
**MATERIAL VARIANCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND
AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016**

The Board of Directors ("**Board**") of Nera Telecommunications Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement of the unaudited financial statements for the financial year ended 31 December 2016 ("**FY2016**") ("**Announcement**") released by the Company on 21 February 2017.

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Board wishes to announce the material variances between the audited financial statements of the Company for FY2016 ("**Audited Results**") and the Announcement, following the finalisation of the audit.

The material variances between the Announcement and the Audited Results are set out as follows:

Statement of Financial Position of the Company as at 31 December 2016

	Company		
	Unaudited (S\$'000)	Audited (S\$'000)	Variance (S\$'000) (Note A)
Current assets			
Trade receivables	25,839	13,241	(12,598)
Amounts due from subsidiaries (trade)	26,303	20,438	(5,865)
Total current assets	52,142	33,679	(18,463)
Current liabilities			
Trade payables	20,563	20,308	(255)
Other payables and accruals	25,733	7,817	(17,916)
Amounts due to subsidiaries (trade)	-	110	110
Amounts due to subsidiaries (non-trade)	312	-	(312)
Total current liabilities	46,608	28,235	(18,373)

Note A: Breakdown of variances

	Variance (S\$'000)	Forex (S\$'000)	Total (S\$'000)
Trade receivables	12,598	(18)	12,570
Trade payables	255		255
Other payables and accruals	17,916		17,916
Net amount due from subsidiaries			
P.T. Nera Indonesia	3,353	(72)	3,281
Nera Philippines Inc.	822		822
Nera Infocom (M) Sdn Bhd	560		560
Nera (Malaysia) Sdn Bhd	670		670
Nera (Thailand) Ltd	258		258
Total Forex		(90)	

The above variances resulted from a reclassification and netting of balances with the entities of the divested Payment Solutions group upon finalisation of the assignment agreements which was effected after the SGX results announcement for FY2016 and did not have a significant impact on the profit and loss of the Company. The reclassification at the Company level did not have an impact at the Group level.

Consolidated Cash Flow Statement

	Unaudited (S\$'000)	Audited (S\$'000)	Variance (S\$'000) (Note B)
Net cash from operating activities	6,495	5,429	(1,066)
Net cash generated from investing activities	63,279	64,567	1,288

Note B:

The variances resulted from the reclassification of cash outflow from the purchase of property, plant and equipment (under investing activities) to increase in contract work-in-progress (under operating activities).

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

17 April 2017