tax expense, PAT for 3QFY13 and YTD 3QFY13 decreased 42.1% y-o-y and increased by 26.4% y-o-y respectively.
- Excluding the contribution from the negative goodwill arises from Nera (Malaysia) acquisition occurred in 2QFY13, YTD 3QFY13 PAT would have declined 19.1%.

Financial Positions

Nera Telecommunications Ltd

- **Strong balance sheet**
- **Warranty provision, abt. S$5.4m**
- **Strong cash position, abt. S$25.9m**

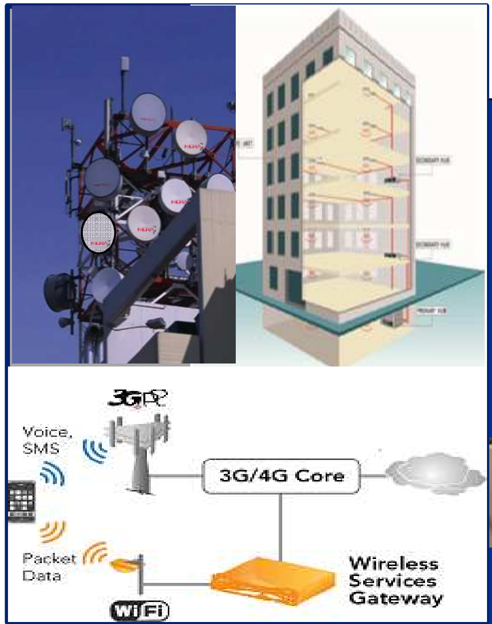
  + cash generated from operations S$13.3m

  - lower cash due to payment of a total of S$21.7 dividends in May / Aug 2013 and about S$9.8m capex, mainly for POS terminals leasing

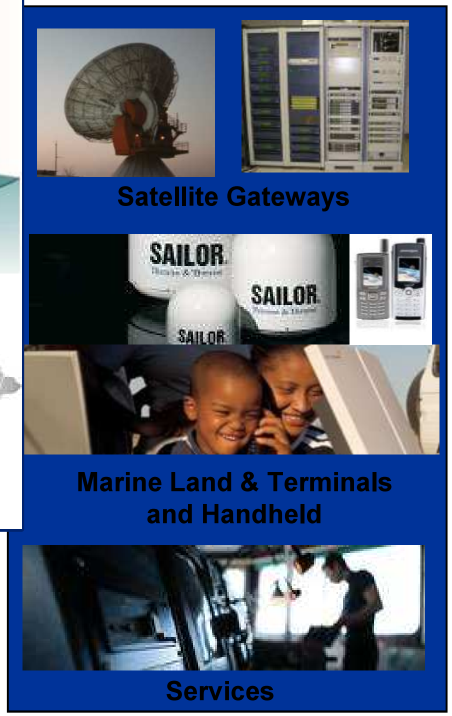
Outlook

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.

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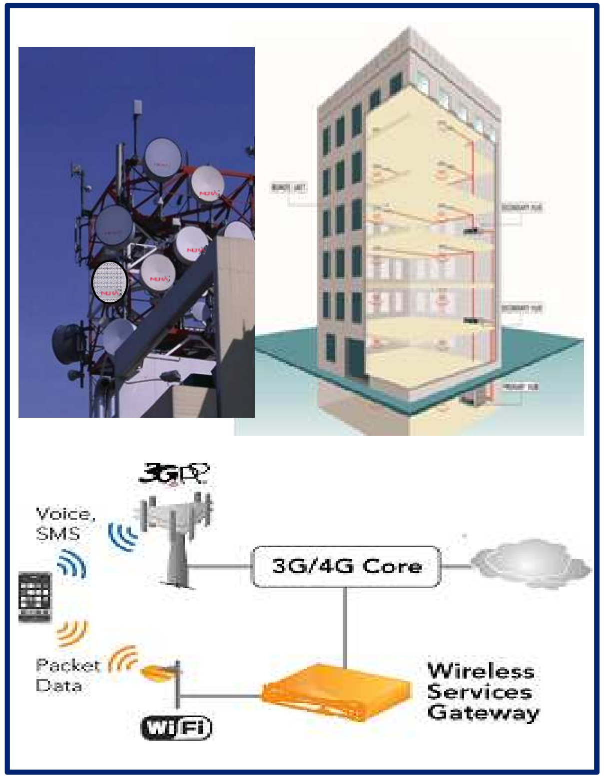
TELECOMMUNICATIONS
BA : Wireless Infrastructure Networks ("WIN")



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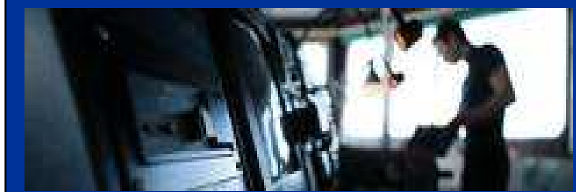
Satellite Gateways

Marine Land & Terminals
and Handheld



Services

TELECOMMUNICATIONS
BA : Satellite Communications

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INFOCOMM BUSINESS SEGMENT

Nera Telecommunications Ltd

Infocomm
Network Infrastructure

Infocomm
Payment Solutions

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

The Group's Infocomm business segment managed to secure approximately $102.7 million of order in-take in the nine months of 2013 compared to $87.5 million in the nine months of 2012, an increase of about 17.4% due to better order in-take from both the Network Infrastructure and Payment Solutions businesses.

INFOCOMM

BA : Network Infrastructure

Competition is expected to remain strong from both local resellers, distributors and system integrators as well as some global equipment manufacturers.

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INFOCOMM
BA : Payment Solutions

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THANK YOU