

"CHANGING THE WAY WE COMMUNICATE"

NERA

TELECOMMUNICATIONS

Annual Report 2000



A low-angle, blue-tinted photograph of a man in a dark suit and patterned tie, holding a mobile phone to his ear. He is looking upwards. In the background, several tall skyscrapers rise against a bright sky. The overall mood is professional and modern.

"Connecting With Customers"

• Singapore • Malaysia • Thailand • Philippines • Indonesia • Vietnam • Brunei • Cambodia • Laos • Myanmar • Taiwan • Korea

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Running The Show



S Chandra Das



Ang Seong Kang Samuel



Bjorn Ove Skjeie



Johan Fredrik Odfjell



Per Erik Froyen



Sverre Ording Fjeld



Lau Ping Sum



Sitoh Yih Pin

Corporate Information



Board of Directors

S Chandra Das **Chairman**
Ang Seong Kang Samuel* **President & CEO**
Bjorn Ove Skjeie
Johan Fredrik Odfjell
Per Erik Froyen
Sverre Ording Fjeld
Lau Ping Sum
Sitoh Yih Pin

* Executive Director

Audit Committee

Lau Ping Sum **Chairman**
Sitoh Yih Pin
Sverre Ording Fjeld

Compensation Committee

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

Secretaries

Yvonne Choo, FCIS
Linda Law, FCIS

Registered Office

10 Collyer Quay #19-08
Ocean Building
Singapore 049315

Share Registrar

Lim Associates (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building
Singapore 049315

Business Address

109 Defu Lane 10
Singapore 539225
Tel: 281 3388

Auditors

Arthur Andersen
10 Hoe Chiang Road
#18-00 Keppel Towers
Singapore 089315
Partner In Charge: Ong Chew Chwee



Communications Revolution

The Board is pleased to recommend a first and final dividend of 7.5% (FY 1999: 6.75%) or 0.375 cents per share less 24.5% tax.

I am pleased to report that FY 2000 was another good year for Nera Telecommunications Ltd. The rapid changes in the telecommunications industry, coupled with the growing outsourcing trend in electronics contract manufacturing, had contributed to a significant growth for the Group.

Supported by the strong performance of our three business segments of Telecommunications, Information Technology and Contract Manufacturing, the Group recorded a turnover of \$160.8 million. This represents a 35.3% increase over the previous year's performance. Profit after tax increased to \$10.8 million from \$6.1 million in FY 1999, reflecting an increase of 76.5% for the year. The earnings per share increased from 2.195 cents (or 8.78 cents before the 1:4 share split) in FY 1999 to 3.01 cents in FY 2000, representing an increase of 37%. Similarly, the net tangible asset backing per share rose from 9.255 cents (or 37.02 cents before the 1:4 share split) in FY 1999 to 11.95 cents in FY 2000, an increase of 29%.

The Board is pleased to recommend a first and final dividend of 7.5% (FY 1999: 6.75%) or 0.375 cents per share less 24.5% tax.

In July 2000, each ordinary share of \$0.20 in the capital of the Company was sub-divided into four ordinary shares of \$0.05 each. Following the share split, the authorised and issued shares in the share capital of the Company were increased to 800,000,000 and 360,000,000 shares respectively. The sub-division of shares has improved the affordability and liquidity of the Company's shares. It has also attracted the interest of new investors.

As today's emphasis is on a high degree of corporate transparency, we will strive to be as transparent as possible in our corporate disclosure. As an endorsement of our management process, the Company was commended by the Securities Investors Association (Singapore) ("SIAS") in FY 2000 for its transparency on corporate disclosure.

Currently, the trend is heading towards wireless technology. This will not only save the heavy cost of digging trenches, but also enable the users of wireless solutions the mobility, flexibility and independence from space constraints. The Group aims to be a key player in the area of wireless communications.

In the new year, we will continue to focus on strategic alliances and acquisitions as well as innovation in partnerships. Emphasis will also be given to the delivery of quality services to our customers. In addition, we will further enhance the skills and working environment of our employees.

Finally, on behalf of my fellow Directors, I would like to thank the management and employees for their efforts and contributions. I would also like to express my appreciation to the shareholders, customers, business partners and suppliers for their confidence, commitment and support.

A handwritten signature in black ink, appearing to read 'S. Chandra Das'.

S Chandra Das
Chairman

President & CEO's Statement



Linking It All Together

To remain competitive, we have to be in the forefront of the technology. Hence, we are constantly developing and improving our products and service quality by acquiring new technology and skill.

Year 2000 has been an exciting and eventful year for the Group. Group turnover grew by 35.3% to \$160.8 million supported by the strong performance of our three business segments.

Telecommunications business segment recorded a jump of 84.5% in turnover due to the growing demand for microwave radio equipment in the Philippines, Malaysia and Vietnam.

Information Technology business segment enjoyed a higher turnover of 11.7%, particularly in the last quarter of FY 2000, boosted by the sales of digital mobile equipment to TV Mobile Pte Ltd. There was also an improvement in the sales of data networking infrastructure equipment in Singapore and Malaysia.

Contract Manufacturing business segment contributed to 49.6% increase in turnover due to continuing strong demand from customers in Singapore, Europe and the USA.

Group profit before tax increased by 69.2% to \$14.9 million, attributable mainly to higher Group turnover as well as the significant contribution of the Contract Manufacturing. Our strong performance in FY 2000 reflected that we have a sound business strategy and the Company's ability to capitalise on the opportunities in the three business segments.

Business Outlook

The current trend in the liberalisation and deregulation of Telecommunications and Infocommunications industries as well as the continuous outsourcing trend in Electronic Contract Manufacturing offer many opportunities for the Group.

In the Telecommunications business segment, particularly the satellite communications business, the Group will, in addition to the current stable growth in Inmarsat systems, gateways and terminals products, expand into non-Inmarsat satellite system such as broadband satellite gateways and terminals. For the wireless transmissions network infrastructure, the Group will concentrate on strengthening its business relationship with key local accounts and global system integrators to support the infrastructure development in Universal Mobile Telecommunications Systems ("UMTS") of 1-3G GSM networks, which will offer tremendous opportunities for the Group. The Group has also secured distribution rights from Nera WBA AS Norway to offer wireless broadband access products and solutions in this region. The investment in the Wireless Broadband Access market is an important long term strategic position for the Group in

offering high bandwidth via a combination of point-to-point radio, point-to-multipoint and satellite systems.

Going into the Information Technology business segment, the Group positions itself as a premier system integrator to the Infocommunications and Telecommunications industry. In the retail sector, the Group will pursue its current strategy of creating new values for our customers by offering internet enabled infocommence point-of-sale (pos) terminals to the banking and financial institution as well as to the retailers.

The Networking Infrastructure business area offers various IT and IP based networks, products and cabling solutions. The award of a \$30 million digital TV network contract from TV Mobile Pte Ltd has enabled the Group to build up and acquire new know-how and expertise. It helps the Group in addition to extend the system to other new users and market segments, and to expand into new geographical markets.

The Electronics Contract Manufacturing ("ECM") business segment will continue to take advantage of the growing outsourcing trend in ECM by multi-national corporations. The Group will concentrate its resources and build its capabilities to focus on the high value added segment of the ECM markets.

To remain competitive, we have to be in the forefront of the technology. Hence, we are constantly developing and improving our products and service quality by acquiring new technology and skill. We aim to strengthen our customer accounts as well as widen our customer base and geographical coverage. With our geographical presence, strong customer based business strategy, good track record and growth opportunities, the outlook for 2001 remains positive.

In closing, I would like to thank our customers, suppliers, business associates and shareholders for their continuous support and confidence, as well as my colleagues for their hard work, dedication and commitment. I am also grateful to the Board members for their guidance and encouragement.

Ang Seong Kang Samuel
President & CEO

Behind the Scenes

TELECOMMUNICATIONS



From left to right: Albert Yap (Microwave Radio Transmission), Ronnie Lim (Wireless Broadband Access), Goh Yoke Lim (Satellite Communications), Frankie Lee (Marine Service - Satellite), Chong Kok Leong (Satellite Broadband), Ng Zee Khan (Immarsat Gateway - Satellite)

INFORMATION TECHNOLOGY



From left to right: Albert Png (Network Infrastructure), Jason Mak (Network Solutions), Aaron Lim (Data Networks), Raymond Tan (Optical Networks), Loy Wee Teck (Broadcasting), Roy Koh (Cables & Cabling Solutions), Adeline Phua (Retail Systems), Angela Teo (Retail Systems, Service & Operations), Edmund Looi (Security Solutions)

CONTRACT MANUFACTURING



From left to right: Joseph Tan (Nera Electronics), Wee Kin Joo (Operations), Cheong Hing Wah (Development), Alvin Yu (Procurement), Chua Kok Leong (Quality), Soh Kok Chuan (Production), Tee Soon Ann (Business Development)

REGIONAL



From left to right: Ahmad Fauzan Hashim (Nera Malaysia), Choakdee Dhamasaroj (Nera Thailand), Nimfa Tancioco-Mariano (Nera Philippines), Alvin Tay (Nera Northeast Asia), Pham Nam Con (Nera Vietnam), Hardyadi Lukas (Nera Indonesia), Jack Jou (Nera Taiwan)

Skills Enhancement



Nera Telecommunications firmly believes in developing useful and lifelong skills for its staff. The Company supports its staff through the Skills Development Fund for courses, which are tailored to the required skills. Nera Telecommunications also conducts in-house training programmes such as Team Building and Problem Solving.

Recently, the Company embarked on an internal year-long activity called the Product Awareness Programme. Through this Programme, which is held on a monthly basis, the Company aims to educate and update the staff on the latest products and services of each business unit.

For year 2001, we will continue to provide the staff with appropriate training and upgrade their skills in this knowledge-based economy.

Telecommunications

- WIDER COVERAGE -

The deregulation and privatisation in the telecommunications industry has caused the demand for Microwave Radio to grow at an increasing rate in the region.

Microwave Radio remains one of the most cost-effective methods of establishing telecommunications networks without incurring the startup cost of digging up roads and laying wires. It is easy to maintain and offers a high degree of flexibility in the reconfiguration and the expansion of its transmission capacity. The rapid growth of cellular usage has provided opportunities for further development.

In the new millennium, Nera Telecommunications' satellite communications is also poised for greater growth. Built on the excellent reputation of Inmarsat, our satellite communications products form the celestial extension to terrestrial communications networks in providing high bandwidth, multimedia solutions virtually anywhere in the world.

Nera's Worldcommunicator and Worldphone satellite terminals are utilised in many different environments across the world ranging from campus to semi-fixed sites for companies in sectors such as construction, energy or merchant shipping, to mobile solutions in sectors such as finance and media.

Currently, our strategic partner, Nera Satcom AS Norway is developing an open standard DvB compliant Internet gateway and data terminals with satellite return capability. The Group has a vast network of potential customers, and there are many possibilities for collaborations with these companies.

Nera's Wireless Broadband Access is aiming to provide a panacea for various multimedia applications through its wireless point-to-multipoint solutions, namely Netlink and Velocity 2000. These two wireless point-to-multipoint solutions are both high-performance, competitively priced alternatives to wire access network.

We continually strive to stay ahead in technology and deliver complete integrated solutions to our customers.





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Information Technology

- **RAPID ACCESS** -



As more customers are moving towards Gigabit Network deployment, building of data centre and the rapid deployment of broadband access by Telco, Networking Solutions sees to these needs. Moving ahead of the competition, Networking Solutions is upgrading the bandwidth of the broadband from the current 56 kbps to 10/100 Mbps to serve the sophisticated needs of the customers better.

As the Internet becomes an increasingly important way of life, Security Solutions has also become an essential concern for every telecommunications, healthcare, financial and educational institutions. As the global economy moves towards Internet protocol based network, the demand for Security Solutions and extended authentication services has also increased. This will in turn boost the demand for Internet security.

As Nera Telecommunications emphasizes on after-sales service excellence, the Internet Traffic Management (ITM) consultation provided by our Data Networks business unit ensures customers' satisfaction. Data Networks has also established itself by providing Wide Area Network and Point-of-Sale Networking for the financial institutions.

At the Optical Network front, we leverage on our vast experience as a System Integrator. We undertake market/technology search and alliance to provide solutions for next generation technology such as optical wireless (Infra-Red) and wired technology (A-PON).

Moving ahead of the competition, Retail Systems has set up an i2POS data centre together with a new i2POS platform to capture a larger market share. The new platform offers users multiple applications such as debit/credit/smart card and value added services namely loyalty program and Internet access on a single integrated device.

By taking the initiative to wire commercial buildings in the central business district with air blown fibre, the Cable and Cabling Solutions is harvesting the Internet's infinite possibilities for the customers.

For the Broadcasting, it has the ability and capability to implement and integrate the system network for broadcast. The strength of the broadcasting system is in MATV where a one-stop solution is provided at a very competitive price. Customers are assured maintenance, callback service centre, 24 hours service if required to maintain the network. In addition, the installation of Digital TV to SBS buses has enabled us to acquire new know-how and expertise. This offers us the opportunities for growth.

Going forward, Nera Telecommunications is well-positioned as a one-stop IT solutions provider to address the needs of its customers.



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Business Segment

Electronics Contract Manufacturing

- POWER TO CREATE -





With a focused vision and strategy, Nera Electronics (S) Pte Ltd, a wholly owned subsidiary of Nera Telecommunications Ltd, is well positioned to capture a larger market share. In FY 2000, Nera Electronics became the first PCBA supplier to obtain the Supplier Certification Program from Baxter Healthcare Singapore. It has been awarded 'Supplier of the Year 2000' and an 'Appreciation Award' for the exemplary contribution to Baxter Healthcare Singapore. GN Nettest rated

Electronics. The mobile TV will enable commuters to receive updated information while on the move.

We have embarked on an expansion plan to meet the anticipated demand. Investment in new machinery at the cost of approximately \$1 million will provide Nera Electronics with the flexibility to support customer prototype. The new line is also capable of handling advanced technology. In



Product Overview

the contract manufacturing division 'A' for quality, service and price.

Nera Electronics has adopted the Mentor Graphics best-in-class PCB design platform as its latest in-house design tool. The new design tool will address design and product manufacturability issues to produce quality design and shrink time-to-market for Nera's new products.

To maintain its competitive edge, Nera Electronics has continued to undertake world-class development projects. The world's first digital mobile TV hardware and its DC-DC power source are developed and produced in Nera

addition, a system of mobile racking has been installed to its main store. It will enable the store to function more effectively without adding more storage space.

We remain very focused on expanding our market share and are planning to set up overseas marketing offices in the US and Europe. While we work towards advancing our manufacturing capabilities, we continually strive to develop our core competencies to improve productivity and remain highly competitive.

NeraTel At The Top



"Adventure ought to capitalise on the frontier of technology and that's where Nera comes in."

- An Interview with Khoo Swee Chiow -

"There's no limit to chasing a dream. Why should there be? I decided a long time ago that I'm not going to spend my life cruising through a day job." Driven by his passion for adventure, the realisation that life is short, and his dream to scale greater heights and go where others fear to tread, Khoo Swee Chiow, 36, was one of two Singaporeans who conquered Mount Everest on 25 May 1998. Since then, Khoo has successfully completed expeditions to the South Pole in 1999 and the Seven Summits in 2000. The grueling physical challenges he had to undergo on these expeditions were, to him, merely temporary sufferings, inevitable in his quest to realise his dreams. In his relentless pursuit, Khoo values the lessons he has learned, practical as well as about himself, such as emotional maturity and the ability to overcome problems.

"It revolutionises adventure in the modern world. It's leveraging on state-of-the-art technology, and Singapore being an IT city of the world, this is what we ought to do." In 1998, Khoo and NeraTel went to the top. Nera Telecommunications sponsored the Nera WorldPhone to enable communication with the various support agencies and families. The Nera WorldPhone is designed for quick and reliable operation via Inmarsat satellite, making it an ideal communication tool for travellers and field workers. Its wide ranging temperature threshold of between -25 degree Celsius and 55 degree Celsius enables it to be operational in extreme weather conditions. It also allows transmission of voice calls, faxes and emails. "It is a very important link for an expedition where you have no base stations for your cell phone to roam. There's nothing out there. You have to rely on satellite. That's when NeraTel comes in." According to Khoo, the Nera WorldPhone acted as a link for the team to civilisation and home. It enabled telecasts of teleconversations over national radio and television, bringing the whole expedition closer to home, and this helped to promote the expedition.

"We need to communicate with our sponsors, including NeraTel, and the only way to do that is through the satellite technology that NeraTel provides. So when we were on the mountain, we could provide updates and bring the story closer to home." For the team, the WorldPhone was a critical piece of communication tool as it facilitated the effective transmission of emails, voice calls and photographs to sponsors and the mass media. In case of any emergency, it would also come in handy as a quick way of getting help.

On Everest, the WorldPhone performed well and beyond expectations. According to Khoo, the reception was clear, voice quality was good, and there was only a slight delay of a few seconds in the transmission.

"Adventure ought to capitalise on the frontier of technology and that's where NeraTel comes in." Khoo feels that the Nera WorldPhone would be indispensable to adventurers and explorers like himself, as well as those involved in field work where earth stations for mobile telephone connection are not available. He also recommends it to oil explorers and sailors where communication is extremely important but sadly inadequate.

For as long as he is physically able, Khoo will continue with his expeditions, for he believes that there is no limit to chasing dreams. And Nera Telecommunications will always be at the forefront of technology to help make dreams come true.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance in order to protect the interest of its shareholders. For effective corporate governance, the following have been put in place:

Board of Directors

The Board of Directors consists of 8 Directors. Except for the President & CEO, all the other members are non-executive directors.

The Board meets four times a year to review and approve the interim and annual announcement of results of the Group and the Company, the Group's key strategic and operational matters, major investments and funding plans, financial performance and internal control as well as to ensure that the principal risks of the Group's business are identified and properly managed. The Board discharges its responsibilities either directly or indirectly through various Board committees such as the Audit Committee and Compensation Committee.

Audit Committee

The Audit committee comprises three members, the majority of whom, including its Chairman, are independent of management.

The Company has adopted a Code of Best Practices ("the Code"), in relation to the roles and responsibilities of the Audit Committee and has during the year complied with the Code.

The Audit Committee functions within the terms of reference approved by the Board. Its roles includes, inter alia, to assist the Board in fulfilling its fiduciary responsibilities pertaining to audit plan, accounting standards, internal control and reporting practices. In addition, it also reviews the interim and annual announcement of results of the Group and the Company as well as financial statements before they are submitted to the Board for approval.

Other functions of the Audit Committee include the recommendation for the appointment or re-appointment of external auditors and the review of audit fees. The Audit Committee also reviews interested person transactions as defined under Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

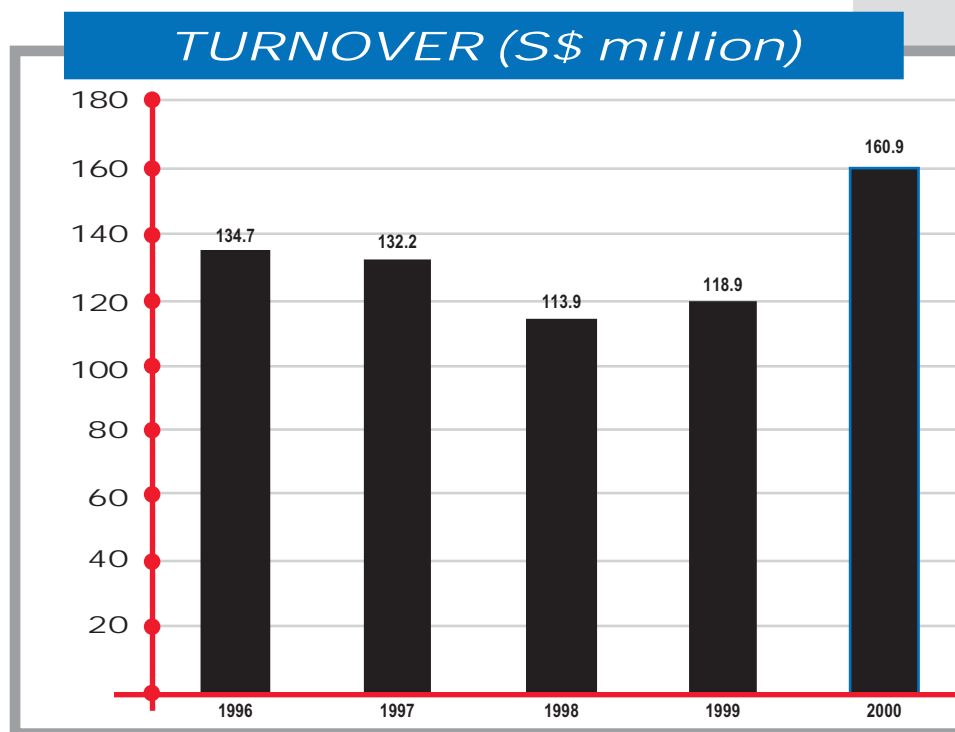
Compensation Committee

The Compensation Committee comprises four members, three of whom hold non-executive positions. It reviews and approves the remuneration package and terms of employment of the executive director. The Committee also reviews the compensation schemes of the Company.

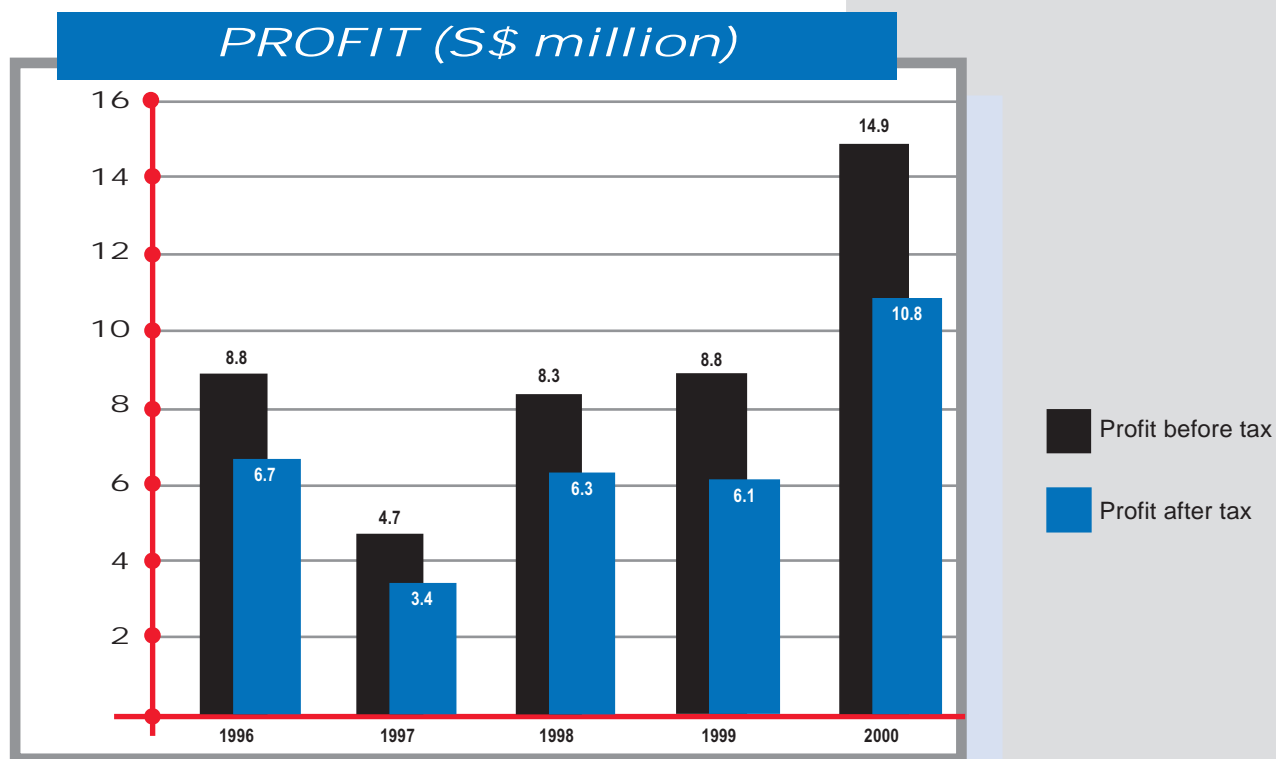
Securities Trading

The Company has adopted an internal Compliance Code on Securities Transactions to govern the dealings in its shares by the directors and officers within the Group (including employees with access to price-sensitive information in relation to the Company's shares). The code of conduct is based on the Best Practices Guide of the SGX-ST and has been disseminated to the directors, officers and key employees of the Group.

Financial Highlights



Turnover in 2000 was \$160.9 million, compared to \$118.9 million in 1999, an increase of 35.3%.



Profit before tax in 2000 was \$14.9 million, compared to \$8.8 million in 1999, an increase of 69.2%. Profit after tax in 2000 was \$10.8 million, compared to \$6.1 million in 1999, an increase of 76.5%.

Financial Highlights

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Directors' Report

- 31 December 2000 - (Amounts in Singapore dollars)

The directors are pleased to present their report to the members together with the audited financial statements of the Company and consolidated financial statements of the Company and its subsidiaries (the Group) for the financial year ended 31 December 2000.

Directors

The directors of the Company in office at the date of this report are:

S Chandra Das
Ang Seong Kang Samuel
Bjorn Ove Skjeie
Sverre Ording Fjeld
Johan Fredrik Odfjell
Lau Ping Sum
Sitoh Yih Pin
Per Erik Froyen (appointed on 18 October 2000)

Principal Activities

The principal activities of the Company are to engage in the sales, distribution, design, engineering, servicing, installation and maintenance of telecommunication systems and products in transmission networks and satellite communications and IT networks. The principal activities of the subsidiaries are as shown in Note 7 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

Employees

The total number of employees in the Company and the Group at the end of the financial year was 127 and 312 respectively (1999: 118 and 287 respectively).

Results for the Financial Year

Results of the Group and of the Company for the financial year are as follows:

	Group	Company
	\$	\$
Net profit for the year	10,843,266	5,279,582
Retained profits, brought forward, as previously reported	5,352,526	3,728,427
Prior year adjustment	(735,763)	-
Retained profits, brought forward, as restated	4,616,763	3,728,427
Profits available for appropriation	15,460,029	9,008,009
Dividends	(1,019,250)	(1,019,250)
Retained profits, carried forward	14,440,779	7,988,759

Material Transfers to or from Reserves or Provisions

Except as shown in the financial statements, there were no material transfers to or from reserves or provisions during the financial year.

Directors' Report

- 31 December 2000 - (Amounts in Singapore dollars)

Acquisition and Disposal of Subsidiaries

There were no acquisitions or disposals of subsidiaries during the financial year.

Issue of Shares or Debentures

During the financial year, each existing ordinary share of \$0.20 in the authorised and issued and fully paid-up share capital of the Company was sub-divided into 4 ordinary shares of \$0.05 each resulting in an authorised share capital of 800,000,000 and issued and fully paid of 360,000,000 ordinary shares of \$0.05 each.

During the financial year, a subsidiary issued the following shares:

Name of Company	Shares issued and consideration	Purpose
Nera (Thailand) Limited	98,000 ordinary shares and 102,000 preference shares of 100 Baht each, at par for cash	For additional working capital

Except as disclosed above, neither the Company nor its subsidiaries issued any shares or debentures during the financial year.

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Shares or Debentures

According to the Register of Directors' Shareholdings required to be kept under Section 164 of the Companies Act, the interests of the directors who held office at the end of the financial year in the shares or debentures of the Company and related corporations were as follows:

	Held by director		
	1 January 2000 or date of appointment, if later	31 December 2000	21 January 2001
The Company			
S Chandra Das	550,000*	2,500,000†	2,500,000†
Ang Seong Kang Samuel**	605,000*	2,420,000†	2,420,000†
Bjorn Ove Skjeie	20,000*	80,000†	80,000†
Johan Fredrik Odfjell	100,000*	400,000†	400,000†
Lau Ping Sum	100,000*	450,000†	450,000†
Sitoh Yih Pin	100,000*	400,000†	400,000†

* Ordinary shares of \$0.20 each

† Ordinary shares of \$0.05 each

** 40,000 of the total ordinary shares are in United Overseas Bank Nominees Account under Central Provident Fund Share investment scheme.

Directors' Report

- 31 December 2000 - (Amounts in Singapore dollars)

Directors' Interests in Shares or Debentures (continued)

	Held by director	
	1 January 2000 or date of appointment, if later	31 December 2000
Related Corporations		
<u>Nera Infocom (M) Sdn Bhd</u>		
Ordinary shares of RM 1 each		
Ang Seong Kang Samuel	RM 1	RM 1
<u>Nera Philippines Inc.</u>		
Ordinary shares of Peso 100 each		
Ang Seong Kang Samuel	Peso 100	Peso 100

No other director had an interest in the shares or debentures of any company in the Group, either at the beginning (or date of appointment, if later) or end of the financial year and on 21 January 2001.

Directors' Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from a related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Dividends

Dividends paid, declared or recommended since the end of the Company's previous financial year were as follows:

	\$
A first and final dividend of 1.35 cents per share, less tax of 25.5% was paid in respect of the previous year as shown in the directors' report for that year	905,175
A final dividend of 0.375 cents per share, less tax of 24.5%, in respect of the year ended 31 December 2000 proposed by the directors and subject to shareholders' approval at the forthcoming Annual General Meeting of the Company	1,019,250

Bad and Doubtful Debts

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and providing for doubtful debts of the Company and satisfied themselves that all known bad debts of the Company had been written off as bad and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount of bad debts written off or the amount of provision for doubtful debts in the consolidated financial statements inadequate to any substantial extent.

Directors' Report

- 31 December 2000 - (Amounts in Singapore dollars)

Current Assets

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that any current assets of the Company which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or that adequate provision had been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges on Assets and Contingent Liabilities

At the date of this report, no charge on the assets of the Company or any corporation in the Group which secures the liabilities of any other person has arisen since the end of the financial year and no contingent liability of the Company or any other corporation in the Group has arisen since the end of the financial year.

Ability to Meet Obligations

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other Circumstances Affecting the Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

Unusual Items

In the opinion of the directors, the results of the operations of the Company and of the Group for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Unusual Items after the Financial Year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

Share Options

During the financial year, no options to take up unissued shares of the Company or any subsidiary were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary.

There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Directors' Report

- 31 December 2000

Audit Committee

The Audit Committee comprises three members, the majority of whom, including its Chairman, are independent of management. The members of the Audit Committee at the date of this report are as follows:

Lau Ping Sum, Chairman
Sitoh Yih Pin
Sverre Ording Fjeld

The Company has adopted a Code of Best Practices ("the Code"), in relation to the roles and responsibilities of the Audit Committee and has during the year complied with the Code.

The Audit Committee functions under the terms of reference approved by the Board. Its role includes, inter alia, to assist the Board in fulfilling its fiduciary responsibilities pertaining to audit plan, accounting standards, internal control and reporting practices. In addition, it also reviews the interim and annual announcement of results of the Group and the Company as well as financial statements before they are submitted to the Board for approval.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees. The Audit Committee also reviews interested person transactions as defined under Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

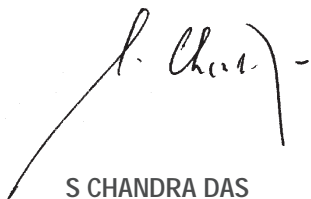
The Committee met four times during the financial year ended 31 December 2000.

The Committee has recommended to the Board of Directors that the auditors, Arthur Andersen, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

Arthur Andersen have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors



S CHANDRA DAS
Director



ANG SEONG KANG SAMUEL
Director

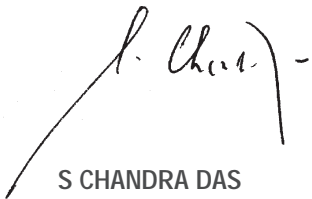
Singapore, 27 April 2001

Statement by Directors

- 31 December 2000

In the opinion of the directors, the financial statements set out on pages 25 to 50 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2000 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



S CHANDRA DAS
Director



ANG SEONG KANG SAMUEL
Director

Singapore, 27 April 2001

Auditors' Report

- To the Members of Nera Telecommunications Ltd

We have audited the financial statements of Nera Telecommunications Ltd ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2000 and for the year then ended set out on pages 25 to 50. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements for the year ended 31 December 1999 were audited by another auditor whose report dated 5 May 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Statements of Accounting Standard in Singapore and so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the Group as at 31 December 2000 and of the results and changes in equity of the Company and of the Group and the cash flows of the Group for the financial year then ended; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and the consolidated financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and, where they are required by the laws of the country of incorporation, the auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are shown in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

Arthur Andersen
Certified Public Accountants

Singapore, 27 April 2001

Balance Sheets

- As at 31 December 2000 - (Amounts in Singapore dollars)

	Note	Group		Company	
		2000	1999	2000	1999
		\$	\$	\$	\$
		(Note 22)			
Share capital and reserves					
Share capital	3	18,000,000	18,000,000	18,000,000	18,000,000
Share premium	4	11,383,356	11,383,356	11,383,356	11,383,356
Revenue reserve	5	14,440,779	4,616,763	7,988,759	3,728,427
Translation reserve		(825,802)	(681,364)	-	-
		42,998,333	33,318,755	37,372,115	33,111,783
Fixed assets					
Fixed assets	6	9,434,255	7,181,668	6,878,157	5,377,718
Subsidiaries	7	-	-	9,265,225	8,353,225
Associated company	8	2,979,204	2,593,971	199,205	199,205
Current assets					
Stocks	9	30,237,780	19,726,078	4,694,754	5,612,288
Trade debtors	10	30,990,748	14,898,549	20,678,508	10,228,007
Other debtors, deposits and prepayments	11	4,626,970	587,599	2,978,890	1,511,095
Due from associated company (trade)		1,231,835	756,182	280,429	755,500
Due from associated company (non-trade)	12	2,971,232	1,647,527	2,971,232	1,647,527
Due from related parties (trade)		2,143,290	1,056,497	390,837	54,414
Due from subsidiaries (trade)		-	-	71,524	90,346
Due from subsidiaries (non-trade)	12	-	-	7,502,126	1,399,843
Cash and bank balances		20,443,564	19,561,815	11,473,989	16,490,805
Total current assets		92,645,419	58,234,247	51,042,289	37,789,825
Current liabilities					
Trade creditors		29,663,720	18,672,514	11,743,729	9,120,095
Other creditors and accruals	13	13,140,687	8,580,875	5,520,051	3,869,449
Due to associated company (trade)		3,099,702	-	-	-
Due to related parties (trade)		9,907,232	4,073,779	9,893,010	3,820,533
Provision for taxation		3,956,338	2,458,788	563,105	892,938
Proposed dividends		1,019,250	905,175	1,019,250	905,175
Short-term loan (unsecured)		1,273,616	-	1,273,616	-
Total current liabilities		62,060,545	34,691,131	30,012,761	18,608,190
Net current assets		30,584,874	23,543,116	21,029,528	19,181,635
Net assets		42,998,333	33,318,755	37,372,115	33,111,783

The accompanying notes are an integral part of the financial statements.

Statements of Profit and Loss

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

	Note	Group		Company	
		2000 \$	1999 \$	2000 \$	1999 \$
		(Note 22)			
Turnover	14	160,874,377	118,941,343	74,440,361	66,683,470
Cost of sales		(125,857,313)	(96,465,224)	(60,792,893)	(55,251,490)
Gross profit		35,017,064	22,476,119	13,647,468	11,431,980
Other operating income	15	788,775	1,193,365	3,675,523	2,113,027
Distribution and selling expenses		(16,411,078)	(11,086,959)	(9,650,560)	(6,980,774)
Administrative expenses		(5,018,001)	(3,320,944)	(1,575,459)	(1,363,809)
Other operating expenses		(351,290)	(1,062,925)	-	-
Profit from operations	16	14,025,470	8,198,656	6,096,972	5,200,424
Financial income, net	18	501,038	51,779	588,042	133,251
Profit before taxation		14,526,508	8,250,435	6,685,014	5,333,675
Share of profits of associated company		376,220	556,273	-	-
		14,902,728	8,806,708	6,685,014	5,333,675
Taxation	19	(4,059,462)	(2,661,672)	(1,405,432)	(1,387,000)
Net profit for the year		10,843,266	6,145,036	5,279,582	3,946,675
Earnings per share (cents)	20				
Basic		3.01	2.19		
Diluted		3.01	2.19		

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Equity

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

The Group	Share capital	Share premium	Revenue reserve	Goodwill write off reserve	Translation reserve	Total
	\$	\$	\$	\$	\$	\$
As at 1.1.1999	2,875,000	-	3,599,970	(4,223,068)	(717,816)	1,534,086
Foreign currency translation differences	-	-	-	-	36,452	36,452
Net profit for the year	-	-	6,880,799	-	-	6,880,799
Dividends (Note 21)	-	-	(905,175)	-	-	(905,175)
Issue of ordinary shares of \$1.00 each to Nera Network AS at a premium of \$3.70 per share for cash	3,643,617	13,481,383	-	-	-	17,125,000
Bonus issue	9,481,383	(9,481,383)	-	-	-	-
Issue of ordinary shares of \$0.20 each at a premium of \$0.78 per share for cash pursuant to Company's Initial Public offer ("IPO")	2,000,000	7,800,000	-	-	-	9,800,000
Expenses in connection with the IPO	-	(416,644)	-	-	-	(416,644)
As at 31.12.1999	18,000,000	11,383,356	9,575,594	(4,223,068)	(681,364)	34,054,518
As at 31.12.1999 as previously reported	18,000,000	11,383,356	9,575,594	(4,223,068)	(681,364)	34,054,518
Reclassification (Note 28)	-	-	(4,223,068)	4,223,068	-	-
Prior year adjustment (Note 22)	-	-	(735,763)	-	-	(735,763)
As at 31.12.1999 as restated	18,000,000	11,383,356	4,616,763	-	(681,364)	33,318,755
Foreign currency translation differences	-	-	-	-	(144,438)	(144,438)
Net profit for the year	-	-	10,843,266	-	-	10,843,266
Dividends (Note 21)	-	-	(1,019,250)	-	-	(1,019,250)
As at 31.12.2000	18,000,000	11,383,356	14,440,779	-	(825,802)	42,998,333

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Equity

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

The Company	Share capital	Share premium	Revenue reserve	Total
	\$	\$	\$	\$
As at 1.1.1999	2,875,000	-	686,927	3,561,927
Net profit for the year	-	-	3,946,675	3,946,675
Dividends (Note 21)	-	-	(905,175)	(905,175)
Issue of ordinary shares of \$1.00 each to Nera Network AS at a premium of \$3.70 per share for cash	3,643,617	13,481,383	-	17,125,000
Bonus issue	9,481,383	(9,481,383)	-	-
Issue of ordinary shares of \$0.20 each at a premium of \$0.78 per share for cash pursuant to Company's IPO	2,000,000	7,800,000	-	9,800,000
Expenses in connection with the IPO	-	(416,644)	-	(416,644)
As at 31.12.1999	18,000,000	11,383,356	3,728,427	33,111,783
Net profit for the year	-	-	5,279,582	5,279,582
Dividends (Note 21)	-	-	(1,019,250)	(1,019,250)
As at 31.12.2000	18,000,000	11,383,356	7,988,759	37,372,115

The accompanying notes are an integral part of the financial statements

Consolidated Cash Flows Statement

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

	Note	2000 \$	1999 \$ (Note 22)
Cash flows from operating activities			
Profit before taxation		14,902,728	8,806,708
Adjustments for:			
Depreciation of fixed assets		1,772,581	1,940,328
Gain from disposal of fixed assets		(14,614)	(14,294)
Exchange difference		296,390	6,744
Interest expense		5,031	6,910
Interest income		(685,555)	(244,172)
Share of profits of associated company		(376,220)	(558,809)
Operating profit before working capital changes		15,900,341	9,943,415
Changes in working capital:			
Trade and other debtors		(21,852,673)	(4,682,981)
Stocks		(10,511,702)	1,485,517
Related corporations		-	(16,634,995)
Related parties		7,535,375	3,017,282
Trade and other creditors		15,389,714	3,329,669
Cash generated from (used in) operations		6,461,055	(3,542,093)
Income tax paid		(2,561,912)	(1,796,106)
Interest paid		(5,031)	(6,910)
Net cash inflow/(outflow) from operating activities		3,894,112	(5,345,109)
Cash flows from investing activities			
Proceeds from disposal of fixed assets		45,068	20,060
Purchase of fixed assets		(4,084,937)	(1,520,702)
Interest received		685,555	244,172
Net cash outflow from investing activities		(3,354,314)	(1,256,470)
Cash flows from financing activities			
Proceeds from issue of new shares		-	26,508,356
Dividends paid		(905,175)	(8,236,000)
Net cash (outflow) inflow from financing activities		(905,175)	18,272,356
Net (decrease) increase in cash and cash equivalents		(365,377)	11,670,777
Cash and cash equivalents at beginning of year		19,561,815	7,891,038
Cash and cash equivalents at end of year	23	19,196,438	19,561,815

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is a limited company domiciled and incorporated in Singapore. The address of the Company's registered office is 10, Collyer Quay, #19-08, Ocean Building, Singapore 049315. The address of its principal place of business is 109 Defu Lane 10, Singapore 539225.

The principal activities of the Company are to engage in the sales, distribution, design, engineering, servicing, installation and maintenance of telecommunication systems and products in transmission networks and satellite communications and IT networks. The principal activities of the subsidiaries are listed in Note 7 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements, which are expressed in Singapore dollars, are prepared in accordance with Statements of Accounting Standard in Singapore and under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated profit and loss account from the date of acquisition or disposal. Intercompany balances and transactions and resulting unrealised profits (losses) are eliminated on consolidation.

Foreign currencies

Transactions in foreign currencies during the year are converted to Singapore dollars at the rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising are taken to the profit and loss account.

For the purpose of consolidation of subsidiaries and the equity accounting of associates in respect of foreign subsidiaries and associates whose operations are not integral to the Company's operations, the balance sheets are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, and the results are translated using the weighted average exchange rates for the financial year. The exchange differences arising are taken directly to the foreign currency translation reserve.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bad and doubtful debts

Bad debts are written off and specific provisions are made for those debts considered to be doubtful. General provisions are made on the balance of trade debtors to cover any unexpected losses which have not been specifically identified.

Stocks

Stocks (other than contract work-in-progress) are stated at the lower of cost and net realisable value. Cost is primarily determined on standard cost basis which approximate to the weighted average cost basis and includes all costs in bringing the stocks to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for the costs of realisation and where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow-moving and defective stocks.

Contract work-in-progress

Contract work-in-progress is stated at the aggregate of contract costs incurred to date plus profit recognised based on the value of work completed less progress billings and provisions for foreseeable losses.

Cost includes both variable and fixed costs directly related to specific contracts and those which can be attributed to contract activity in general and which can be allocated to specific contracts. Also included are any costs expected to be incurred under penalty clauses and rectification provisions.

The percentage of completion is measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

Where it is probable that a loss will arise on completion of contracts entered into at the balance sheet date, the excess of total estimated costs over expected revenue is recognised as an expense immediately.

Investments

Investments, including investments in subsidiaries and associates, that are intended to be held for the long term are stated in the financial statements at cost less provision made in recognition of a decline in the value of the investment which is other than temporary, determined on an individual investment basis.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates

The Group treats as associates those companies in which a long term equity interest of between 20 and 50 percent is held and over whose financial and operating policy decisions it exercises significant influence.

Associates are accounted for under the equity method whereby the Group's share of profits less losses of associates is included in the consolidated profit and loss account, and the Group's share of post-acquisition retained profits, or losses, and reserves is adjusted against the cost of the investments in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the companies concerned, made up to dates not more than six months prior to the end of the financial year of the Group. Where the accounting policies of associated companies do not conform with those of the Group, adjustments are made on consolidation where the amounts involved are considered significant to the Group.

Fixed assets

Fixed assets are stated at cost, less accumulated depreciation.

Depreciation is calculated on a straight-line basis to write off the net cost of fixed assets over their estimated useful lives as follows:

	Years
Leasehold land and building	18
Leasehold improvements	10
Plant and other equipment	5 to 7
Furniture and fittings	5 to 10
Motor vehicles	5
Lease equipment	3 to 7

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiaries and associates when acquired.

The Group eliminates goodwill arising on consolidation from the consolidated financial statements by immediate write off against reserves.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue earned from the sale of the Group's products is recognised upon passage of title to the customer, which generally coincides with their delivery and acceptance.

Revenue and profit is recognised on an individual contract basis using the percentage of completion method, when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the total contract revenue to be received and costs to complete can be reliably estimated.

Dividend income is recorded gross in the profit and loss accounts in the accounting period in which a dividend is declared payable by the investee company or, in the case of subsidiaries, in respect of which it is proposed.

Other revenue includes interest from bank deposits and is recognised on an accrued basis.

Taxation

Tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation, is provided on significant timing differences arising from the different treatments in the accounting and taxation of relevant items except where it can be demonstrated with reasonable probability that the tax deferral will continue for the foreseeable future. In accounting for timing differences, deferred tax debits are not accounted for unless there is reasonable expectation of their realisation.

Warranties for products and contracts

Provision is made for the estimated liability on all products and contracts still under warranty, including claims already received.

Related parties

After the Initial Public Offer on 1 July 1999, Nera Network AS and Nera ASA held a combined 47.3% interest in the issued share capital of the Company and neither continued to be the immediate holding or ultimate holding corporation. Consequently, subsidiaries of Nera ASA were no longer related corporations from that date; but Nera ASA and its subsidiaries are considered related parties to Nera Telecommunications Ltd.

Segments

For management purposes, the Group is organised on a world-wide basis into three major operating businesses. The divisions are based on which the Group reports its primary segment information segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for on an arms length basis.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting standards not effective until after the financial year

Under the requirements of Statement of Accounting Standard ("SAS") 10 (Revised), Events after the Balance Sheet Date, which is effective for financial years beginning on or after 1 October 2000, the Company and the Group should not recognise dividends proposed or declared after the balance sheet date as accrued liabilities. Had the revised standard been applied in the current financial year, the current liabilities of the Company and the Group would have been lower by \$1,019,250 (1999: \$905,175) and, correspondingly, the net assets and reserves would have been higher by the same amount.

SAS 32, Financial Instruments: Disclosure and Presentation, and SAS 33, Financial Statements: Recognition and Measurement, were issued in July 2000 and are effective for the financial years beginning on or after 1 October 2000 and 1 July 2001 respectively.

SAS 32 identifies the information that should be disclosed about both on-balance sheet and off-balance sheet financial instruments. The information required to be disclosed for each class of financial instrument (both recognised and unrecognised) include significant terms and conditions that may affect the amount, timing and certainty of future cash flows, exposure to interest rate risk and credit risk, and fair values of each class of financial instruments.

SAS 33 establishes accounting and reporting standards for recognising, measuring and disclosing information about financial instruments. It requires all financial instruments, including derivatives, to be recognised as either assets or liabilities on the balance sheet and measured at fair value except for specific categories of financial instruments. The accounting for the gains or losses resulting from the changes in the fair values of those financial instruments depends on the intended use of the financial instrument and whether they qualify for hedge accounting.

The Company is in the process of determining the effects that the adoption of these new accounting standards will have on its financial statements. These effects will be reported in future financial statements.

3. SHARE CAPITAL

	2000 \$	1999 \$
Authorised		
- 800,000,000 (1999: 200,000,000) ordinary shares of \$0.05 (1999: \$0.20) each	40,000,000	40,000,000
Issued and fully paid		
- 360,000,000 (1999: 90,000,000) ordinary shares of \$0.05 (1999: \$0.20) each	18,000,000	18,000,000

During the financial year, each existing ordinary shares of \$0.20 in the authorised and issued and fully paid-up share capital of the Company was sub-divided into 4 ordinary shares of \$0.05 each.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

4. SHARE PREMIUM

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
At beginning of year	11,383,356	-	11,383,356	-
Premium on 3,643,617 shares issued	-	13,481,383	-	13,481,383
Bonus shares issued	-	(9,481,383)	-	(9,481,383)
	11,383,356	4,000,000	11,383,356	4,000,000
Premium on issue of ordinary shares pursuant to the Initial Public Offer ("IPO")	-	7,800,000	-	7,800,000
Expenses in connection with the IPO	-	(416,644)	-	(416,644)
At end of year	11,383,356	11,383,356	11,383,356	11,383,356

The share premium may be applied only for the purposes specified in the Companies Act. The balance is not available for distribution of dividends except in the form of shares.

5. REVENUE RESERVE

	Group	
	2000	1999
	\$	\$
Retained by:		
The Company	7,988,759	3,728,427
Subsidiaries	7,313,517	2,022,263
Associated companies	3,361,571	3,089,141
	18,663,847	8,839,831
Goodwill arising on acquisition of subsidiaries written off against revenue reserve	(4,223,068)	(4,223,068)
	14,440,779	4,616,763

With the exception of the share premium, the reserves of the Company are available for distribution as dividends.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

6. FIXED ASSETS

The Group	Leasehold land and building	Leasehold improvements	Plant and other equipment	Furniture and fittings	Motor vehicles	Lease equipment	Total
Cost	\$	\$	\$	\$	\$	\$	\$
As at 1.1.2000	5,150,000	1,544,953	9,509,945	747,399	2,047,403	-	18,999,700
Exchange rate adjustment	-	(2,224)	(58,658)	(9,201)	(14,514)	-	(84,597)
Additions	-	178,007	1,398,848	207,028	269,521	2,031,533	4,084,937
Disposals	-	-	(10,450)	(9,708)	(209,936)	(2,281)	(232,375)
As at 31.12.2000	5,150,000	1,720,736	10,839,685	935,518	2,092,474	2,029,252	22,767,665
Accumulated depreciation							
As at 1.1.2000	1,358,880	1,045,406	7,948,308	435,728	1,029,710	-	11,818,032
Exchange rate adjustment	-	(2,272)	(41,182)	(3,812)	(8,016)	-	(55,282)
Charge for the year	286,080	107,699	874,086	82,699	306,977	115,040	1,772,581
Disposals	-	-	(8,560)	(4,243)	(188,988)	(130)	(201,921)
As at 31.12.2000	1,644,960	1,150,833	8,772,652	510,372	1,139,683	114,910	13,333,410
Charge for 1999	286,080	90,663	1,205,722	61,857	296,006	-	1,940,328
Net book value							
As at 31.12.2000	3,505,040	569,903	2,067,033	425,146	952,791	1,914,342	9,434,255
As at 31.12.1999	3,791,120	499,547	1,561,637	311,671	1,017,693	-	7,181,668

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

6. FIXED ASSETS (Continued)

The Company	Leasehold land and building	Leasehold improvements	Plant and other equipment	Furniture and fittings	Motor vehicles	Lease equipment	Total
Cost	\$	\$	\$	\$	\$	\$	\$
As at 1.1.2000	5,150,000	713,014	546,762	269,044	1,781,058	-	8,459,878
Additions	-	7,759	30,541	77,528	188,485	2,026,971	2,331,284
Disposals	-	-	(10,450)	-	(174,336)	-	(184,786)
As at 31.12.2000	5,150,000	720,773	566,853	346,572	1,795,207	2,026,971	10,606,376
Accumulated depreciation							
As at 1.1.2000	1,358,880	310,034	415,127	110,815	887,304	-	3,082,160
Charge for the year	286,080	72,204	48,091	32,266	254,857	114,509	808,007
Disposals	-	-	(8,560)	-	(153,388)	-	(161,948)
As at 31.12.2000	1,644,960	382,238	454,658	143,081	988,773	114,509	3,728,219
Charge for 1999	286,080	65,832	47,773	24,085	253,461	-	677,231
Net book value							
As at 31.12.2000	3,505,040	338,535	112,195	203,491	806,434	1,912,462	6,878,157
As at 31.12.1999	3,791,120	402,980	131,635	158,229	893,754	-	5,377,718

As at 31 December 2000, the leasehold land and building of the Group and the Company consist of the following:

Location	Purpose	Approximate land area (in sq. metre)	Approximate gross floor area (in sq. metre)	Tenure of lease
109 Defu Lane 10, Singapore 539225	Office, workshop cum warehouse	3875	3246	30 years expiring 20 September 2012 with option for a further term of 30 years

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

7. SUBSIDIARIES

(a) Subsidiaries comprise:

	Company	
	2000	1999
Unquoted equity shares at cost	\$	\$
At beginning of year	8,416,225	7,351,000
Additions during the year	912,000	1,065,225
	9,328,225	8,416,225
Provision for diminution in value	(63,000)	(63,000)
At end of year	9,265,225	8,353,225

(b) The Company had the following subsidiaries as at 31 December 2000:

Name	Principal activities	Country of incorporation and place of business	Equity interest held by the Group		Cost of investment	
			2000	1999	2000	1999
			%	%	\$	\$
Nera Infocom Pte Ltd	Dormant	Singapore	100	100	2	2
Nera Electronics (S) Pte Ltd	To provide electronics contract manufacturing services of printed circuit boards, microwave radios and complete products	Singapore	100	100	7,000,000	7,000,000
Nera (Thailand) Ltd*	Sales and distribution design, engineering, servicing, installation and maintenance of transmission networks and satellite communications and IT networks	Thailand	100	100	975,000	63,000
Nera Philippines Inc.*	Sales and distribution design, engineering, servicing, installation and maintenance of transmission networks and satellite communications and IT networks	Philippines	100	100	1,128,223	1,128,223

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

7. SUBSIDIARIES (cont'd)

Name	Principal activities	Country of incorporation and place of business	Equity interest held by the Group		Cost of investment	
			2000 %	1999 %	2000 \$	1999 \$
Nera Infocom (M) Sdn Bhd*	Sales, installation and maintenance of information technology equipment	Malaysia	100	100	225,000	225,000
					9,328,225	8,416,225

* Audited by associated firms of Arthur Andersen, Singapore.

8. ASSOCIATED COMPANY

(a) The associated company is Nera (Malaysia) Sdn Bhd, incorporated in Malaysia. The principal activities of the associated company are the sale, installation and maintenance of telecommunications equipment. It carried out its business in Malaysia.

(b)	% of paid-up capital held		Company	
	2000 %	1999 %	2000 \$	1999 \$
30,000 ordinary shares of RM\$1.00 each	30	30	12,450	12,450
1,000,000 8% cumulative redeemable preference shares of RM\$1.00 each	100	100	186,755	186,755
Unquoted equity shares, at cost			199,205	199,205
			Group	
			2000 \$	1999 \$
Represented by:				
Net tangible assets acquired			199,205	199,205
Share of post acquisition retained profits			3,361,571	3,089,141
Exchange adjustments			(581,572)	(694,375)
			2,979,204	2,593,971

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

9. STOCKS

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Stocks				
Raw materials - cost	7,441,843	6,618,172	-	-
Work in progress - cost	15,125,076	7,741,737	-	-
Finished goods - cost	9,912,994	5,805,750	5,196,642	5,345,910
	32,479,913	20,165,659	5,196,642	5,345,910
Less: provision for stocks obsolescence	(2,538,899)	(1,187,929)	(798,654)	(240,385)
	29,941,014	18,977,730	4,397,988	5,105,525
Contract work-in-progress				
Cost incurred plus recognised profits and less losses	18,016,070	30,722,655	18,016,070	30,481,070
Less: progress billings	(17,719,304)	(29,974,307)	(17,719,304)	(29,974,307)
	296,766	748,348	296,766	506,763
Total stocks	30,237,780	19,726,078	4,694,754	5,612,288
Movements in provision for stock obsolescence during the year are as follows:				
At beginning of year	1,187,929	935,076	240,385	628,495
Provision for the year	2,967,960	1,346,161	746,075	703,570
Written off against provision	(1,616,990)	(1,093,308)	(187,806)	(1,091,680)
At end of year	2,538,899	1,187,929	798,654	240,385
Movements in provision for loss on contract work-in-progress is as follows:				
At beginning of year	2,050,279	-	2,050,279	-
Provision for the year	-	2,050,279	-	2,050,279
Written off against provision	(2,050,279)	-	(2,050,279)	-
At end of year	-	2,050,279	-	2,050,279

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

10. TRADE DEBTORS

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Trade debtors	31,889,128	16,150,757	21,414,845	11,367,414
Less: provision for doubtful debts	(898,380)	(1,252,208)	(736,337)	(1,139,407)
	30,990,748	14,898,549	20,678,508	10,228,007

Movements in provision for doubtful debts during the year are as follows:

At beginning of year	1,252,208	1,295,758	1,139,407	1,181,918
Provision for the year	723,901	796,928	661,636	796,928
Writeback of provision during the year	(463,500)	(839,439)	(463,500)	(839,439)
Bad debts written off against provision	(614,229)	(1,039)	(601,206)	-
At end of year	898,380	1,252,208	736,337	1,139,407

11. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Prepayments	40,460	84,926	34,433	24,638
Advances to suppliers	362,243	257,201	279,176	179,334
Deposits	263,124	202,854	217,356	160,005
Staff advances	30,926	17,618	12,357	16,118
Dividend receivables	26,150	25,000	2,434,860	1,131,000
Other debtors	3,904,067	-	708	-
	4,626,970	587,599	2,978,890	1,511,095

12. DUE FROM ASSOCIATED COMPANY/SUBSIDIARIES (NON-TRADE)

Non-trade balances due from a subsidiary amounting to \$5,046,457 (1999: \$500,000) and the associated company amounting to \$2,971,232 (1999: \$1,647,527) are unsecured, repayable on demand with interest payable at 5% (1999: 5%) per annum.

Other than the above, all other non-trade balances are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

13. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Accrued operating expenses	7,742,052	4,959,777	3,392,502	2,828,182
Customer advances	604,279	538,200	582,980	441,267
Provision for warranty	4,449,975	3,082,898	1,544,569	600,000
Other creditors	344,381	-	-	-
	13,140,687	8,580,875	5,520,051	3,869,449

Movements in provision for warranty during the financial year are as follows:

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
At beginning of year	3,082,898	3,387,729	600,000	1,461,079
Provision for the year	4,187,809	3,345,488	1,654,547	1,783,488
Writeback during the financial year	(2,413,978)	(3,181,050)	(709,978)	(2,199,050)
Utilised during the financial year	(406,754)	(469,269)	-	(445,517)
At end of year	4,449,975	3,082,898	1,544,569	600,000

14. TURNOVER

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Sales of goods	144,748,663	99,265,343	58,435,361	47,007,470
Services rendered	16,125,714	19,676,000	16,005,000	19,676,000
	160,874,377	118,941,343	74,440,361	66,683,470

Turnover in the Group's profit and loss account excludes sales between group companies and represents sales of goods and services at invoiced value less goods and services tax and sales discounts.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

15. OTHER OPERATING INCOME

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Commission income	293,671	218,853	90,521	93,134
Dividend income (unquoted)				
- subsidiaries	-	-	3,245,826	1,485,000
- associated company	-	-	36,320	35,000
Sale of scrap	28,888	63,232	-	-
Gain on disposal of fixed assets	14,614	14,294	7,751	8,991
Foreign exchange gain, net	451,602	896,986	295,105	490,902
	788,775	1,193,365	3,675,523	2,113,027

16. PROFIT FROM OPERATIONS

This is determined after charging (crediting) the following:

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Auditors' remuneration				
- auditors of the Company	90,000	100,400	50,000	62,000
- other auditors	27,581	13,404	-	-
Depreciation of fixed assets	1,772,581	1,940,328	808,007	677,231
Directors' remuneration				
- directors of holding company	180,184	151,409	180,184	151,409
Directors' fees				
- directors of holding company	105,000	40,000	105,000	40,000
Operating lease expenses	992,408	908,584	340,151	322,909
Provision for doubtful trade debts	723,901	796,928	661,636	796,928
Provision for stocks obsolescence	2,967,960	1,346,161	746,075	703,570
Provision for loss on contract work-in-progress	-	2,050,279	-	2,050,279
Provision for warranty	4,187,809	3,345,488	1,654,547	1,783,488
Writeback of provision for doubtful trade debts	(463,500)	(839,439)	(463,500)	(839,439)
Writeback of provision for warranty	(2,413,978)	(3,181,050)	(709,978)	(2,199,050)
Writeback of provision for amount due from a subsidiary	-	-	-	(735,763)

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

17. PERSONNEL EXPENSES

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Wages and salaries	10,585,683	7,508,561	5,404,975	4,653,217
Pension contributions	916,369	677,745	526,086	343,122
Other social expenses	481,832	379,451	421,714	260,714
	11,983,884	8,565,757	6,352,775	5,257,053

18. FINANCIAL INCOME, NET

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Bank charges	(179,486)	(185,483)	(129,947)	(109,179)
Interest expense				
- short term loan	-	(3,991)	-	-
- bank overdrafts	(5,031)	(2,919)	(2,477)	(1,403)
Interest income from				
- subsidiary	-	-	174,416	89,384
- associated company	54,247	44,803	54,247	44,803
- bank balance	631,308	199,369	491,803	109,646
	501,038	51,779	588,042	133,251

19. TAXATION

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Current taxation				
- Singapore income tax	3,911,927	2,630,464	1,928,253	1,377,000
- Overprovision in respect of prior year	(522,821)	-	(522,821)	-
- Foreign tax expense	566,566	28,672	-	10,000
- Share of tax of an associated company	103,790	2,536	-	-
	4,059,462	2,661,672	1,405,432	1,387,000

The income tax expense on the results of the Group and of the Company for the financial year is higher than the amount of income tax determined by applying the respective statutory tax rates in the Group to the profit before taxation due to certain expenses not being deductible for tax purposes.

A subsidiary has been granted pioneer status under provisions of the Economic Expansion Incentives (Relief from Income Tax) Act, Cap. 86, under which, subject to certain conditions, the operating profits from the manufacture of qualifying communications equipment are subject to tax at the rate of 10%.

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

20. EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit attributable to members of the Company, of \$10,843,266 (1999: \$6,145,036) divided by the number of shares in issue of 360,000,000 (1999: weighted average of 280,362,812).

21. DIVIDENDS

	2000 \$	1999 \$
Proposed first and final dividend of 0.375 cents per share (1999: 1.35 cents per share) less tax of 24.5% (1999: 25.5%)	1,019,250	905,175

22. PRIOR YEAR ADJUSTMENT

The directors noted an accounting error in the Company's consolidated results for the Group in respect of the year ended 31 December 1999 ("the 1999 Group Results") when the Company was preparing its results for the year ended 31 December 2000.

The error related to a consolidation adjustment of \$735,763 which should have been made in the 1999 Group Results. However, due to an accounting oversight, the adjustment was not made. Accordingly, prior year adjustment has been raised to restate the prior year comparatives as follows:

	Group	
	31 December 1999 balance as restated	31 December 1999 balance as previously reported
	\$	\$
<u>Balance sheets</u>		
Other creditors and accruals	8,580,875	7,845,112
Total current liabilities	34,691,131	33,955,368
Net current assets	23,543,116	24,278,879
Revenue reserve	4,616,763	5,352,526
Net assets	33,318,755	34,054,518
<u>Statements of profit and loss</u>		
Profit before taxation	8,250,435	8,986,198
Net profit for the year	6,145,036	6,880,799

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	Group	
	2000 \$	1999 \$
Cash and bank balances	20,443,564	19,561,815
Short-term loan (unsecured)	(1,273,616)	-
	19,169,948	19,561,815
Effect of exchange rate changes	26,490	-
	19,196,438	19,561,815

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

24. RELATED PARTY TRANSACTIONS

During the financial year, there were the following significant transactions with related parties on terms agreed between the relevant parties:

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Sales to related corporations	-	3,657,086	-	79,757
Sales to related parties	9,261,763	3,174,791	2,037,446	93,341
Sales to subsidiaries	-	-	4,279,415	957,718
Sales to associate	4,187,297	3,145,674	4,187,297	3,145,674
Purchases from related corporations	-	4,897,560	-	3,877,257
Purchases from related parties	23,721,546	6,570,231	22,725,999	6,278,452
Other income from related parties	45,228	49,163	9,228	24,949

25. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Contingent liabilities

	Group and Company	
	2000	1999
	\$	\$
Bankers' guarantees	5,278,000	4,514,000
Letters of credit	1,097,500	2,244,000
	6,375,500	6,758,000

(ii) Lease commitments

The Group and the Company have commitments under operating lease for office premises. The leases contain renewable options and do not contain escalation clauses and provide for contingent rentals. Lease terms do not contain restrictions on the Group and Company's activities concerning dividends, additional debt or further leasing.

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Within one financial year	859,648	888,032	280,938	333,000
Later than one financial year but not later than five financial years	1,739,070	2,810,531	1,368,000	1,488,000
Later than five financial years	2,394,000	2,976,000	2,394,000	2,976,000
	4,992,718	6,674,563	4,042,938	4,797,000

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

25. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(iii) Investment commitments

	Company	
	2000	1999
	\$	\$
Investment expenditure approved by the board of directors but not recognised in the financial statements in respect of:		
- Commitment to inject new funds to a subsidiary	-	1,000,000
- Commitment to invest in new subsidiaries	892,312	-

(iv) Other commitments

The Group and the Company have outstanding forward exchange contracts for hedging against future purchase commitments denominated in Norwegian Kroner, Danish Kroner and United States Dollars:

	Group		Company	
	2000	1999	2000	1999
	\$	\$	\$	\$
Forward contracts to purchase foreign currencies	3,580,000	455,483	2,875,000	455,483

26. DIRECTORS' REMUNERATION

Number of directors in each remuneration bands:

	Group and Company			Group and Company		
	2000			1999		
	Executive Director	Non-Executive Director	Total	Executive Director	Non-Executive Director	Total
\$500,000 and above	-	-	-	-	-	-
\$250,000 to \$499,999	1	-	1	1	-	1
\$Nil to \$249,999	-	7	7	-	7	7
Total	1	7	8	1	7	8

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

27. SEGMENT INFORMATION

Business segments

The Group is organised on a worldwide basis into three main operating divisions, namely:

- Telecommunications
- Information technology
- Contract manufacturing

Inter-segment pricing is on an arm's length basis.

2000	Telecommunications	Information technology	Contract manufacturing	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover					
External sales	34,378	51,250	75,246	-	160,874
Inter-segment sales	983	3,576	2,635	(7,194)	-
Total sales	35,361	54,826	77,881	(7,194)	160,874
Results	2,716	4,747	11,678	-	19,141
Unallocated expenses					(5,294)
Share of results of associates	376				376
Operating profit					14,223
Interest expense					(5)
Interest income					685
Tax					(4,060)
Net profit					10,843
Assets	16,956	26,926	30,155		74,037
Investment in associates					2,979
Unallocated assets					28,042
Total assets					105,058
Liabilities	12,241	13,031	17,399		42,671
Unallocated liabilities					19,390
Total liabilities					62,061
Capital expenditure	503	2,204	1,378		4,085
Depreciation and amortisation	319	679	774		1,772
Other non-cash expenses	147	-	149		296

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

27. SEGMENT INFORMATION (Continued)

1999	Telecommunications	Information technology	Contract manufacturing	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover					
External sales	18,513	48,720	51,708	-	118,941
Inter-segment sales	658	354	348	(1,360)	-
Total sales	19,171	49,074	52,056	(1,360)	118,941
Results	2,326	3,510	6,492	(736)	11,592
Unallocated expenses					(3,579)
Share of results of associates	370	186			556
Operating profit					8,569
Interest expense					(7)
Interest income					244
Tax					(2,661)
Net profit					6,145
Assets	11,958	12,222	21,087		45,267
Investment in associates					2,594
Unallocated assets					20,149
Total assets					68,010
Liabilities	6,651	6,365	9,731		22,747
Unallocated liabilities					11,945
Total liabilities					34,692
Capital expenditure	400	583	537		1,520
Depreciation and amortisation	298	505	1,137		1,940
Other non-cash expenses	7	-	-		7

Notes to the Financial Statements

- For the year ended 31 December 2000 - (Amounts in Singapore dollars)

27. SEGMENT INFORMATION (Continued)

Geographical segments

Turnover is based on the location of customers regardless of where the goods are produced. Assets and additions to property, plant and equipment are based on the location of those assets.

	Turnover		Assets		Capital expenditure	
	2000	1999	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	74,821	65,022	90,595	65,459	3,709	1,423
Rest of Southeast Asia	93,247	55,279	14,463	2,551	376	98
Less: Intersegment elimination	(7,194)	(1,360)	-	-	-	-
	160,874	118,941	105,058	68,010	4,085	1,521

28. COMPARATIVES

Where necessary, the prior year financial statements have been restated to conform with the current year's presentation and in accordance with the new presentation requirements of Statement of Accounting Standard No. 1 (Revised 1999), Presentation of Financial Statements, Statement of Accounting Standard No. 23 (Revised 1999), Segment Reporting and Statement of Accounting Standard No. 15 (Revised 1999), Leases.

In addition, certain comparative figures have been restated by prior year adjustment as disclosed in Note 22 to the financial statements and have been reclassified to conform with the current year's presentation.

Comparative figures were audited by a firm of certified public accountant other than Arthur Andersen.

Statistics of Shareholdings

- As at 6 April 2001 -

Authorised share capital : \$40,000,000
 Issued and fully paid-up capital : \$18,000,000
 Classes of shares : Ordinary share of \$0.05 each
 Voting rights : One vote for each share

Distribution of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 1,000	382	6.81	381,500	0.11
1,001 - 10,000	4,179	74.55	21,066,000	5.85
10,001 - 1,000,000	1,027	18.32	45,852,000	12.74
1,000,001 and above	18	0.32	292,700,500	81.30
TOTAL :	5,606	100.00	360,000,000	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Nera ASA	141,134,240	39.20
2.	Nera Networks AS	29,501,760	8.19
3.	Raffles Nominees Pte Ltd	21,766,500	6.05
4.	DBS Nominees Pte Ltd	15,646,000	4.35
5.	United Overseas Bank Nominees Pte Ltd	12,388,000	3.44
6.	HSBC (Singapore) Nominees Pte Ltd	12,042,000	3.35
7.	Oversea-Chinese Bank Nominees Pte Ltd	11,870,000	3.30
8.	FCC Equities Pte Ltd	9,025,000	2.51
9.	Citibank Nominees Singapore Pte Ltd	8,696,000	2.42
10.	NTUC Income Insurance Co-operative Limited	7,118,000	1.98
11.	DB Nominees (S) Pte Ltd	4,924,000	1.37
12.	First Capital Investment Ltd	4,473,000	1.24
13.	First Capital Insurance Limited - Insurance Fund A/C	3,797,000	1.05
14.	Sitaram Chandra Das	2,500,000	0.69
15.	Ang Seong Kang Samuel	2,380,000	0.66
16.	Overseas Union Bank Nominees Pte Ltd	2,142,000	0.60
17.	Dexia Nominees (S) Pte Ltd	2,086,000	0.58
18.	J M Sassoon & Company (Pte) Ltd	1,211,000	0.34
19.	Hong Leong Finance Nominees Pte Ltd	859,000	0.24
20.	Chan Lai Yoke	836,000	0.23
TOTAL :		294,395,500	81.79

Substantial Shareholders as at 6 April 2001 (as recorded in the Register of Substantial Shareholders)

	No. of shares of S\$0.05 Each Fully Paid			
	Direct Interest	%	Deemed Interest	%
Nera ASA	141,134,240	39.20	29,501,760	8.19
Nera Networks AS	29,501,760	8.19	-	-
Schroder Investment Management	-	-	21,844,000	6.07

Note:

1. Nera ASA is deemed interest in the shares held by Nera Network AS by virtue of Section 7 of the Companies Act, Chapter 50.
2. Schroder Investment Management Group's deemed interest comprises the shareholdings of Schroder Investment Management Ltd and Schroder Investment Management (Singapore) Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 109 Defu Lane 10, Singapore 539225 on 24 May 2001 at 11.00am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2000.
(Resolution 1)
2. To declare a first and final dividend of 7.5% (or 0.375 cents per share) less tax at 24.5% for the year ended 31 December 2000.
(Resolution 2)
3. To re-elect the following Directors retiring pursuant to Articles 87 and 94 of the Company's Articles of Association:

Mr Bjorn Ove Skjeie (*Retiring under Article 87*)

(Resolution 3)

Mr Johan Fredrik Odjell (*Retiring under Article 87*)

(Resolution 4)

Mr Per Erik Froyen (*Retiring under Article 94*)

(Resolution 5)

4. To re-appoint Messrs Arthur Andersen as the Company's Auditors and to authorise the Directors to fix their remuneration.
(Resolution 6)
5. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

6. To approve the payment of Director's fees of \$105,000 for the year ended 31 December 2000 (1999: \$40,000).
(Resolution 7)
7. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

- (a) "That pursuant to Section 161 of the Companies Act, Cap. 50 and Clause 941 (3)(b) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed Fifty per centum (50%) of the issued share capital of the Company for the time being and that such authority shall, unless revoked or varied by the Company in general meeting, continued in force until the conclusion of the Company's next Annual General Meeting."

(Resolution 8)

[see Explanatory Note(i)]

- (b) "That approval be given for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions particulars of which are as set out on pages 47 to 48(inclusive) of the Company's Prospectus dated 23 June 1999 with the Interested Persons described in the Prospectus and that such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting."

(Resolution 9)

[see Explanatory Note(ii)]

- (c) "That authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to Resolution 9 above as they may think fit."

(Resolution 10)

[see Explanatory Note(iii)]

By Order of the Board
Yvonne Choo
Company Secretary

Singapore, 3 May 2001

Notice of Annual General Meeting

Explanatory Notes:

- (i) The Ordinary Resolution proposed in item 7(a) above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company. The number of shares which the Directors may allot and issue under this Resolution would not exceed fifty per centum (50%) of the issued share capital of the Company for the time being. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be allotted and issued shall not exceed twenty per centum (20%) of the existing issued share capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
- (ii) The Ordinary Resolution proposed in item 7(b) above, if passed, will authorise the Interested Person Transactions as described in the Prospectus and recurring in the year. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.
- (iii) The Ordinary Resolution proposed in item 7(c) above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting of the Company to do all acts necessary to give effect to the Ordinary Resolution proposed in item 7(b) above.

Notes:

- 1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- 2. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or by its attorney duly authorised.
- 3. The instrument appointing a proxy or proxies must be deposited at 109 Defu Lane 10, Singapore 539225 at least 48 hours before the time fixed for the Annual General Meeting.

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Proxy Form

I/We, _____
of _____
being member/members of NERA TELECOMMUNICATIONS LTD (the "Company"), hereby appoint _____

of _____
or failing him/her, _____
of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 24 May 2001 at 11.00am and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2000	<input type="checkbox"/>	<input type="checkbox"/>
2	Payment of a proposed first and final dividend	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Mr Bjorn Ove Skjeie as a Director	<input type="checkbox"/>	<input type="checkbox"/>
4	Re-election of Mr Johan Fredrik Odfjell as a Director	<input type="checkbox"/>	<input type="checkbox"/>
5	Re-election of Mr Per Erik Froyen as a Director	<input type="checkbox"/>	<input type="checkbox"/>
6	Re-appointment of Messrs Arthur Andersen as Auditors	<input type="checkbox"/>	<input type="checkbox"/>
7	Approval of Directors' fees amounting to S\$105,000	<input type="checkbox"/>	<input type="checkbox"/>
8	Authority to allot and issue new shares	<input type="checkbox"/>	<input type="checkbox"/>
9	Approval of Shareholders' Mandate for Interested Person Transactions	<input type="checkbox"/>	<input type="checkbox"/>
10	Authority for Directors to take action in relation to Interested Person Transactions	<input type="checkbox"/>	<input type="checkbox"/>

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Date this _____ day of _____ 2001

Total number of Shares in:

No. of Shares

(a) CDP Register

(b) Register of Members

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

To be valid, this form must be lodged at 109 Defu Lane 10, Singapore 539225 not less than 48 hours before the time appointed for the Annual General Meeting.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at 109 Defu Lane 10, Singapore 539225 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or by its attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.



NERA TELECOMMUNICATIONS LTD

109 Defu Lane 10 Singapore 539225

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