

Information Technology

Electronics Contract Manufacturing

Telecommunications

NERA
TELECOMMUNICATIONS

Extending Boundaries
Of Science & Technology



S Chandra Das



Ang Seong Kang Samuel



Bjorn Ove Skjeie



Johan Fredrik Odfjell



Sverre Ordling Fjeld



Lau Ping Sum



Sitoh Yih Pin

Corporate Information

Chairman S Chandra Das
Managing Director Ang Seong Kang Samuel*
Bjorn Ove Skjeie
Johan Fredrik Odfjell
Sverre Ordling Fjeld
Lau Ping Sum
Sitoh Yih Pin

* Executive Director

Audit Committee

Chairman Lau Ping Sum
Sitoh Yih Pin
Sverre Ordling Fjeld

Compensation Committee

Chairman S Chandra Das
Ang Seong Kang Samuel
Bjorn Ove Skjeie
Sverre Ordling Fjeld

Secretaries

Yvonne Choo
Linda Law

Registered Office

10 Collyer Quay #19-08
Ocean Building Singapore 049315

Share Registrars

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10 Collyer Quay #19-08
Ocean Building Singapore 049315

Business Address

109 Defu Lane 10 Singapore 539225
Tel: 281 3388

Auditors

PricewaterhouseCoopers
8 Cross Street #17-00
PWC Building Singapore 048424
Partner-in-charge: Chey Chor Wai

The ability to turn uncertainties into opportunities and further develop them into competitive advantages has been a core competency of Nera Telecommunications. This is especially evident in the last financial year which was set against a background of dynamic changes. We are therefore pleased to present Nera Telecommunications' inaugural Annual Report which clearly reflects the strengths of the Company and the value it has brought to our shareholders.

I am happy to report that for Fiscal Year 1999, the Group recorded a revenue of S\$118.9 million. This represents a 4.3% increase over the previous year's performance (based on the proforma Group). Net profit after tax increased to S\$6.88 million from S\$6.29 million in 1998 (based on the

Chairman's Statement

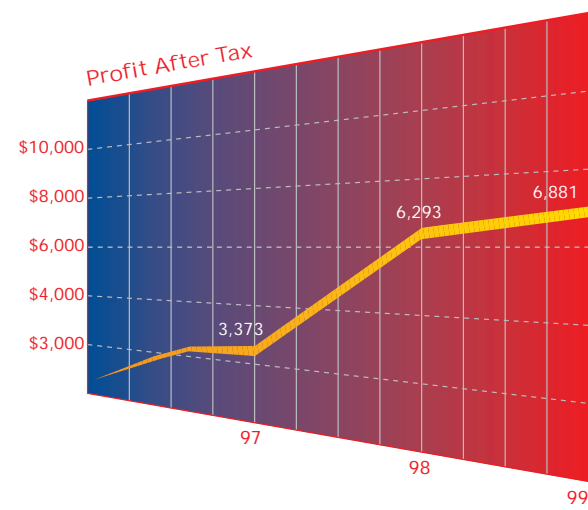
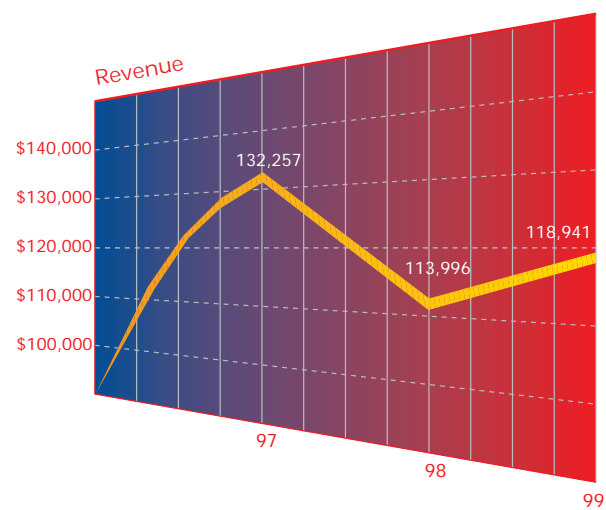
proforma Group) – an increase of 9.3%. Bearing in mind that Nera Telecommunications is a newly listed company, the results are encouraging and more so by the fact that the Group has no bank borrowings and that its net cash position stands at S\$19.56 million. A first and final dividend of 6.75% will be paid out to the shareholders.

On 9 February 2000, we announced the adoption of a share split, subject to approval of both the Singapore Exchange Securities Trading Limited and the shareholders at the coming extraordinary general meeting. It is proposed that each ordinary share of S\$0.20 in the capital of the Company be divided into four ordinary shares of S\$0.05 each. Following the share split, the authorised and issued



S Chandra Das Chairman

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shares in the share capital of the Company will increase to 800,000,000 and 360,000,000 Post-Split shares respectively.

1999 was a significant year for the Group. Firstly, despite the economic crisis that affected the Southeast Asia region in 1998, we went ahead with our plans to be listed on the Singapore Stock Exchange in July 1999. Confidence in the recovering economy was further buoyed by some noteworthy orders in the last quarter of 1999.

The Internet is driving the global economy in a manner that is unprecedented in the history of mankind. At Nera Telecommunications, we aim to be a key player in this

“new economy”. As the trends clearly head towards wireless solutions, Nera Telecommunications will capitalise on resources, both old and new, customising our solutions for our customers and helping them enter the new economy in a big way. This is a clear direction and in this new year, we will focus on strategic alliances and acquisitions. Innovation in partnerships, programs and Internet applications, and emphasis on the customer will be the driving forces for our business.

Finally, on behalf of my fellow directors, I would like to thank shareholders, customers, employees, partners and suppliers for their commitment and confidence in us over the past 12 months.

Business Review

With the slow recovery of the economy in Southeast Asia (SEA), the year 1999 has been a significant year for everyone in the Group.

In the Telecommunications business area, revenues declined by 23.5% (based on the proforma Group) due to the slow recovery in the microwave radio telecommunication infrastructure development in the region. Profit before tax however grew by 44.1% (based on the proforma Group) due mainly to better margins from satellite terminals sales and marine services and maintenance.

In the Information Technology (IT) business area, revenues increased by 6.3% (based on the proforma Group) due to the growth in the IT industry. However, profit before tax declined by 16.3% (based on the proforma Group) after Company's decision to exit the electrical installation business.

In the Electronics Contract Manufacturing area, revenues and profit before tax increased by 14.4% and 26.5% (based on the proforma Group) respectively, due mainly to higher demand from our existing and new customers.

Managing Director's Statement

As we counted down to the millennium, we successfully crossed over with customers' support and a pool of dedicated staff. The cross-over was managed at a reasonable cost.

I am pleased to report that Management and staff in the Group had worked hard to achieve the results we have today.

Business Outlook

The economic recovery of the South East Asian markets and the liberalisation and reforms in the telecommunication, info-communications, banking and financial industry as well as the continuous outsourcing trend in electronics contract manufacturing, offer many opportunities for the Group. With the liberalisation and deregulation in these areas, we foresee keen competition and welcome the challenges ahead. We are confident of meeting the ever-increasing needs of our customers and are poised to take advantage of the new business prospects and growth opportunities in all the three business areas, namely Telecommunications, Information Technology and Electronics Contract Manufacturing.

To remain competitive, we recognise that we have to remain in the forefront of technology and hence, we are constantly developing and improving our products and service quality.



Ang Seong Kang Samuel Managing Director

A handwritten signature in dark ink, appearing to read 'Ang Seong Kang Samuel', written over a horizontal line.



In the Telecommunications business area comprising the transmission network, the Group will focus on developing our account management strategies, targeting all local key accounts and global system integrators in each country in South East Asia, Taiwan and Korea.

As we move towards wireless solutions and their delivery, we will continue to leverage on our competitive strengths and existing telecommunications infrastructure. The Group intends to explore the potential business opportunities of wireless broadband access technology such as point-to-multi-point radios and Internet Protocol based radios.

In the area of Satellite Communications, the Group will concentrate on sales and marketing of Inmarsat satellite gateways, satellite terminals and services. The Group will continue to develop its channel management strategy and establish new channels to penetrate new market segments for our range of Inmarsat satellite terminals. The Group is also seeking opportunities in the new and non-Inmarsat satellite systems.

Moving to the IT business area, the Group offers info-communications and networks infrastructure to info-communications service and facility providers, Information Service Providers, media/broadcasting, dot-com companies, banking and financial industry, government and enterprise markets. Together with the Group's existing business partners and new technology partners the Group is securing, the Group intends to bring new technology, "click-and-mortar" products and Internet based networking solutions, integrated networks, digital TV

(DvB-Digital video Broadcasting), security solutions, Point-Of-Sale payment solutions and cabling solutions to our customers.

In the Electronics Contract Manufacturing business area, the Group will focus on increasing businesses with our current key accounts as well as securing new accounts within the selected high value added sector of the IT/telecom, professional electronics and healthcare industries. The growing trend for multinational corporations to outsource their electronics contract manufacturing will offer good growth opportunities for our contract manufacturing subsidiary, Nera Electronics (S) Pte Ltd.

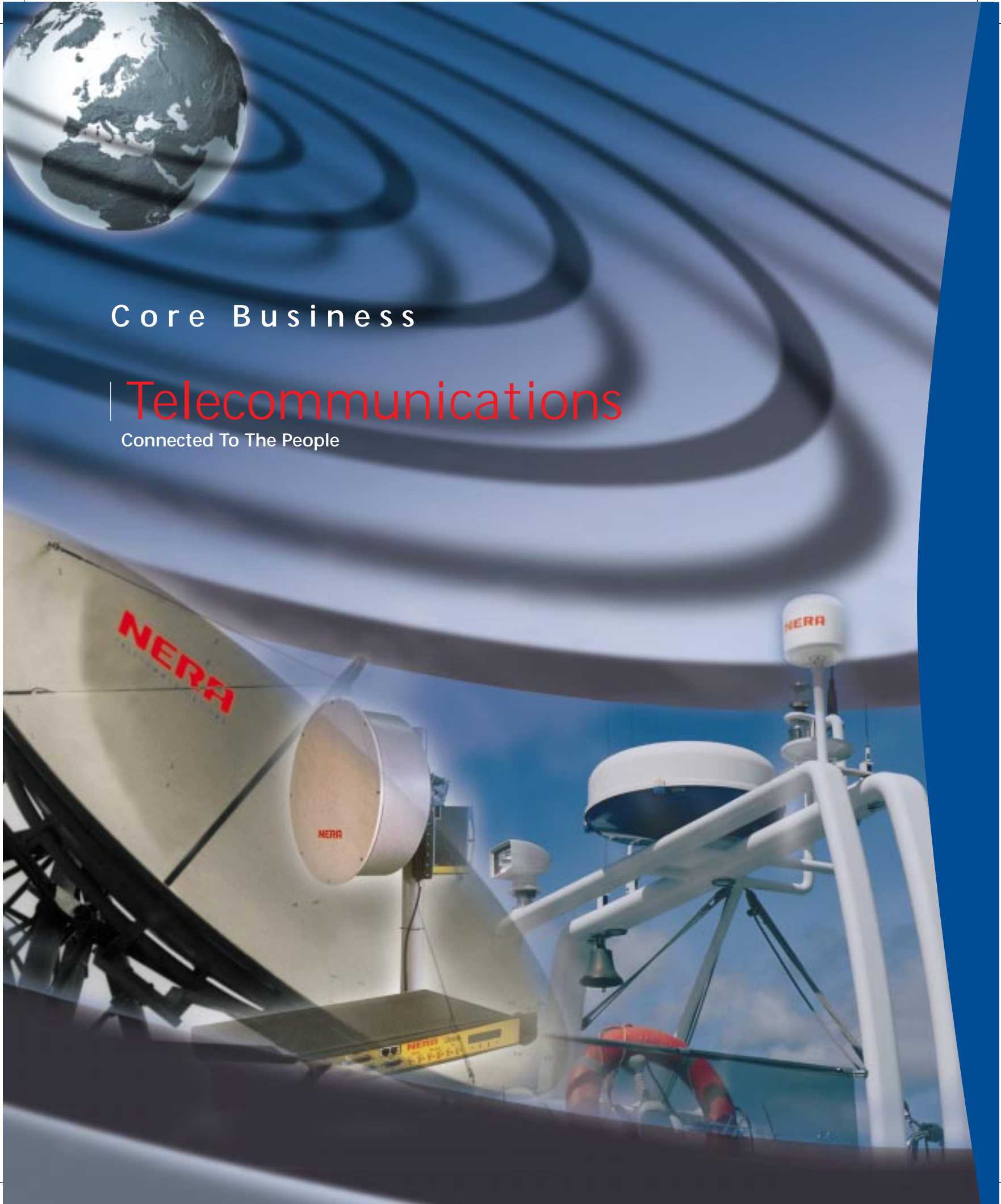
The Group intends to build up capabilities in all the three business areas, invest and acquire new skills and technology by continuously training and re-training our staff as well as expanding our current staff strength.



To provide customers with quality services, we will focus on developing our core competencies and raise our skill level and improve our processes and productivity. This will empower our people to deliver superior products and excellent service quality to our customer's satisfaction.

We will further develop our current overseas operations, such as the recapitalisation of Nera Thailand, Nera Philippines and the incorporation of Nera Infocom (M) Sdn Bhd to strengthen our market position. In addition, we will also seek new overseas market opportunities.

Lastly, I would like to take this opportunity to thank our customers, business partners, suppliers, fellow directors and our shareholders for their invaluable support, feedback and encouragement as well as all my colleagues for their hard work, dedication, teamwork and continuous support.

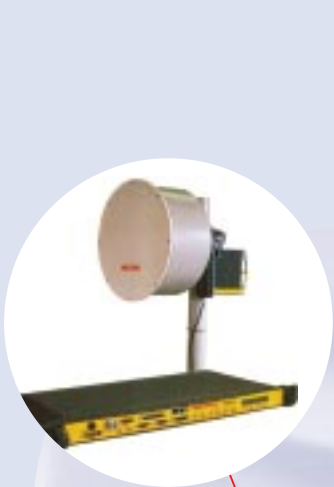


Core Business

| Telecommunications

Connected To The People

Telecommunications



Breaking down the barriers, deregulation and privatisation in the telecommunication industry signals major changes ahead. Our strategic partner in Norway, Nera Satcom AS, has launched the first land based portable ISDN satellite terminal known as the Nera Worldcommunicator. Created to facilitate data usage – it enables internet messaging, sending and receiving data, fax, test file and video transfer – and operates in the Global Area Network via the INMARSAT Satellite System.

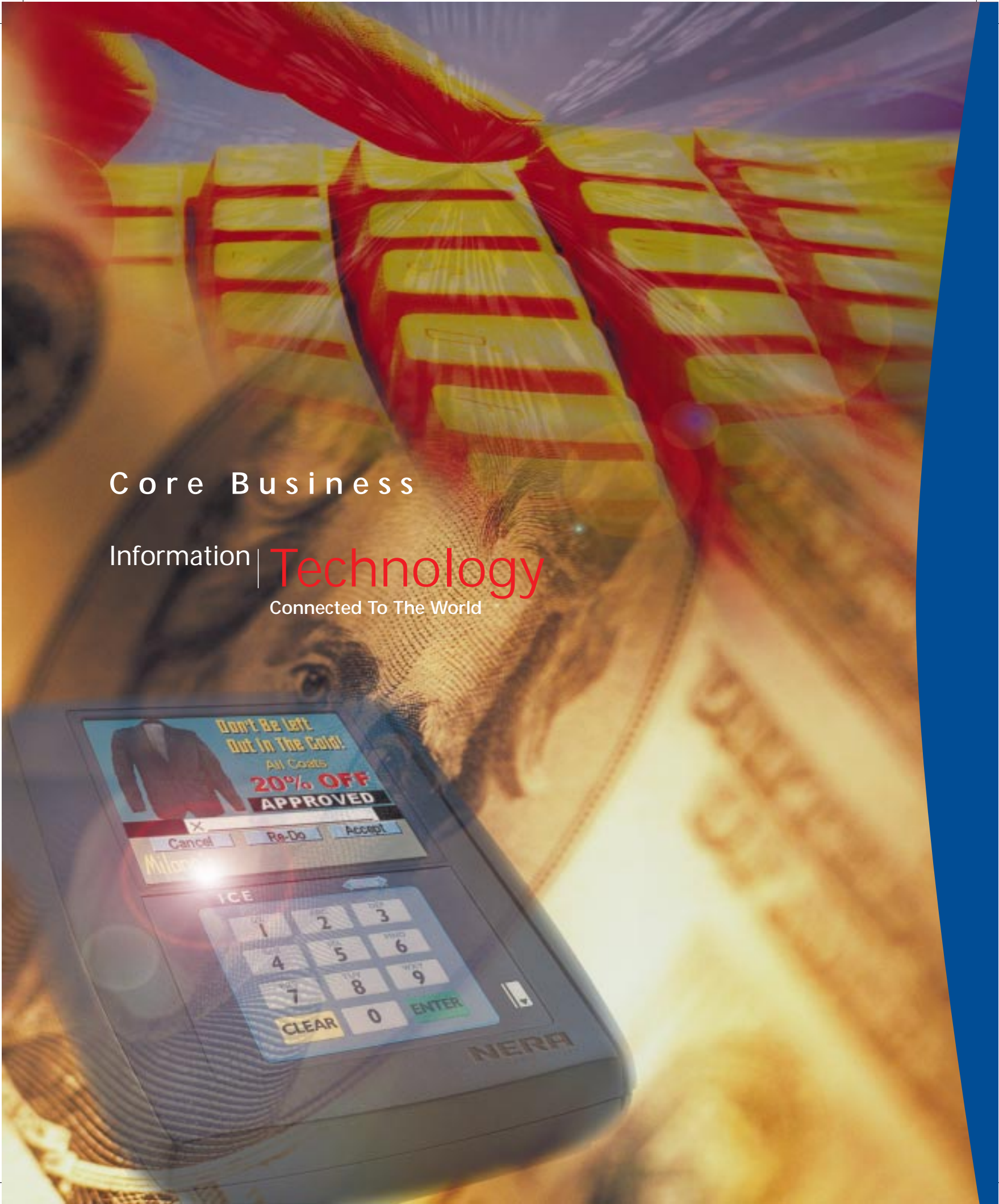


With the rapid expansion of the multimedia market, Nera Telecommunications aims to create and sustain customers' business success. With the rapid growth of the cellular phones in the world, Nera Microwave Transmission Networks addresses the challenge to the infrastructure of cellular networks. Taking advantage of the liberalisation and increase competition, Nera Telecommunications has launched Nera Citylink (a super compact and affordable SDH microwave radio) to address the broadband multimedia requirement. It satisfies cellular operator and corporate users' requirements for high capacity and offers easy installation and rapid deployment.

Deploying state-of-the-art products and services, Nera Telecommunications moves with technology, complementing the exponential growth of telecommunications.

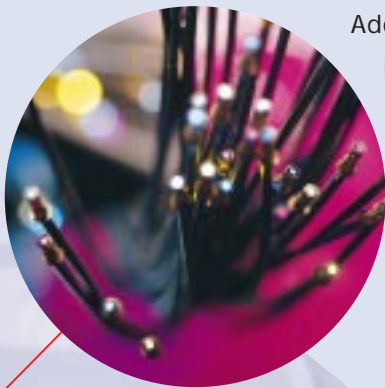


Expanding our customer base in the Philippines and Vietnam markets, we continually strive to stay ahead in technology and deliver complete integrated solutions to our customers.

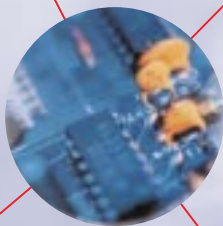


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Addressing the constantly evolving IT industry, Nera Telecommunications has identified and developed technological expertise and established specialist service teams to deploy end-to-end customised solutions that exploits the most advanced technology.

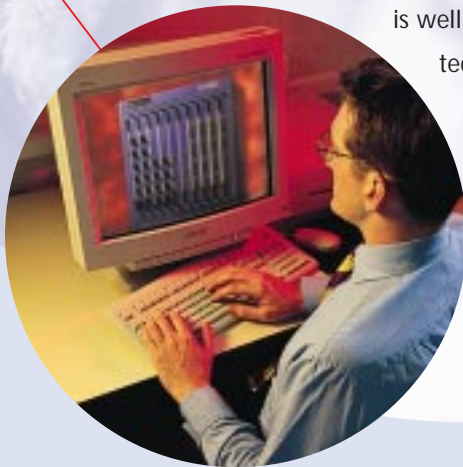


A culmination of our efforts and working in tandem with leading partners, we are able to provide advanced integrated voice, data and video technologies to IT/Telecommunications service providers, network operators, government organisations, enterprises, banking and financial institutions.



As we move into the era of the Internet and Intranet, customers' global expertise needs increase. To meet this need, we exploit the latest technology to focus on being a total solution provider for Infocommunications and network infrastructure. Across the Asia Pacific, e-commerce has taken off in a big way and we have identified the need for secure transactions, with proven platforms that can reliably and securely handle the volume of traffic that today's commercial sites generate. In anticipation of the direction technology is headed, Nera Telecommunications

Forging ahead in the IT industry, Nera Telecommunications continues to exceed expectations through the spirit of innovation, motivation and commitment.



is well positioned to address the technical requirement of our customers. We deploy the latest technology and leverage it as a business advantage – to provide optimal solution while minimising cost.

Core Business

Electronics | **Contract Manufacturing**
Connected To The Future



Electronics | **Contract Manufacturing**



On the Contract Manufacturing front, we provide value-added support for global OEM customers. In an ever evolving industry and the convergence of technology, we are constantly reviewing and upgrading our machinery, production capabilities and skills to meet the needs of customers.



Stringent quality checks are adopted to ensure that products and services comply with international standards. To further develop our competencies, we train, motivate and encourage employees – to upgrade on a periodic basis and to learn about new technology and quality requirements. While we work towards advancing our manufacturing capabilities, we also seek to achieve customer satisfaction. Focused on achieving and sustaining customer satisfaction, we continually expand our range of services that will provide a flexible and seamless solution platform.

The synergy of Nera Telecommunications' Contract Manufacturing provides clients with flexible and fully integrated seamless solutions.

