

2000

ANNUAL REPORT



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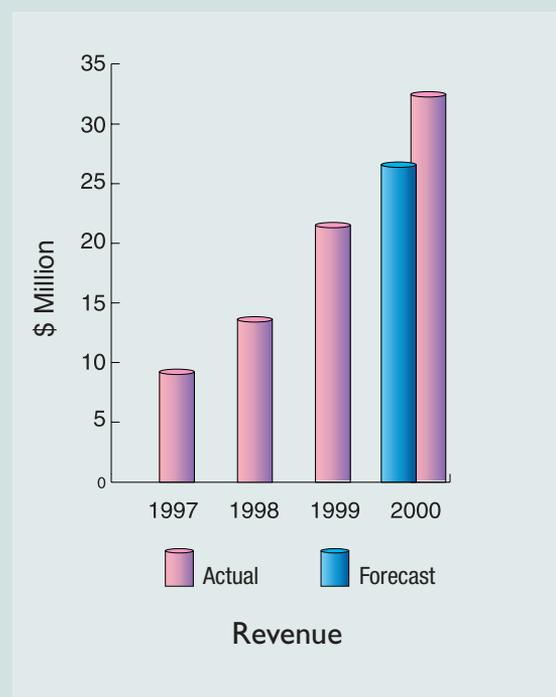
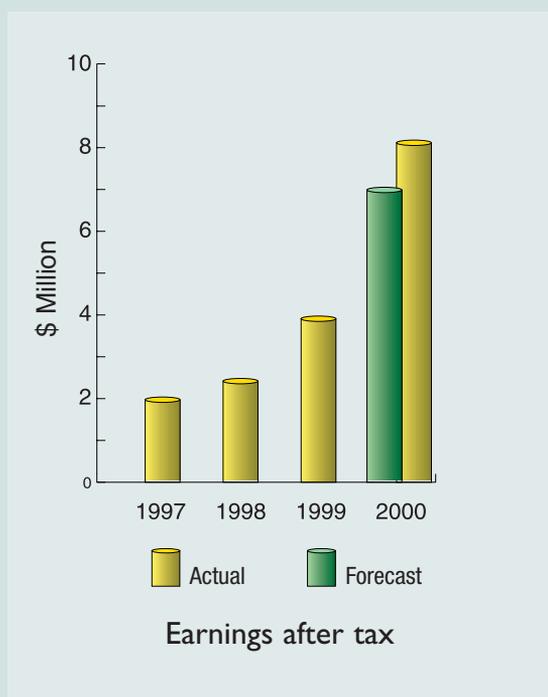
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ANNUAL GENERAL MEETING

ANA Hotel
The Essex Room
Level 3, 176 Cumberland Street
The Rocks, Sydney
NSW 2000

3.30pm
Friday, 17th November 2000

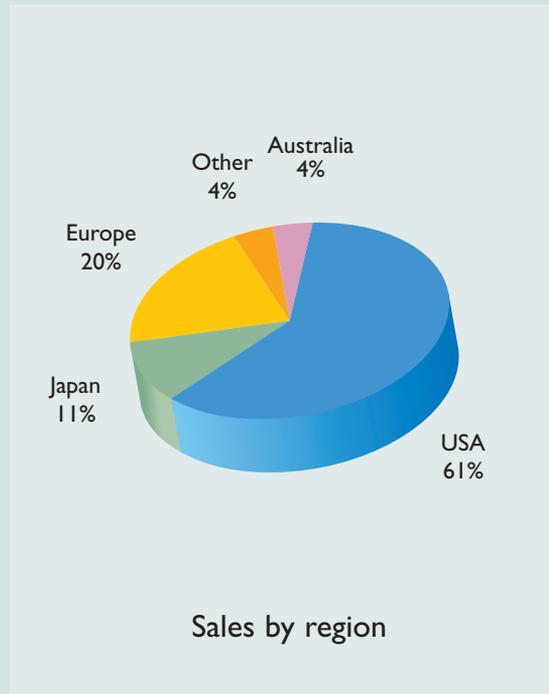
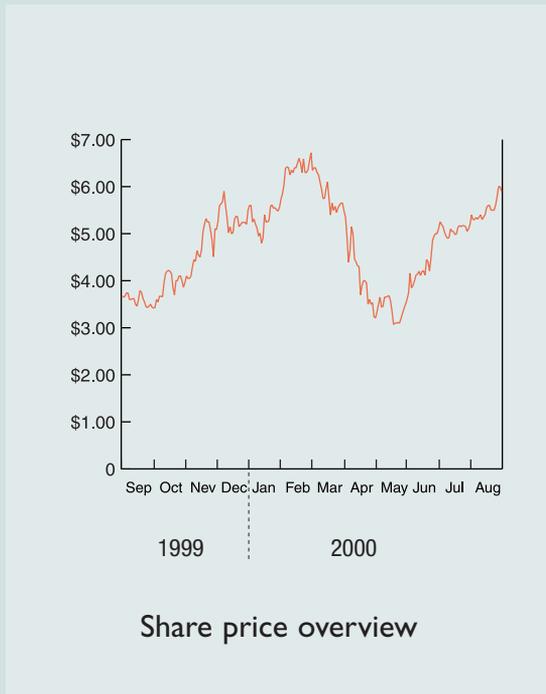
Performance Highlights



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Results

	Actual 30 June 2000	Actual 30 June 1999	Forecast 30 June 2000
Revenue (\$'000)	33,908	21,614	26,758
EBIT (\$'000)	10,389	5,183	9,420
Earnings after tax (\$'000)	8,018	3,811	6,962
Earnings per share (cents)	12.8	8.6	11.1
Dividend (cents)	6.0	3.7	5.5
Revenue growth	57%	53%	24%
EBIT margin	31%	24%	35%
Earnings after tax growth	110%	65%	83%



Highlights

- Revenue up 57% to \$33.9 million, 27% above prospectus forecast.
- Profit after tax increased 110% to \$8 million, 15% above prospectus forecasts.
- Fully franked full-year dividend increased by 62% to 6 cents per share, 9% above prospectus forecast.
- Acquisition of Accel Technologies, Inc. a US competitor in the field of PCB design software for approx. \$26 million on 13 January 2000.
- Secondary fundraising through private placement of 6 million shares at \$5.50 raising \$33 million on 26 March 2000.
- Technology acquisition of Metamor, Inc., an FPGA Synthesis technology company for approx. \$6.5 million, creates new opportunities in the programmable chip level design market.



Chairman's Review

The Board of Protel International Limited have pleasure in presenting the Annual Report for the year 2000.

Protel is pleased to advise shareholders of an \$8 million profit after tax, which represents a 110% increase on the previous year and a 15% increase on Prospectus forecasts. This was achieved by significantly increasing our revenue, up 57% over the previous year and 27% above the Prospectus forecast.

As a result of the success of the financial year, the directors were pleased to declare a fully franked final dividend of 6 cents per share.

During the year, the board welcomed Colin Yamey as a non-executive director. Mr Yamey has a wealth of experience in the development of technology enterprises and is a valuable addition to our team.

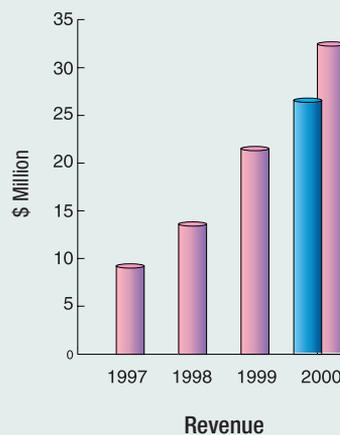
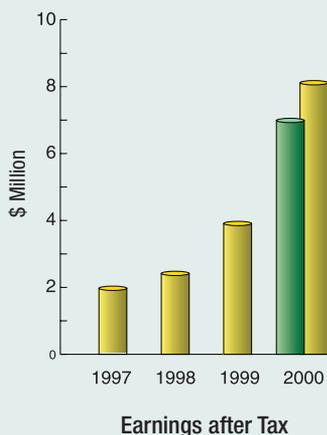
The company has grown rapidly over the past 12 months on both a technology and personnel level. Protel undertook several successful acquisitions during the year, the highlight of which was the acquisition of San Diego-based competitor Accel Technologies, Inc. Protel's acquisition model enabled the seamless integration of Accel on three levels, business, technology and people. This flexible model has allowed Protel to not only adopt a new technology, but also integrate personnel and business practices. The results of this acquisition were reflected in the successful release of a new product line P-CAD 2000, and substantial growth in our market share in both the US and Europe.

In order to further pursue strategic technology acquisitions, Protel successfully undertook a secondary \$33 million capital raising through a private placement in March 2000.

As part of the intellectual property industry, people are Protel's most valuable asset. In order to align individual employee and corporate goals, Protel promotes an employee share option plan, which enables the company to attract and retain valuable staff. The rapid growth and change within the company recently required a General Meeting to be held so that shareholders could approve amendments to the Protel Employee Share Option Plan. This will allow the future successful use of this tool on an international level.

I would like to take this opportunity to thank my fellow directors and the Protel employees whose management and dedication has enabled the company to achieve such successful results. Together we will continue to strive to meet the challenges and opportunities ahead.

Carl J Rooke
Chairman





CEO's Report

Protel's history reveals fifteen years of strong performance and profitability, and for the first time this year, we have the pleasure of sharing our success as a public company with our shareholders.

Following the successful float of the company in early August 99, Protel launched into the year by focusing on the implementation of strategies to increase market share and profitability. Through aggressively competing in the global EDA markets and vigorously following our ambitious acquisition program, we have successfully achieved these goals.

In January 2000, Protel acquired Accel Technologies, Inc., a respected, well-established, US-based desktop EDA software developer, ranked three in the US desktop PCB market segment in terms of revenue. This acquisition strategically positioned Protel to significantly increase its market share in the US.

Through innovative re-design of the Accel product offering, and a re-structuring of Accel's sales model we succeeded in turning a loss-making business into a positive cash flow business in less than four months. In fact by June 2000, sales of P-CAD software in North America reached its highest level in Accel Technologies' fifteen-year business history.

A successful fundraising in March 2000 enabled us to continue our technology acquisition program. The acquisition of Metamor, Inc. delivered the last and strategically most important piece of technology needed for the completion of our Programmable Chip Level Design product line, enabling Protel to enter and compete in another segment of the EDA market.

As a result of Protel's technology acquisition program coupled with innovative in-house technology development, we have significantly broadened our product offering, transforming Protel from a single product line to a multiple product line company in the space of 12 months. Protel now covers an even wider range of "state of the art" design tools and technologies in the fields of Board Level Design and Programmable Chip Level Design. Through the development and release of Protel 99 SE, P-CAD 2000 and CircuitMaker 2000, we continued to build more equity into our brands.

Over the past financial year the desktop segment of the EDA market enjoyed a strong level of growth due to increased demand for consumer electronic

devices. The strength of demand has been evidenced by the shortage of electronic components in the consumer electronic industry as reported by a number of leading electronic manufacturers.

The continued performance enhancement of desktop computers further encouraged design engineers to use PC's for more complex projects, software developers taking advantage of this opportunity to develop more sophisticated software applications. We believe this trend is going to continue due to the marked increase in the stability and robustness offered by the Windows 2000 platform.

Looking ahead, we expect the strong trends in our revenue growth and profitability to continue during this financial year. To achieve our objectives we will focus our resources on further developing our Technology Integration Platform, Board Level Design and Programmable Chip Level Design product lines, whilst ensuring availability of Protel's powerful, easy-to-use and affordable design tools to all our existing and future customers.

Our goal is to become the dominant supplier of design tools in the global desktop EDA market. To achieve our goal, whilst maintaining our high level profitability, we must continue to compete aggressively, to increase our market share through the development of superior technology, high quality products and enhanced levels of support to our global customer base.

I would like to take this opportunity to congratulate and thank our dedicated staff for their commitment and determination in the implementation of the Protel business plan and for the delivery of such impressive results. I would also like to thank our shareholders for their support throughout the year and look forward to an exciting year ahead.

A handwritten signature in black ink, appearing to read "K. Oboudiyat". The signature is fluid and cursive.

K Oboudiyat

CEO



People

Laying the foundations for future growth

Protel has recently experienced rapid growth not only in the number of its product lines, but also in the size of the company itself. In order to successfully sustain company growth, Protel is continually looking to the future, to ensure the necessary infrastructure is in place to support and facilitate successful future growth and development.

The successful integration of all worldwide client databases, has provided a vital link for sales and marketing on a Multiple Activity Business System. This database enables all staff worldwide to have instant access to the same timely information, thus greatly enhancing our global effectiveness. This has further promoted the success of our global marketing activities, which continue to promote Protel through innovative global campaigns targeted to individual markets around the world.

With an extended product range it became apparent that there existed a need to establish a dedicated Quality Assurance team within the Research and Development Centre, in order to continue

maintaining and developing our high product standards. This unit headed by Quality Assurance Manager, Noko McKinney, formalises and combines all previous quality control measures into an effective structured unit. This team will further raise and maintain a high level of quality in all Protel product lines, providing many valuable benefits to the company over the long term.

Due to the importance of Protel's employees and the continued expansion in employee numbers, Protel acknowledged the need to separate the Human Resource function within the company, which it has accomplished with the recent appointment of Kerri-Ann Wilson as the new Human Resource Manager. This extension to our infrastructure will enable more effective sourcing, selection and appointment of highly qualified employees, with an emphasis on aligning employee and corporate goals to ensure long-term growth and development.

The addition of public shareholders to Protel has resulted in the establishment of an Investor



Relations function within Protel and the appointment of a Manager of Corporate Relations, Alison Laurich. This function handles investor relations, corporate marketing and acts as the liaison to the public company bodies. Protel has set up many devices within the company to ensure shareholder communication is both timely and relevant. An example of this

can be seen in the Protel Shareholder Newsletter.

Protel continues to aggressively develop its infrastructure at all levels, ensuring that the company is prepared to support and facilitate the continuing growth and development of its people, technologies and products.

Profiles



Nancy Eastman

**President, Protel Technology, Inc.
Director International Sales & Support**

Nancy Eastman, B.Sc. (Mathematics) and a MSC (Computer Science), commenced her career as a software engineer with General Electric Company (GE). During her career, Ms Eastman compounded her technical skills through diverse programming functions ranging from mechanical applications to, architecture engineering construction and electrical applications. These skills were supplemented by her work with system level programming which included product architecture, database management and software security.

Ms Eastman's technical background has been complemented by her management skills, which have evolved through managing teams of programmers at both GE and Accel Technologies, Inc. (Accel). During her employment with GE, Ms Eastman diversified into marketing, with seven years experience gained in technical marketing which included roles in project management, product management, product marketing, and published technical documentation. Acting as a liaison at both GE and Accel, Ms Eastman developed and nurtured business relations with numerous third-party companies.

Ms Eastman's role with Protel commenced with Protel's acquisition of Accel. She was initially appointed to a change management role during the transition period and restructuring of Accel before taking on the position of Director of International Sales and Support. In addition, Ms Eastman has recently been appointed to the position of President of Protel Technology, Inc. with the added responsibility of overseeing Protel's US operations. Former President Bruce Edwards, will remain a director on the board of Protel Technology, Inc. in a non-executive capacity.



Elisa Buttrose

Manager, International Marketing

Elisa Buttrose, BA has more than 7 years experience in the engineering & IT industries, which began with BHP Co. Ltd.

As International Marketing Manager Elisa Buttrose is a core member of the Protel management team. Since establishing the Marketing Centre in 1997, Ms Buttrose has built a completely self-sufficient marketing team who develop and manage campaigns from inception through to distribution.

The Marketing Centre infrastructure has grown and developed along with Protel's global market share. Ms Buttrose now manages a team concentrating on brand management, media liaison, market research, web design and

internal graphic design. This efficient unit is responsible for the concept, design and layout of all Protel's product brochures, direct mail, packaging, advertising and corporate communications. In setting up an internal graphic design unit, Ms Buttrose has established a philosophy of consistent brand imaging and themes, through complete creative control over all product and corporate marketing material greatly enhancing marketing communications, increasing flexibility and shortening production cycles.

Ms Buttrose has ensured her diverse team has been multi-tasked and well-prepared to meet the challenges of multi-product marketing. Working closely with Protel's Directors, and in particular the Director of International Sales & Support, Ms Nancy Eastman, Ms Buttrose continues to manage innovative marketing & sales campaigns in harmony with Protel's global business development strategies. The goal of Protel marketing is to further penetrate and expand market share in the global market, launch new products, whilst maintaining constant, effective communication with customers.



Iris Kung

Managing Director, Protel Europe, AG.

Iris Kung has been involved with the EDA industry for almost 10 years. Her career commenced in 1991 with her initial employment with IDK, who at the time was Protel's Swiss Distributor.

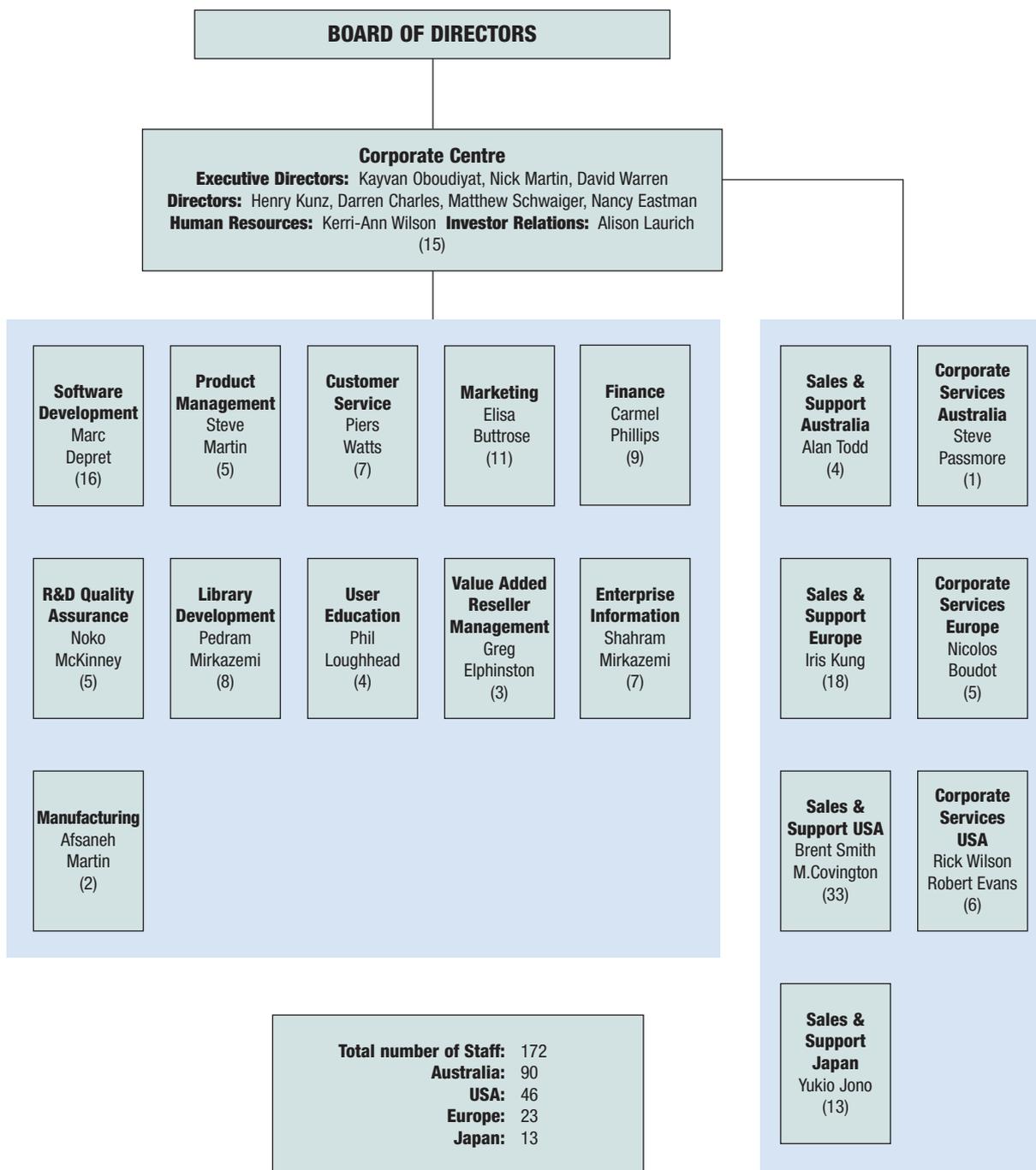
During her time with IDK, Ms Kung developed a multi-functional capacity through

working in various areas of the company including sales, customer service, graphic design and marketing. This experience culminated in her appointment as Deputy Managing Director to the then Managing Director, Dr Henry Kunz.

With the acquisition of IDK by Protel and the reappointment of Dr Kunz to Protel's Australian headquarters in the role of Chief Operating Officer, Ms Kung was appointed to her current position of Managing Director responsible for operations of the newly-established Protel Europe, AG.

Ms Kung has an in-depth knowledge of the European market and has proven skills in management and leadership with a thorough understanding of operations, developed through hands-on experience at all levels within the organisation.

Protel International Corporate Structure





Taking Protel's products to the world

Protel's foremost goal is to be the supplier of choice for all desktop EDA software needs. The past 12 months have seen Protel International Limited take giant leaps towards achieving this vision. We have broadened our product offerings and market coverage, moving from being a company that essentially developed and marketed a single product to one that successfully markets multiple product lines covering a broad range of segments within the desktop EDA industry. This targeted expansion is geared towards our market coverage by growing existing markets and rapidly penetrating new ones.

In order to manage the rapid current and future expansion of product lines, our marketing team has embarked on a number of initiatives to streamline the marketing process. These changes include an increase in marketing centre personnel, and a major reorganisation of project teams to dramatically

strengthen the strategic focus on brand management.

The centralisation of marketing services within the company allows Protel to present clear and consistent messages and images across all brands worldwide. The speed with which we are able to integrate and launch new brands is one of our core competitive advantages. Our marketing team has put considerable effort into preparing a structure and skills-base to take the company into the future. We have developed a platform/model that allows us, to quickly and easily integrate our technologies and develop distinct products and brands to expand our product offering. This ability is fast becoming a key advantage over our "heavy-to-turnaround" EDA competitors as evident in the speedy and successful integration of the P-CAD product line.

P-CAD 2000 - A success story...

Within two months of the January acquisition of Accel Technologies, Inc., Protel announced its first major landmark release from the "P-CAD" product line. P-CAD 2000, positioned as the specialised design tool for PCB professionals, is a repackaged value-added product that includes a host of powerful PCB design tools previously sold as costly add-ons to the core product. With the aim of restoring the well-established and trusted P-CAD brand name to its former prominence, Protel released a comprehensive design system at a highly competitive price. This product aimed at users of dedicated board layout tools, creates a new standard for high-performance, cost-effective desktop PCB design systems.

Within a matter of months, US product sales of P-CAD 2000 had surpassed all previous revenue records held in the history of Accel Technologies, Inc. Profit per sale also far exceeded past performance due to streamlined sales & support methods that leveraged existing distribution channels and reduced operating costs. Future P-CAD product releases will further strengthen and encourage brand loyalty by continuing the trend of providing customers all the necessary tools without increasing the cost.

PeakFPGA Design Suite - spearheading into new markets

As consumer electronic devices become faster, smaller and smarter, engineers strive for more efficient means of designing them. A technology that is coming of age in this new electronics era is programmable logic - single chips that can be programmed to do an infinite variety of tasks. Once the realm of specialist designers, programmable devices are now commonly used at all levels of electronic design.

Designing with programmable logic, and particularly with FPGAs (Field Programmable Gate Arrays), requires specialised EDA tools. Released in August 2000, the PeakFPGA Design Suite represents a major move by Protel into the FPGA design software market, a market currently estimated at US\$400 million and one of the fastest-growing EDA market segments.

The new Protel product is priced at a fraction of the cost of similarly-featured tools from other EDA companies and is targeted at engineers just entering the FPGA design arena, or those making the move up from device-specific FPGA design tools. Future product offerings will enhance and develop the technologies used in PeakFPGA Design Suite to expand our coverage of the programmable chip-level design market. Natural overlap and synergy between programmable chip-level and board-level design, provides benefits for our current customer base as well as exposing a new, and fast-growing, customer pool to the benefits of dealing with Protel.

Protel 99 SE

Complete Board-Level Design System

Product Family:
Protel - Making Electronic Design Easy

A complete board level design system for engineers who are working more at the conceptual design level as opposed to the intricacies of laying out the board - it doesn't attempt to provide complex controls, it uses a high degree of automation and integration to simplify the design process. The user of this software will be more focused on the whole design than on just the layout process. The users will perceive themselves as engineers, not as board designers.



p-cad 2000

SPECIALIZED DESIGN TOOLS FOR PCB PROFESSIONALS™

Product Family:
P-CAD - Powering PCB Design

P-CAD is a PCB design system for the professional PCB designer. The user of this system will see himself as a dedicated PCB designer who adds value through his deep knowledge of and expertise in the whole PCB design and manufacture process. We don't hide the complexity from these users; they are the masters of their art and want full control of the PCB design process. Its high level of control & enhanced PCB options is what makes this such a powerful tool for PCB specialists.



CircuitMaker 2000

the virtual electronics lab™

Product Family:
CircuitMaker - The Virtual Electronics Lab

A low-cost value-packed design suite that contains all the tools necessary for the fast and easy creation and simulation of electronic designs. CircuitMaker 2000 is ideal for designers involved in small to medium-sized projects, who seek to rapidly generate prototype boards and test new concepts in a 'real-world' environment. The product also holds appeal with students and educational institutions, providing high-quality design tools within an intuitive, easy-to-use environment. Fast becoming an education industry standard, CircuitMaker 2000 will successfully introduce a whole new generation of designers to the Protel product range.



PeakFPGA™

Design Suite

Product Family:
Accolade - Making FPGA Design Easy

Entry-level design tool for the FPGA (chip-level) design market. The PeakFPGA Design Suite is targeted at engineers who are just starting out with FPGA design, or those who are making the move up from device-specific FPGA design tools. Characterised by its ease of use, extensive examples and ability to target a number of devices from a variety of FPGA vendors, PeakFPGA Design Suite will appeal to users who wish to engage in FPGA design but are unable or unwilling to pay the high prices associated with our competitors' products and do not want to be limited by device-specific tools (usually supplied by FPGA device vendors).





Review of Operations and Activities

Group overview

Business objectives

Protel International Limited and its controlled entities (the group) began operations in 1985 to develop personal computer-based software to aid in the design of Printed Circuit Boards (PCBs). Early tools were developed for use on personal computers under a DOS operating environment, however Protel recognised the potential of the Microsoft Windows platform and by the early 1990's became the first EDA software developer to release a Windows-based PCB design tool. As a result of the success of this PCB design package, Protel extended its product range to include Schematic Capture, PCB Autorouting and Automatic PCB Component Placement software and later, PLD design, Simulation and Signal Integrity tools.

Protel's edge has always been in its philosophy to design EDA software that is easy to use and is priced within the reach of all electronic designers. That Protel have achieved this without compromising on features or performance is the underlying reason why Protel EDA software is used across a wide range of industries including telecommunications, consumer electronics, automotive, defence and science.

Protel's technological edge comes from in-house development and through the acquisition of strategic technologies. Recent technological advancement has been in the area of product integration. Protel's Design Explorer platform allows integration of its 6 main software tools (Schematic Capture, Simulation, PLD, PCB Layout, Autorouter, and Signal Integrity) into one product Protel 99 SE. Protel 99 SE is a complete end-to-end board design package and is one of the few EDA tool suites available for the Windows NT environment, the fastest-growing segment of the EDA market.

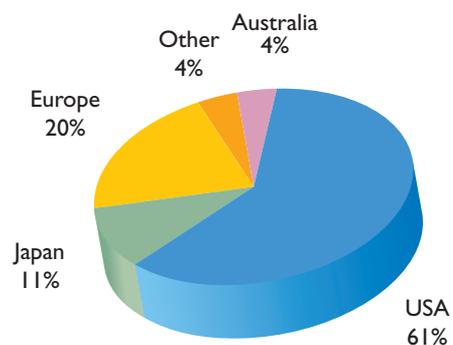
In addition to its Protel branded products, the company also sells two other EDA design tools, branded under

the names CircuitMaker and P-CAD. CircuitMaker 2000 is a high-quality design suite for use in small to medium-sized projects. It provides designers with an intuitive, easy-to-use environment, making it an ideal design tool for both professional and educational applications. P-CAD 2000 is a specialised design tool for PCB professionals, appealing to the "high end" of the design market. P-CAD 2000 is a full-featured, high-powered PCB design suite.

Review of Operations

Protel operated one core business activity, that of a provider of shrink-wrapped software for the design of electronic products. Marketing and selling activities occur on a global scale with over 90% of revenues derived outside of Australia.

In August 1999 the company completed its Initial Public Offering, raising \$30 million to assist in financing the growth strategies that the board has set out for the business. The funds raised helped to finance the acquisition of US-based shrink-wrapped EDA provider, Accel Technologies, Inc. which now operates as a subsidiary of the group selling the P-CAD branded products. As part of the acquisition the Accel operations have undergone a thorough restructuring program.



Sales by major markets



To maximise the benefit from the combined operations, Protel has leveraged its existing infrastructure through transferring functions such as Research and Development (R&D), finance and marketing to Sydney, but maintained a strong presence for sales and technical support within the group's new San Diego-based team. The restructuring program included closure of Accel's UK and Japanese offices, whose markets are now supported through Protel's existing infrastructure in these regions. As of June 2000, the restructuring program was successfully completed, with the previous Accel operations contributing positively toward group cash flow, post restructuring.

Investments for future performance

During the year the company undertook a number of strategic technology acquisitions to complement its in-house developed intellectual property. Total value of intellectual property acquired was approx \$8.7 million with an additional \$530,000 invested in integration of this technology. All technology was purchased under cash consideration arrangements.

Included in the above technology investments, the company acquired Metamor, Inc., a US-based EDA technology company in a Stock Purchase Agreement for a cash consideration of \$6.5 million, including transaction costs. The acquisition of Metamor and its FPGA synthesis products gives Protel the necessary technology to effectively compete in the FPGA design market.

Each of these purchased technologies will complement existing software tools, which the company continued to develop with a further \$3.3 million of in-house R&D spent during the period. This represented an increase of 38.5% over last year.

Marketing activities are focused on building brand awareness through carefully targeted advertising and direct marketing campaigns. These integrated campaigns are designed to foster brand loyalty and increase market share across all products and in all regions. During the period marketing activity increased, reflecting the expanded product range and continued success of the Protel sales and marketing model as discussed in the 'Business Objectives' section of this report.

Review of financial position

Capital structure

During the year the company raised funds through its Initial Public Offering. Additionally, a private placement of 6 million new shares was completed on 16 March 2000 raising \$33 million. The money raised will assist the group to aggressively pursue its growth strategy for the business, which includes organically growing existing product lines and making key investments in a number of strategic technologies.

Treasury policy

The group has not used hedging tools to manage its foreign exchange exposure.

Cash flows from operations

The cash position of the group continues to improve as a result of cash generated through operating and capital-raising activities. Surplus funds have been invested in technology acquisitions and further expansion of operations.

Corporate Governance

Corporate governance information is included on page 14 of the annual report.

Statement of Compliance

The above report is based on the guidelines in "The Group of 100 Incorporated publication: Guide to Review of Operations and Financial Condition."



Carl J Rooke
Chairman



Kayvan Oboudiyat
CEO



Nicholas M Martin
Executive Director

Corporate Governance Statement

A description of the company's main corporate governance practices is set out below. The practices have been in place throughout the entire year, unless otherwise stated.

Board of Directors

Role and responsibilities of the Board of Directors

The role of the Board is to increase shareholder value within a framework that protects the rights and enhances the interests of shareholders and ensures the company and its controlled entities are properly managed. The function of the board of directors includes responsibility for:

1. Reviewing and approving strategic direction and policy.
2. Monitoring financial performance including the approval of financial reports and liaison with the company's auditors.
3. Appointment and rewarding of senior executives and monitoring of their performance.
4. Ensuring that significant risks facing the company and its controlled entities have been identified and that appropriate control, monitoring and reporting mechanisms are in place.

Board composition

The Board is comprised of executive and non-executive Directors, including a non-executive chairman.

At the date of this report, the Board consisted of three executive directors and three non-executive Directors. Further details on directors are set out in the directors' report under the heading "Information on Directors".

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the remuneration and audit committees. These committees consist of one executive director and two independent Directors.

The company's constitution specifies (with the exception of the Chief Executive Officer) one-third of all directors and any other director not included in the one-third who has held office for three years or more, must retire at each annual general meeting. Where eligible, a Director may stand for re-election subject to conditions laid out in the company's constitution.

Independent professional advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld. All Directors will be made aware of the professional advice sought and attained.

Remuneration Committee

The remuneration committee consists of the following directors.

C J Rooke
W A Bartee
K Oboudiyat

The remuneration committee was established on 22 June 1999.

The remuneration committee has been established to advise the board on remuneration policies and practices generally and will be responsible for making specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Executive remuneration and other terms of employment are to be reviewed by the committee having regard to performance, relative comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, performance related-bonuses and fringe benefits. Executive and non-executive Directors are also eligible to participate in the Protel International Employee Share Option Scheme. (See note 23, page 45.)

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's global operations.

Remuneration and other terms of employment for the CEO and other executive directors are formalised in service agreements.

Remuneration of non-executive directors is determined by the board and formalised in service agreements.

The remuneration committee's terms of reference will also include responsibility for reviewing any transaction between the consolidated entity and the directors, to ensure the structure and the terms of the transaction are in compliance with the Corporations Law and are appropriately disclosed.

Further information on directors' and executives' remuneration is set out in the directors' report and notes 4 and 5 to the financial statements.

The committee will also assume responsibility for management succession planning, including the

implementation of appropriate executive development activities and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Audit Committee

The audit committee consists of the following directors:

C J Rooke
W A Bartee
N M Martin

The audit committee was established on 22 June 1999.

The main responsibilities of the audit committee are to:

1. Review and report to the Board on the annual report, the annual and half-year financial reports and all other financial information published by the company or released to the market.
2. Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - a) effectiveness and efficiency of operations,
 - b) reliability of financial reporting,
 - c) compliance with applicable laws and regulations.
3. Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, and the scope and quality of the audit.

In fulfilling its responsibilities, the audit committee will receive reports from management and external auditors. The external auditors have a clear line of direct communication at any time to all members of the audit committee and the Chairman of the Board.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Year 2000

Comments on the consolidated entity's position in relation to the year 2000 systems issue are included in the directors' report under the heading "Year 2000".



David M Warren
Executive Director



William A Bartee
Non-Executive Director



Colin G Yamey
Non-Executive Director

Directors' Report

The directors of Protel International Limited present their report on the consolidated entity consisting of Protel International Limited and the entities it controlled at the end of, or during the year ended 30 June 2000, and the auditors' report thereon.

Directors

The following persons were directors of Protel International Limited during the whole of the financial year and up to the date of this report:

CJ Rooke
K Oboudiyat
NM Martin
DM Warren
WA Bartee

CG Yamey became a director from his appointment on 16 November 1999.

A Mirkazemi was a director from the beginning of the financial year until his resignation on 16 November 1999.

Principal Activities and Review of Operations

The company's principal activities during the year continued to be that of the design, development and sale of computer software for the design of electronic products.

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

Refer to page 12 for a review of operations commentary.

Results

	2000 \$'000	1999 \$'000
Operating profit before income tax	11,240	5,183
Income tax expense	(3,222)	(1,372)
Operating profit after income tax	8,018	3,811

Earnings Per Share

		Consolidated	
		30 June 2000	30 June 1999
Basic earnings per share	cents	12.8	8.6
Diluted earnings per share	cents	11.6	7.8
Weighted average number of ordinary shares used in the calculation of basic earnings per share		62,828,033	44,400,000

Dividends

Dividends paid or declared by the company since the end of the previous financial year were:

	2000	1999
No interim dividends were paid.	-	\$1,200,000
A final ordinary dividend of 6 cents per share fully franked, was declared by the directors on 29 August 2000.	\$4,445,828	\$458,623
Total dividends in respect of the year	\$4,445,828	\$1,658,623

There were no preference dividends in respect of 2000.

Dividends in 1999 exclude \$23,377 paid on redeemable preference shares classified as debt and charged to the statement of financial performance as borrowing costs.

Information on Directors

Director	Experience	Special Responsibilities	Directors' Interests in Protel International Limited	
			Ordinary Shares	Options
Mr. Carl J Rooke FCA FAICD	Non-executive Director of 10 years. Chairman for 1 year. and Remuneration	Non-executive Chairman. Chairman of Audit committee.	26,800	88,800
Mr. Kayvan Oboudiyat B E (Hons) GDA	CEO for 1 year. Managing Director for 3 years prior. Senior executive in the International Business Unit of Telstra.	CEO. Member of Remuneration committee.	75,000	1,110,000
Mr. Nicholas M Martin	Founder. Executive Director for 13 years.	Member of Audit committee	24,944,000	-
Mr. David M Warren B Sc (Hons)	Director for 9 years.	-	4,103,000	-
Mr. William A Bartee BS MBA JD	Non-executive Director for 1 year. Investment Director of Macquarie Technology Funds Pty Ltd.	Member of Audit and Remuneration committee.	-	-
Mr. Colin G Yamey M Sc (Eng) B Sc (Eng) MAICD	Non- executive Director since November 1999. Executive Director of Ci Technologies from 1985-99 before taking up his current position of Non Executive Director in 1999.	-	50,000	-

Directors' Meetings

The number of meetings of the company's board of directors held during the year ended 30 June 2000, and the number of meetings attended by each director were:

	Full Meeting of directors	Meetings of committees	
		Audit	Remuneration
Number of meetings held	8	2	-
Number of meetings attended by:			
CJ Rooke	8	2	-
K Oboudiyat	8	*	-
NM Martin	6	2	*
A Mirkazemi (retired 16 November 1999 - 3 meetings held while a director)	2	*	*
DM Warren	7	*	*
WA Bartee	6	2	-
CG Yamey (appointed 16 November 1999 - 5 meetings held while a director)	5	*	*

* Not a member of the relevant committee.

Directors' and Senior Executives' Emoluments

The remuneration committee was established on 22 June 1999 and has taken responsibility for advising the board on remuneration policies and packages for board members and senior executives. The remuneration committee held their first meeting on 28 July 2000. Members of the remuneration committee are C J Rooke, W A Bartee and K Oboudiyat.

Remuneration of directors and senior executives is determined so as to ensure the package properly reflects the relevant person's duties and responsibilities and that the package is competitive to attract and retain services of high quality management. Remuneration packages include a base salary, superannuation, performance-related bonuses and other benefits. Executives are also eligible to participate in the company's option plans.

Remuneration and other terms of employment for each board member are formalised in service agreements.

Remuneration of non-executive directors is determined by the board within the maximum amount approved by the shareholders from time to time.

Details of the nature and amount of each element of the emoluments of each director of Protel International Limited and each of the 5 officers of the company and the consolidated entity receiving the highest emoluments are set out in the following tables:

Non-Executive Directors of Protel International Limited

Name	Directors' Base Fee	Motor Vehicle	Bonus	Super	Options	Other Benefits	Total
	\$	\$	\$	\$	\$	\$	\$
Carl J Rooke	90,000	-	-	-	-	-	90,000
William A Bartee	45,000	-	-	-	-	-	45,000
Colin G Yamey	10,000	-	-	20,000	-	-	30,000

Executive Directors of Protel International Limited

Name	Base Salary	Motor Vehicle	Bonus	Super	Options	Other Benefits	Total
	\$	\$	\$	\$	\$	\$	\$
Kayvan Oboudiyat	285,700	22,300	-	20,000	-	11,300	339,300
Nicholas M Martin	187,300	-	-	13,100	-	7,600	208,000
Aram Mirkazemi	126,400	13,200	-	8,100	-	27,300	175,000
David M Warren	114,000	13,200	-	8,000	-	21,900	157,100

Other Executives of Protel International Limited

Name	Base Salary	Motor Vehicle	Bonus	Super	Options	Other Benefits	Total
	\$	\$	\$	\$	\$	\$	\$
Teruyuki Washizu - President, Protel Japan KK	205,149	3,205	-	-	-	17,909	226,263
Matthew Schwaiger - Director of Product Management	94,495	14,010	-	6,615	86,640	9,056	210,816
Dr. Henry Kunz - Chief Operating Officer	150,829	12,549	-	-	-	52,370	215,748
Shahram Mirkazemi - Manager, EIC	97,687	-	-	6,838	87,780	-	192,305
Darren Charles - Director of Finance	89,328	2,975	-	6,497	90,440	-	189,240

Other Executives of the Consolidated Entity

Name	Base Salary	Motor Vehicle	Bonus	Super	Options	Other Benefits	Total
	\$	\$	\$	\$	\$	\$	\$
Bruce Edwards - President, Protel Technology, Inc.	315,667	-	-	17,445	-	13,032	346,144
Oscar Boeshans - Director, R&D Utah	238,926	-	-	-	-	6,797	245,723
Yukio Jono - Director, Protel Japan KK	188,590	-	-	8,629	-	-	197,219
David Pellerin - Director of FPGA Products	159,481	-	-	15,948	-	7,017	182,446
Iris Kung - Managing Director, Protel Europe AG	95,654	-	-	2,533	40,280	-	138,467

The amounts disclosed above for remuneration relating to options are the assessed fair values of options at the date they were granted to executive directors and other executives during the year ended 30 June 2000. Fair values have been assessed using the Black-Scholes option pricing model. Factors taken into account by the Black-Scholes option pricing model include the exercise price, the term of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

"Other executives" are officers who are involved in, concerned in, or who take part in, the management of the affairs of Protel International Limited and/or controlled entities.

Share Options Granted to Directors and the Most Highly Remunerated Executives

Options over unissued ordinary shares of Protel International Limited granted during, or since the end of the financial year, to any of the directors or the 5 most highly remunerated officers of the company and consolidated entity as part of their remuneration were as follows:

Other Executives of Protel International Limited	Options Granted
Matthew Schwaiger	114,000
Shahram Mirkazemi	115,500
Darren Charles	119,000

Other Executives of the Consolidated Entity	Options Granted
Iris Kung	53,000

The options were granted under the Protel Option Plan on 9 June 2000.

Shares Under Option

Unissued ordinary shares of Protel International Limited under option at the date of this report are as follows:

	Number	Issue Price of Shares	Expiry Date
Protel International Employee Share Option Scheme	6,187,140	0.34	18 June 2004
Macquarie ECM Options	1,465,000	2.20	18 June 2004
Protel Option Plan	3,617,500	3.42	9 June 2005

The options granted under the Protel International Employee Share Option Scheme and the Macquarie Equity Capital Markets Options vest progressively over the period from 4 August 2000 to 18 June 2004. No option holder has any right, under the options, to participate in any other share issue of the company or of any other entity.

The options granted under the Protel Option Plan vest in equal amounts over a four year period from the 1st anniversary of the grant through to 9 June 2005. No option holder has any right under the options to participate in any other share issue of the company or of any other entity.

Significant Changes in the State of Affairs

On 4 August 1999, the company completed its Initial Public Offering and its shares were listed on the Australian Stock Exchange (ASX). The IPO raised \$30,000,000 to assist in financing its growth strategies.

On 13 January 2000 the company acquired US based Accel Technologies, Inc. for \$25,781,013. The company was purchased through Protel's US based subsidiary Protel Technology, Inc. Transaction costs of the acquisition amounted to \$677,572. Costs associated with the restructuring of the business amounted to \$2,871,845. This was recognised as a liability for restructuring costs at the date of acquisition.

On 22 March 2000 the company completed a private placement of 6,000,000 shares at a price of \$5.50 raising \$33,000,000. The placement was made to existing institutional shareholders and other high net worth investors. The funds raised will assist in further expansion plans of the business and replenish capital previously earmarked for funds raised at the IPO.

On 9 June 2000, the company acquired US based Metamor, Inc. for \$6,373,216. Transaction costs of the acquisition amounted to \$119,957.

Events Subsequent to Balance Date

On 4 August 2000 the company signed a Merger Agreement with a Californian based software developer Innovative CAD Software, Inc. The purchase was funded from cash reserves, with total paid US\$1,740,000 (approx. A\$3,000,000).

The financial effects of the above transaction have not been brought to account at 30 June 2000. The operating results, assets and liabilities of the company will be consolidated from 4 August 2000.

From 4 August 2000 to the date of this report 5,343,540 shares have been issued under the Protel International Employee Share Option Scheme. On issue of the shares the company raised \$1,816,804.

A final ordinary dividend of 6 cents per share fully franked, was declared by the directors on 29 August 2000. The record date of the dividend is 15 September 2000, with the payment date being 29 September 2000.

Except for the Innovative CAD Software, Inc. Merger Agreement, exercise of options under the Protel International Employee Share Option Scheme and the declaration of the dividend on 29 August 2000 discussed above, no other matter or circumstance has arisen since 30 June 2000 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operation in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The consolidated entity intends to expand its product offerings through the acquisitions of additional technologies. Further information on likely developments and the expected results of operations of the consolidated entity have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Year 2000

The work conducted on year 2000 systems issue prior to 31 December 1999 meant that no problems were encountered in the changeover from 1999 to 2000.

No further problems are anticipated, but we will continue to manage and monitor any year 2000 systems issues that may arise.

Total costs associated with our year 2000 projects was immaterial and we expect no further material costs to be incurred.

Goods and Services Tax - Australia (GST)

The consolidated entity's experience with sales tax issues in other domiciles globally ensured that minimal adjustments were required to the company's systems prior to the implementation of the GST, on 1 July 2000. To date the implementation has progressed smoothly, and accordingly we do not anticipate any issues to arise.

Total costs associated with GST compliance was immaterial and we expect no further material costs to be incurred.

Environment Regulation

The company has assessed whether there are any particular environmental regulations that apply to it and has determined that there are none of significance.

Insurance of Officers

During the year the company paid a premium of \$70,920 to insure the directors and officers of Protel International Limited and subsidiaries.

The liabilities insured are costs and expenses that may be incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as directors or officers of the consolidated entity.

Rounding of Amounts

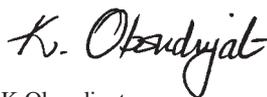
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office as auditor in accordance with section 327 of the Corporations Law.

This report is made in accordance with a resolution of the directors.

For and on behalf of the board



K Oboudiyat

Director



N M Martin

Director

Sydney

11 September 2000





Protel International Limited and Controlled Entities
Financial Report 30 June 2000

ACN 009 568 772

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Statements of financial performance

For the year ended 30 June 2000

Protel International Limited
and Controlled Entities

Schedule I

	Note	Consolidated		Company	
		2000	1999	2000	1999
		\$'000	\$'000	\$'000	\$'000
Revenue from ordinary activities	2	33,908	21,614	18,330	15,031
Changes in inventories of finished goods		119	(78)	120	(89)
Raw materials and consumables used		(2,565)	(1,804)	(774)	(1,238)
Employee benefits expense		(9,620)	(7,057)	(4,826)	(3,807)
Depreciation and amortisation expense	3	(2,109)	(961)	(1,121)	(868)
Borrowing costs expense	3	(142)	(190)	(116)	(159)
Other expenses from ordinary activities		(8,351)	(6,341)	(5,396)	(4,247)
Profit from ordinary activities before income tax expense		11,240	5,183	6,217	4,623
Income tax attributable to operating profit	7	(3,222)	(1,372)	(1,492)	(1,509)
Profit from ordinary activities after income tax expense		8,018	3,811	4,725	3,114
Net Profit attributable to members of Protel International Limited	22	8,018	3,811	4,725	3,114

The above statements of financial performance should be read in conjunction with the accompanying notes.

Statements of financial position

As at 30 June 2000

Protel International Limited
and Controlled Entities

Schedule 2

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
CURRENT ASSETS					
Cash	10	30,439	2,140	26,635	878
Receivables	11	8,203	3,292	7,122	3,289
Inventories	12	251	132	149	29
Other	16	574	531	110	496
TOTAL CURRENT ASSETS		39,467	6,095	34,016	4,692
NON-CURRENT ASSETS					
Receivables	11	-	-	14,833	652
Plant and equipment	13	1,553	1,328	1,014	1,050
Intangibles	14	43,688	8,371	8,586	8,422
Investments	15	-	-	19,598	214
Other	16	3,824	524	381	335
TOTAL NON-CURRENT ASSETS		49,065	10,223	44,412	10,673
TOTAL ASSETS		88,532	16,318	78,428	15,365
CURRENT LIABILITIES					
Accounts payable	17	3,853	1,389	1,545	741
Borrowings	18	566	7,712	201	7,662
Provisions	19	290	986	301	928
Other	20	4,241	28	10	9
TOTAL CURRENT LIABILITIES		8,950	10,115	2,057	9,340
NON-CURRENT LIABILITIES					
Borrowings	18	236	553	44	548
Provisions	19	1,327	707	1,774	707
TOTAL NON-CURRENT LIABILITIES		1,563	1,260	1,818	1,255
TOTAL LIABILITIES		10,513	11,375	3,875	10,595
NET ASSETS		78,019	4,943	74,553	4,770
EQUITY					
Contributed equity	21	65,158	100	65,158	100
Retained profits	22	12,861	4,843	9,395	4,670
TOTAL EQUITY	8	78,019	4,943	74,553	4,770

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of Cash Flows

For the year ended 30 June 2000

Protel International Limited
and Controlled Entities

Schedule 3

	Note	Consolidated		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Cash flows from operating activities					
Receipts from customers		28,813	20,417	11,931	14,080
Payments to trade creditors, other suppliers and employees		(20,544)	(15,961)	(9,680)	(10,312)
Interest received		993	32	1,473	90
Interest paid		(142)	(190)	(116)	(160)
Income taxes paid		(1,500)	(1,225)	(1,198)	(1,171)
Other income received		-	172	-	172
Net cash inflows from operating activities	28	7,620	3,245	2,410	2,699
Cash flows from investing activities					
Payments for property, plant and equipment		(911)	(412)	(495)	(326)
Proceeds from sale of property, plant and equipment	2	300	284	240	284
Payments for additional shares in controlled entity		-	-	(12,891)	-
Payment for purchase of controlled entities, net of cash acquired	15	(32,760)	-	(6,492)	-
Payments for restructuring of acquired controlled entity	15	(2,872)	-	-	-
Loans to related parties		-	-	(14,638)	(100)
Repayment of loans by related parties		-	-	150	-
Payments for technology acquisitions and licenses		(102)	(3,263)	(102)	(3,263)
Net cash outflows from investing activities		(36,345)	(3,391)	(34,228)	(3,405)
Cash flows from financing activities					
Proceeds from issues of shares	21	63,000	-	63,000	-
Proceeds from borrowings		-	4,300	-	4,300
Share issue transaction costs		(2,449)	-	(2,449)	-
Repayment of borrowings		(3,527)	(1,277)	(2,976)	(1,218)
Dividends paid		-	(2,059)	-	(2,059)
Net cash inflows from financing activities		57,024	964	57,575	1,023
Net increase in cash held		28,299	818	25,757	317
Cash at the beginning of the financial period		2,140	1,322	878	561
Cash at the end of the financial year	10	30,439	2,140	26,635	878

The above statements of cash flows should be read in conjunction with the accompanying notes.

I. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards, Urgent Issues Group Consensus Views and the Corporations Law.

The principal accounting policies adopted in preparing the financial report of Protel International Limited are stated to assist in a general understanding of this financial report. These policies have been consistently applied except as otherwise indicated.

The directors have elected to apply revised Accounting Standard AASB 1018 Statement of Financial Performance, revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position before their mandatory application dates, in accordance with subsection 334(5) of the Corporations Law. As a result of applying these Accounting Standards, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

a) Basis of accounting

The financial statements have been prepared on the basis of historical costs and do not take into account current valuations of non-current assets.

b) Principles of consolidation

The financial statements incorporate the assets and liabilities of all entities controlled by Protel International Limited ("company" or "parent entity") as at 30 June 2000 and the results of all controlled entities for the year then ended. Protel International Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during the financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for the part of the year during which control existed.

c) Income tax

Income tax has been brought to account using the liability method of tax effect accounting, whereby the income tax expense in the profit and loss statement is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

No provision is made for additional taxes which could become payable if certain reserves of the foreign operation were to be distributed as it is not expected that any substantial amount will be distributed from those reserves in the foreseeable future.

d) Depreciation of plant and equipment and amortisation of leasehold improvements

Plant and equipment are depreciated and leasehold improvements are amortised over their estimated useful lives using the straight line or diminishing value method.

The expected useful lives of the assets are as follows:

Office equipment	3 - 5 years
Computer hardware and software	2 - 3 years
Motor Vehicles	4 - 5 years
Leasehold improvements	40 years

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/2

The cost of improvements to or on leasehold properties is amortised over the estimated useful life of the improvement to the consolidated entity. Leasehold improvements held at the reporting date are being amortised over 40 years.

Profit or loss on disposal of plant and equipment is brought to account in determining the result for the year.

e) Inventories

Finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour. Costs have been assigned to inventory quantities on hand at balance date using the first in first out basis.

f) Receivables and revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Sales of Software - a sale is recorded when goods have been despatched to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer.

(ii) Sales of Support Services - revenue recognition is deferred and taken to the profit and loss over the period the service is provided.

(iii) Training Services - a sale is recorded and revenue is recognised at the time the service is provided.

All trade debtors are recognised at the amount receivable, as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exist.

g) Employee entitlements

Liabilities for employee entitlements to wages, salaries and annual leave are recognised, and are measured as the amount unpaid at balance date at current pay rates in respect of employee services up to that date.

Liabilities for long service leave are recognised, and measured as the present values of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match as closely as possible, the estimated future cash flows.

The consolidated entity participates in various employee superannuation plans, being accumulation plans. The benefits provided by an accumulation plan are based on the contributions and income thereon held by the plan on behalf of the member. Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

h) Foreign currency translation

i) Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date monetary amounts are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the financial year.

ii) Foreign operations

As the foreign operations are integrated, their accounts have been translated using the temporal method, whereby monetary items are translated at the exchange rate current at balance date and non-monetary items are translated at exchange rates prevailing at the relevant transaction dates. Exchange differences arising on translation are brought to account in determining the profit or loss for the year.

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/3

i) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets (finance leases) and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Lease assets held at balance date are being amortised over periods ranging from 2 to 5 years.

Operating lease payments are charged to the profit and loss statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased asset.

j) Cash

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts.

k) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

l) Borrowings

Loans are carried at their face value. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

Convertible notes and redeemable preference shares which are redeemable at the option of the holder, are included in liabilities at face value as they are, in substance, borrowings. Dividends payable on the redeemable preference shares are recognised in the profit and loss statement as interest on an accruals basis.

m) Intangible assets and expenditure carried forward**(i) Goodwill**

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise. Goodwill is presently being amortised over 20 years.

(ii) Acquired technology and licenses

Acquisition costs of software licenses and copyrights are amortised on a straight line basis over the period for which the right is acquired or the period over which economic benefits are expected to arise. These periods vary from 3 to 10 years.

(iii) Acquired Identifiable Intangible Assets

Where an entity or operation is acquired, the identifiable intangible assets acquired are measured at fair value. These assets are deferred and amortised on a straight line basis over the periods of their expect life, which will vary, but will be no greater than 20 years.

n) Research and development expenditure

Research and development costs are charged to operating profit before income tax as incurred, or deferred where these costs are associated with integration of acquired technology and it is determined that the technology has reached technological feasibility. Costs are deferred to future periods to the extent that they are expected beyond any reasonable doubt to be recoverable. Deferred costs are amortised from the date of commercial release on a straight line basis over the period of the expected benefit, which varies from 3 to 10 years.

o) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made.

Goodwill is brought to account on the basis described in note 1(m).

p) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant class of assets. The decrement in the carrying amount is recognised as an expense in the net profit or loss in the reporting period in which the recoverable write-down occurs.

The expected net cash flows in determining recoverable amounts of non-current assets are not discounted to their present values.

q) Year 2000 software modification costs

Costs relating to the modification of computer software for year 2000 compatibility are charged as expenses as incurred.

r) Goods and services tax system changes

Costs incurred to update existing systems or to design, develop and implement new systems to deal with the GST are charged as expenses as incurred, except where they result in an enhancement of future economic benefit and are recognised as an asset.

s) Earnings per share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any reductions in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

t) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investment Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/5

2. Revenue

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Revenue from Operating Activities:				
Sale of goods	31,551	20,842	15,442	14,492
Services	774	451	121	164
	32,325	21,293	15,563	14,656
Revenue from Outside the Operating Activities:				
Interest	993	32	1,473	90
Sale of non-current assets	300	284	240	284
Foreign exchange gains (net)	286	-	1,054	-
Other income	4	5	-	1
	1,583	321	2,767	375
Total Revenue	33,908	21,614	18,330	15,031

3. Operating profit

(a) Net gains and Expenses:		Consolidated		Parent Entity	
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
	Note				
Net gains:					
Net gain on disposal of plant and equipment		105	33	45	34
Net gain on foreign currency transactions		286	-	1,054	-
Expenses:					
Cost of sales of goods		2,446	2,017	654	1,413
Depreciation					
Plant and equipment	13	358	205	226	141
Total Depreciation		358	205	226	141
Amortisation					
Leasehold improvements	13	11	3	10	3
Plant and equipment under finance leases	13	121	251	100	222
Customer list	14	366	-	-	-
Brand name	14	229	-	-	-
Technology acquisitions & licenses	14	1,024	502	785	502
Total Amortisation		1,751	756	895	727

Notes to the Financial Statements

Protel International Limited
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3. Operating profit (continued)

	Note	Consolidated		Parent Entity	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Other charges against assets					
Write down of inventories to net realisable value		17	135	6	135
Bad and doubtful debts		173	131	99	50
Borrowing costs					
Interest paid/payable:		107	81	83	80
Dividends on preference shares		-	23	-	23
Finance charges relating to finance leases		35	86	33	56
Borrowing costs expensed		142	190	116	159
Net loss on foreign currency transactions		-	16	-	1
Other Provisions					
Employee entitlements		133	165	97	154
Rental expense relating to operating leases		1,129	699	387	348
Research and development costs incurred		3,640	2,585	3,068	2,640
Less: Amounts capitalised		(1,138)	(699)	(847)	(751)
Research and development costs expensed		2,502	1,886	2,221	1,889
(b) Individually significant items:					
Expenses					
Costs incurred on closure of California sales and support office and its relocation to Utah.		-	352	-	-
Less: Applicable income tax credit		-	(130)	-	-
Abnormal item after income tax		-	222	-	-

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

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4. Directors' remuneration

	Directors of entities in the Consolidated Entity		Directors of the Parent Entity	
	2000 \$	1999 \$	2000 \$	1999 \$
Income paid or payable to directors by entities in the consolidated entity and the related parties in connection with the management of the affairs of the company or its controlled entities.	1,713,965	1,651,716	1,044,167	911,948

Details of options granted to directors during the twelve month period ended 30th June 2000 are set out in note 25.

The number of company directors whose total income from the company or related parties was within the specified bands are as follows:

	2000	1999
Income of \$0 to \$9,999	-	2
Income of \$30,000 to \$39,999	1	-
Income of \$40,000 to \$49,999	1	-
Income of \$90,000 to \$99,999	1	-
Income of \$150,000 to \$159,999	1	-
Income of \$160,000 to \$169,999	-	1
Income of \$170,000 to \$175,999	1	-
Income of \$200,000 to \$210,000	1	-
Income of \$230,000 to \$239,999	-	1
Income of \$240,000 to \$249,999	-	1
Income of \$260,000 to \$269,999	-	1
Income of \$330,000 to \$339,999	1	-

5. Executives' remuneration

Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian based executive officers (including directors) whose remuneration was at least \$100,000:

	Executive Officers of the Consolidated Entity		Executive Officers of the Parent Entity	
	2000 \$	1999 \$	2000 \$	1999 \$
Executive officers of the company	2,076,941	1,155,784	2,076,941	1,155,784
Executive officers of other entities in the consolidated entity	-	287,564	-	-
	2,076,941	1,443,348	2,076,941	1,155,784

The amounts disclosed for remuneration of executive officers in this note include the assessed fair values at the date options were granted to executive officers during the year ended 30 June 2000. Fair values have been assessed using the Black-Scholes option pricing model. Factors taken into account by this model include exercise price, the term of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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Protel International Limited
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The number of Australian based executive officers (including directors) whose remuneration from entities in the consolidated entity was within the specified bands are as follows:

	Executives of entities in the Consolidated Entity		Executives of entities in the Parent Entity	
	2000	1999	2000	1999
Income of \$100,000 to \$109,999	-	1	-	1
Income of \$120,000 to \$129,999	-	1	-	-
Income of \$130,000 to \$139,999	-	1	-	1
Income of \$150,000 to \$159,999	1	1	1	-
Income of \$160,000 to \$169,999	1	1	1	1
Income of \$170,000 to \$179,999	1	-	1	-
Income of \$180,000 to \$189,999	1	-	1	-
Income of \$190,000 to \$199,999	1	-	1	-
Income of \$200,000 to \$209,999	1	-	1	-
Income of \$210,000 to \$219,999	2	-	2	-
Income of \$220,000 to \$229,999	1	-	1	-
Income of \$230,000 to \$239,999	-	1	-	1
Income of \$240,000 to \$249,999	-	1	-	1
Income of \$260,000 to \$269,999	-	1	-	1
Income of \$330,000 to \$339,999	1	-	1	-

Options are granted to executives under the Protel International Limited Employee Share Option Scheme, details of which are set out in note 23. A summary of the number of options granted to and exercised by Australian based executive officers (with income of at least \$100,000) for the year ended 30 June 2000 is set out below:

	Opening Balance	Granted	Exercised Year End	Outstanding at
Australian based executives officers of the company	2,779,440	460,500	-	3,239,940
Australian based executive officers of other entities in the consolidated entity	-	-	-	-
	2,779,440	460,500	-	3,239,940

6. Remuneration of auditors

	Consolidated		Parent Entity	
	2000	1999	2000	1999
	\$	\$	\$	\$
Remuneration for audit of the financial reports of the parent entity or any entity in the consolidated entity:				
Audit of parent entity				
Parent entity	70,000	43,500	70,000	43,500
Controlled entities	49,000	36,500	-	-
Other auditor of controlled entities	7,056	6,500	-	-
	126,056	86,500	70,000	43,500
Other services				
Parent entity	230,203	300,292	230,203	293,060
Controlled entities	-	4,000	-	-
	230,203	304,292	230,203	293,060

Notes to the Financial Statements

Protel International Limited
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Schedule 4/9

7. Income tax

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
(a) Income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	11,240	5,183	6,217	4,623
Income tax calculated @ 36%	4,046	1,866	2,238	1,664
Tax effect of permanent differences:				
Research and development claim	(317)	(259)	(317)	(259)
Sundry items	110	(37)	(133)	(6)
Income tax adjusted for permanent differences	3,839	1,570	1,788	1,399
Under/(over) provision in prior year	30	98	8	110
Recognition of unbooked tax	(105)	(265)	-	-
Net adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 34%/30%.	(278)	-	(304)	-
Effect of different rates of tax on overseas income	(264)	(31)	-	-
Aggregate income tax expense	3,222	1,372	1,492	1,509
Aggregate income tax comprises:				
Current taxation provision	674	1,093	565	1,120
Deferred income tax provision	549	505	997	504
Future income tax benefit	1,969	(323)	(78)	(225)
Under/(over) provision in prior year	30	97	8	110
	3,222	1,372	1,492	1,509
(b) Future income tax benefit attributed to tax losses included in future income tax benefit in note 16.	2,770	244	-	-

The benefit for tax losses will be only obtained if:

- (i) the consolidated entity derives future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

(c) Adjustment to deferred income tax balances

Legislation reducing the company tax rate from 36% to 34% in respect of the 2000-2001 income tax year and then to 30% from 2001-2002 income tax year was announced on 21 September 1999 and receive Royal Assent on 10 December 1999. As a consequence, deferred tax balances which are expected to reverse in the 2000-2001 or a later year have been remeasured using the appropriate new rates, depending on the timing of their reversal.

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Schedule 4/10

8. Equity

	Notes	Consolidated		Parent Entity	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Total equity at the beginning of the year		4,943	2,791	4,770	3,315
Total changes in equity recognised in the statement of financial performance		8,018	3,811	4,725	3,114
Transactions with owners as owners:					
Contributions of equity, net of transaction costs	21	65,058	-	65,058	-
Dividends provided for or paid	9	-	(1,659)	-	(1,659)
Total equity at the end of the financial year		78,019	4,943	74,553	4,770

9. Dividends

	Parent Entity	
	2000 \$'000	1999 \$'000
Ordinary shares		
Interim dividend paid	-	-
Fully franked @ 36%	-	1,200
Final dividend paid or proposed	-	-
Fully franked @ 36%	-	459
Dividends provided for or paid	-	1,659
Franking credits available for the subsequent financial years	2,137	1,157

The above amount represents the balance of the franking account as at the end of the financial period, adjusted for:

1. franking credits that will arise from the payment of current tax liability
2. franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
3. franking credits that may be prevented from being distributed in the subsequent year.

The balances of the franking account disclosed above are based on a tax rate of 36%. Legislation was introduced into Parliament in December 1999 which deals with the implications for franking accounts of the company tax rate change from 36% to 34% for the 2000-2001 income tax year. The legislation requires companies to convert their existing Class C franking account balances from an underlying tax rate of 36% to an underlying tax rate of 34% on 1 July 2000. Should the legislation be enacted and the above accounts be converted, the balances of the franking accounts will increase accordingly and all franking debits and credits arising after 1 July 2000 (including those relating to dividends) will be entered into the converted franking account using the new rate of 34%.

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Schedule 4/1 I

10. Cash assets

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Cash at bank and on hand	5,996	2,125	2,192	878
Deposits at call	24,443	15	24,443	-
	30,439	2,140	26,635	878

Deposits at call

The deposits are bearing floating interest rates between 5.75% and 6.2%.

11. Receivables

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current				
Trade debtors	8,898	3,277	6,604	3,040
Less: Provision for doubtful debts	(875)	(112)	(77)	(11)
	8,023	3,165	6,527	3,029
Loan to subsidiaries	-	-	555	249
Other debtors	180	127	40	11
	8,203	3,292	7,122	3,289
Non Current				
Loan to subsidiaries	-	-	14,833	652

12. Inventories

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current				
Raw materials at cost	164	63	149	28
Finished goods at cost	87	69	-	1
	251	132	149	29

13. Plant and equipment

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Plant and equipment at cost	2,655	1,378	1,512	729
Less: accumulated depreciation	(1,458)	(823)	(820)	(367)
	1,197	555	692	362
Leasehold improvements - at cost	277	203	241	194
Less: accumulated depreciation	(16)	(5)	(14)	(5)
	261	198	227	189
Plant and equipment on lease	225	953	225	855
Less: accumulated amortisation	(130)	(378)	(130)	(356)
	95	575	95	499
Total plant and equipment	1,553	1,328	1,014	1,050

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/12

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below:

	Notes	Plant & equipment \$'000	Leasehold improvements \$'000	Leased Plant & equipment \$'000	Total \$'000
Consolidated - 2000					
Carrying amount at start of year		555	198	575	1,328
Additions		837	74	-	911
Disposals		(5)	-	(191)	(196)
Depreciation/amortisation expense	3(a)	(358)	(11)	(121)	(490)
Transfer between asset classes		168	-	(168)	-
Carrying amount at end of year		1,197	261	95	1,553
Consolidated - 1999					
Carrying amount at start of year		511	38	794	1,343
Additions		249	163	282	694
Disposals		-	-	(250)	(250)
Depreciation/amortisation expense	3(a)	(205)	(3)	(251)	(459)
Carrying amount at end of year		555	198	575	1,328
Parent entity - 2000					
Carrying amount at start of year		361	190	499	1,050
Additions		448	47	-	495
Disposals		(3)	-	(192)	(195)
Depreciation/amortisation expense	3(a)	(226)	(10)	(100)	(336)
Transfer between asset classes		112	-	(112)	-
Carrying amount at end of year		692	227	95	1,014
Parent entity - 1999					
Carrying amount at start of year		326	36	745	1,107
Additions		169	157	233	559
Disposals		-	-	(250)	(250)
Depreciation/amortisation expense	3(a)	(141)	(3)	(222)	(366)
Transfer between asset classes		7	-	(7)	-
Carrying amount at end of year		361	190	499	1,050

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/13

14. Intangibles

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Non-current				
Acquired Customer List	17,000	-	-	-
Less: accumulated amortisation	(366)	-	-	-
	16,634	-	-	-
Acquired Brand Name	10,000	-	-	-
Less: accumulated amortisation	(229)	-	-	-
	9,771	-	-	-
Acquired Technology	17,167	8,369	8,471	8,369
Capitalised Integration costs	1,837	699	1,597	750
Less: accumulated amortisation	(1,721)	(697)	(1,482)	(697)
	17,283	8,371	8,586	8,422
	43,688	8,371	8,586	8,422

Reconciliations

Reconciliations of the consolidated amounts of each class of intangible assets at the beginning and end of the current and previous financial year are set out below:

Consolidated - 2000		Customer List	Brand Name	Capitalised Technology	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000
		-	-	8,371	8,371
		17,000	10,000	8,696	35,696
		-	-	1,138	1,138
		-	-	102	102
		(366)	(229)	(1,024)	(1,619)
		16,634	9,771	17,283	43,688

Consolidated - 1999		Customer List	Brand Name	Capitalised Technology	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000
		-	-	1,137	1,137
		-	-	-	-
		-	-	699	699
		-	-	7,037	7,037
		-	-	(502)	(502)
		-	-	8,371	8,371

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/14

15. Investments in controlled entities

	Parent Entity	
	2000 \$'000	1999 \$'000
Shares in subsidiaries	19,598	214
(a) Investments in controlled entities comprises:		
Protel Technology, Inc.	12,891	-
Protel Japan KK	114	114
Protel Europe AG	100	100
Accel Technologies, Inc.	-	-
Metamor, Inc.	6,493	-

(b) Place of incorporation

Protel Technology, Inc. - USA
 Protel Japan KK - Japan
 Protel Europe AG - Switzerland
 Accel Technologies, Inc. - USA
 Metamor, Inc. - USA

All controlled entities are 100% owned by the parent company with the exception of Accel Technologies, Inc. which is 100% owned by Protel Technology, Inc.

(c) Acquisition of controlled entities

Accel Technologies, Inc.

On 13 January 2000, Protel Technology, Inc. acquired 100% of the issued share capital of Accel Technologies, Inc. for \$25,781,013. Transaction costs of the acquisition amounted to \$677,572. The operating results of this newly controlled entity have been included in the consolidated statement of financial performance since the date of acquisition.

At the date of acquisition, existing functions of the acquired entity such as research & development, finance, and marketing were to be transferred to the parent entity as soon as possible after acquisition. A liability for the estimated costs of restructuring of \$2,871,845 consisting mainly of retrenchment payments to employees, was recognised at the date of acquisition. The restructuring program was completed by June 2000 at an actual cost of \$2,871,845.

Notes to the Financial Statements

Protel International Limited
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Schedule 4/15

	\$'000
Fair value of identifiable net assets of controlled entity acquired:	
Trade Debtors	2,817
Cash	191
Other Current Receivables	70
Prepayments	530
Long Term Deposits	112
Other Non-Current Receivables	45
Future Income Tax Benefit	5,254
Acquired Customer List	17,000
Acquired Brand Name	10,000
Acquired Technology	2,204
Trade and Other Creditors	(2,003)
Other Current Liabilities	(5,706)
Current Provisions	(85)
Current Borrowings	(743)
Non-Current Borrowings	(310)
Other Non-Current Liabilities	(46)
	29,330
Less: Provision for restructuring	(2,872)
	26,458
Goodwill on consolidation	-
Cash consideration	26,458

Metamor, Inc.

On 9 June 2000 the company acquired US based Metamor, Inc. for \$6,373,216. The company was purchased by Protel International Limited. Transaction costs of the acquisition amounted to \$119,957.

	\$'000
Fair value of identifiable net assets of controlled entity acquired	
Non-current Intangibles - Acquired Technology	6,492
Cash	1
	6,493
Less: Provision for restructuring	-
	6,493
Goodwill on consolidation	-
Cash Consideration	6,493

Notes to the Financial Statements

Protel International Limited
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Schedule 4/16

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Outflow of cash to acquire controlled entity, net of cash acquired				
Cash Consideration	(32,951)	-	(6,493)	-
Add: Balances acquired				
Cash	191	-	1	-
Outflow of cash	(32,760)	-	(6,492)	-

16. Other assets

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current				
Deferred costs for capital raising	-	482	-	482
Prepayments	574	49	110	14
	574	531	110	496
Non-current				
Long term notes & deposits	123	-	-	-
Security deposits	74	60	-	-
Future income tax benefit	3,627	464	381	335
	3,824	524	381	335
Future income tax benefit attributed to tax losses	2,770	244	-	-

Reconciliations - future income tax benefit

Reconciliations of the consolidated carrying amounts of future income tax benefit at the beginning and end of the current and previous financial year are set out below.

	Note	2000 \$'000	1999 \$'000
Carrying amount at the start of the year		464	134
Amount arising/utilised during the year		(2,040)	330
Amount acquired from purchased controlled entity	15	5,254	-
Adjustment due to tax rate change		(51)	-
Carrying amount at end of year		3,627	464

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/17

17. Accounts payable

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current (unsecured)				
Trade creditors	3,662	1,323	1,543	739
Other payables	191	66	2	2
	3,853	1,389	1,545	741

18. Borrowings

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current				
Lease liabilities (note 26)	76	216	76	166
Commercial bills	-	-	-	-
Deferred consideration	490	2,507	125	2,507
Preference shares	-	4,000	-	4,000
Convertible notes	-	989	-	989
	566	7,712	201	7,662
Non-Current				
Lease liabilities (note 26)	44	324	44	320
Commercial bills	-	-	-	-
Deferred consideration	192	228	-	228
	236	552	44	548

The deferred consideration are unsecured loans payable within two years. Two of the loans are non-interest bearing while the remaining loan totalling \$390,821 bears interest at 11.27% p.a.

The lease liability consists of finance leases for motor vehicles and plant and equipment. Leases due within one year have a weighted average interest rate of 10.62% while leases remaining up to a further 5 years have a weighted average interest rate of 8.06%.

19. Provisions

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current				
Employee entitlements	540	364	308	277
Provision for taxation	(250)	622	(7)	651
	290	986	301	928
Non-Current				
Employee entitlements	125	56	125	56
Deferred income tax	1,202	651	1,649	651
	1,327	707	1,774	707

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/18

20. Other liabilities

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current				
Unearned income	4,241	28	10	9

21. Contributed equity

	Parent Entity		Parent Entity	
	Number of shares 2000	Number of shares 1999	30 June 2000 \$'000	30 June 1999 \$'000
(a) Paid up capital				
Fully paid ordinary shares	68,753,587	44,400,000	65,158	100

(b) Movements in ordinary share capital:

Date	Details	Note	Number of shares	Issue Price \$	\$'000
30 June 1999	Opening balance		44,400,000	-	100
30 July 1999	New shares issued		15,000,000	2.00	30,000
30 July 1999	Conversion of preference shares to ordinary shares		2,263,157	1.77	4,000
5 August 1999	Conversion of MicroCode convertible debt to ordinary shares (US\$300,000)		722,744	0.70	457
15 August 1999	Conversion of Accolade convertible debt to ordinary shares (US\$350,000)		367,686	1.50	537
22 March 2000	New shares issued		6,000,000	5.50	33,000
	Less: Transaction costs arising on share issues		-	-	(2,936)
	Net movement for the year	8	24,353,587	-	65,058
30 June 2000	Closing balance		68,753,587	-	65,158

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

On 30 June 2000, there were 68,753,587 ordinary shares paid in full.

Options

A total of 3,617,500 options were granted under the Protel Option Plan to eligible employees during the year. Each option is convertible into one ordinary share. Conversion can occur no earlier than the first anniversary of the date on which the options were granted, being 9 June 2001. The last exercise date for options issued during the year is 9 July 2005. The exercise price payable upon conversion is fixed at \$3.42.

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Protel International Limited
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22. Reserves and retained profits

	Notes	Consolidated		Parent Entity	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
(a) Reserves					
Share premium account		-	-	-	-
Movements:					
Share premium account					
Balance 1 July 1999		-	90	-	90
Transfer to share capital		-	(90)	-	(90)
Balance 30 June 2000		-	-	-	-
(b) Retained profits					
Retained profits at the beginning of the financial year		4,843	2,691	4,670	3,215
Net profit attributable to members of Protel International Limited.		8,018	3,811	4,725	3,114
Dividends paid or provided for	9	-	(1,659)	-	(1,659)
Retained profits at the end of the financial year		12,861	4,843	9,395	4,670

(c) Nature and purpose of reserves

Share premium account

Prior to the abolition of par values of shares, any premium on the issue of shares was required by the Corporations Law to be credited to the share premium account, and the use of amounts standing to the credit of that account was regulated by the Law. The balance of the account became part of share capital on 1 July 1998.

23. Employee entitlements

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Employee Entitlement Liabilities				
Accrued salaries and wages	457	387	221	276
Provision for employee entitlements				
Current (note 19)	540	364	308	277
Non-current (note 19)	125	56	125	56
Aggregate employee entitlement liability	1,122	807	654	609
Employee Numbers				
Average number of employees during the financial year	170	102	90	58

Protel International Employee Share Option Scheme

The board of directors approved the establishment of the Protel International Employee Share Option Scheme in July 1997. All employees (including executive directors) of Protel International Limited and its subsidiaries are eligible to participate in the scheme. Invitations for employees to participate are determined at the discretion of the directors of the company.

A total of 6,187,140 options have been granted under the scheme to eligible employees as at 30 June 2000. Each option is convertible into one ordinary share. Conversion can occur no earlier than the first anniversary of the listing of the company's shares on the Australian Stock Exchange. The last exercise date for options issued under the scheme is 18 June 2004. The exercise price payable upon conversion is fixed at \$0.34.

Protel Option Plan

The board of directors approved the establishment of the Protel Option Plan in June 1999. All employees (excluding directors) of Protel International Limited and its subsidiaries are eligible to participate in the scheme. Invitations for employees to participate are determined at the discretion of the directors of the company.

A total of 3,617,500 options were granted under the scheme to eligible employees during the year. Each option is convertible into one ordinary share. Conversion can occur no earlier than the first anniversary of the date on which the options were granted being 9 June 2001. The last exercise date for options issued during the year is 9 July 2005. The exercise price payable upon conversion is fixed at \$3.42.

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/20

24. Segment information

	Australia	North America	Europe	Japan	Other	Inter-segment eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2000 (12 months to 30 June)							
Sales to customers outside the economic entity	1,210	19,504	6,611	3,559	1,441	-	32,325
Intersegment sales	-	6,887	3,045	2,089	-	(12,021)	-
Other income	1,714	69	4	1	286	(491)	1,583
Total revenue	2,924	26,460	9,660	5,649	1,727	(12,512)	33,908
Segment result	1,781	11,983	4,207	1,697	1,727	-	21,395
Unallocated expenses							(10,155)
Operating profit before tax							11,240
Segment assets	78,182	41,840	1,786	1,880	-	(35,156)	88,532
1999 (12 months to 30 June)							
Sales to customers outside the economic entity	1,994	8,915	4,244	3,487	2,654	-	21,294
Intersegment sales	-	5,489	2,474	1,971	-	(9,934)	-
Other income	375	1	4	-	-	(59)	321
Total revenue	2,369	14,405	6,722	5,458	2,654	(9,993)	21,615
Segment result	1,155	5,666	2,561	1,670	2,654	-	13,706
Unallocated expenses							(8,523)
Operating profit before tax							5,183
Segment assets	15,365	2,386	1,005	932	-	(3,370)	16,318

(a) The consolidated entity operated within only one industry segment (manufacturer and distributor of computer software) during the reporting period.

(b) The pricing of intersegment transaction is based on a notional mark-up on cost, similar to transactions with parties outside the consolidated entity.

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/21

25. Related party information**Directors**

The names of persons who were directors of Protel International Limited at any time during the financial period ended 30 June 2000 are as follows: Mr NM Martin; Mr DM Warren; Mr A Mirkazemi; Mr K Obouidiyat; Mr CJ Rooke; Mr WA Bartee and Mr CG Yamey. All of these persons were also directors during the year ended 30 June 1999, except for Mr CG Yamey who was appointed on 16 November 1999. In addition, Mr A Mirkazemi held office as a director until his resignation on 16 November 1999.

Information on remuneration of directors is disclosed in Note 4 to the accounts.

Transactions of directors and director-related entities concerning shares or share options

	Parent Entity	
	2000 Number	1999 Number
Aggregate number of shares and share options acquired or disposed of by directors of Protel International Limited or their director-related entities:		
Acquisitions		
Ordinary shares	180,000	-
Protel International Employee Share Options convertible to ordinary shares	-	310,800
Disposals		
Ordinary shares	11,278,200	-
Aggregate numbers of shares and share options held directly, indirectly or beneficially by directors of Protel International Limited or their director-related entities at balance date:		
Ordinary shares	33,301,800	44,400,000
Options over ordinary shares	1,287,600	1,287,600

The options were issued as part of the Protel International Employee Share Option Scheme. They may be exercised no earlier than twelve months after the first date of listing of the company's shares on the Australian Stock Exchange. The last exercise date for options issued is 18 June 2004. These options will be exercisable at an exercise price of \$0.34.

Amounts receivable from and payable to directors and director-related entities

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Aggregate amounts receivable at balance date:				
Current	-	2	-	2
Aggregate amounts payable at balance date:				
Current	4	-	4	-

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/22

A director, Mr CJ Rooke, is a partner in Horwath Tas Pty Limited who has provided accounting services to Protel International Limited for several years on normal commercial terms and conditions.

A director, Mr WA Bartee, is a director of Macquarie Technology Funds Pty Ltd. A company in the Macquarie Group provided Protel International Limited with equity market advice during the year on normal commercial terms and conditions.

Wholly - Owned Group

The wholly-owned group consists of Protel International Limited, the ultimate parent entity, and its wholly-owned controlled entities, Protel Technology, Inc., Protel Japan KK, Metamor, Inc., Accel Technologies, Inc., and Protel Europe AG. Ownership interests in these controlled entities are set out in note 15.

Transactions between Protel International Limited and other entities in the wholly-owned group during the year ended 30 June 2000 and 1999 consisted of:

- (a) Supply of computer software for sale by Protel International Limited;
- (b) Supply of computer software for sale by Accel Technologies, Inc.;
- (c) Loans advanced by Protel International Limited and interest paid thereon;
- (d) Loans repaid to Protel International Limited; and
- (e) Purchase of research and development services by Protel International Limited.

The above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced by Protel International Limited. The average interest rate charged on the loans during the year was 6.7% (1999 6.7%)

	Parent Entity	
	2000 \$'000	1999 \$'000
Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with entities in the wholly-owned group:		
Interest Revenue	491	59
Aggregate amounts receivable from entities in the wholly-owned group at balance date:		
Current receivables	5,664	2,068
Current loans	555	249
Non-Current loans	14,833	652

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/23

26. Financial instruments

(a) Credit risk exposures

The credit risk on financial assets of the company which have been recognised on the balance sheet, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest rate risk exposures

The company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, as the company intends to hold fixed rate assets and liabilities to maturity.

	Notes	Floating interest rate \$'000	Fixed interest rate maturities			Non Interest bearing \$'000	Total \$'000
			1 year or less \$'000	1 to 5 years \$'000	over 5 years \$'000		
30 June 2000 Consolidated							
Financial Assets							
Cash		28,386	-	-	-	2,053	30,439
Receivables	11	-	-	-	-	8,203	8,203
		28,386	-	-	-	10,256	38,642
Weighted average interest rate		5.6%					
Financial Liabilities							
Accounts payable	17	-	-	-	-	(3,853)	(3,853)
Deferred consideration	18	-	(240)	(151)	-	(291)	(682)
Convertible notes	18	-	-	-	-	-	-
Preference shares	18	-	-	-	-	-	-
Financial lease liabilities	18	-	(76)	(44)	-	-	(120)
		-	(316)	(195)	-	(4,144)	(4,655)
Weighted average interest rate			11.91%	5.07%			
Net financial assets (liabilities)		28,386	(316)	(195)	-	6,112	33,987

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/24

	Notes	Floating interest rate \$'000	Fixed interest rate maturities			Non Interest bearing \$'000	Total \$'000
			1 year or less \$'000	1 to 5 years \$'000	over 5 years \$'000		
30 June 1999 Consolidated							
Financial Assets							
Cash		1,140	-	-	-	1,000	2,140
Receivables	11	-	-	-	-	3,292	3,292
		1,140	-	-	-	4,292	5,432
Weighted average interest rate		3.47%					
Financial Liabilities							
Accounts payable	17	-	-	-	-	(1,389)	(1,389)
Deferred consideration	18	-	(183)	(228)	-	(2,324)	(2,735)
Convertible notes	18	-	-	-	-	(989)	(989)
Preference shares	18	-	(4,000)	-	-	-	(4,000)
Financial lease liabilities	18	-	(216)	(324)	-	-	(540)
		-	(4,399)	(552)	-	(4,702)	(9,653)
Weighted average interest rate			2.73%	8.30%			
Net Financial assets (liabilities)		1,140	(4,399)	(552)	-	(410)	(4,221)

	Notes	2000 \$'000	1999 \$'000
Reconciliation of net financial assets to net assets			
Net financial assets (liabilities) as above		33,987	(4,221)
Non-financial assets and liabilities			
Inventories	12	251	132
Plant and equipment	13	1,553	1,327
Intangibles	14	43,688	8,371
Other assets	16	4,398	1,055
Provisions	19	(1,617)	(1,693)
Other liabilities	20	(4,241)	(28)
Net assets per balance sheet		78,019	4,943

Net fair value of financial assets and liabilities

The net fair value of financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles. At balance date, the net fair value of financial assets and liabilities approximates their carrying value.

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/25

27. Commitments for expenditure

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Lease commitments				
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities, payable:				
Not later than one year	497	478	304	316
Later than 1 years but not later than 5 years	1,394	858	201	505
Later than 5 years	102	-	-	-
	1,993	1,336	505	821
Representing:				
Cancellable operating leases	-	-	-	-
Non-cancellable operating leases	1,993	1,336	505	821
	1,993	1,336	505	821
Commitments in relation to finance leases are payable as follows:				
Not later than one year	84	252	84	198
Later than 1 years but not later than 5 years	46	356	46	353
Later than 5 years	-	-	-	-
Minimum lease payments	130	608	130	551
Less: Future finance charges	(10)	(68)	(10)	(64)
Provided for in accounts	120	540	120	487
Representing lease liabilities:				
Current (note 18)	76	216	76	166
Non-current (note 18)	44	324	44	320
	120	540	120	486

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/26

28. Cash flow information

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Reconciliation of operating profit after income tax to net cash inflows from operating activities:				
Operating profit after income tax	8,018	3,811	4,725	3,114
Depreciation and amortisation	2,109	961	1,121	868
Net loss (gain) on disposal of assets	(105)	(33)	(45)	(34)
Unrealised foreign exchange differences	-	-	-	69
Change in operating assets and liabilities, net of effects from purchase of controlled entities				
(Increase)/ decrease in trade and other debtors	(1,979)	(574)	(3,527)	(355)
(Increase)/decrease in inventories	(119)	78	(120)	89
(Increase) in prepayments and other assets	(18)	(694)	(96)	(498)
(Increase) in technology acquisitions and licenses	(1,138)	(748)	(847)	(800)
(Increase) in future income tax benefit	2,091	(330)	(46)	(201)
Increase/(decrease) in trade and other creditors and employee entitlements	(918)	298	905	(92)
Increase in deferred income tax	551	574	998	574
Increase/(decrease) in income tax payable	(872)	(98)	(658)	(35)
Net cash inflows from operating activities	7,620	3,245	2,410	2,699

29. Non-cash financing and investing activities

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Acquisition of plant and equipment by means of finance leases	-	282	-	233
Acquisition of technology by deferred consideration	-	3,774	-	3,774
	-	4,056	-	4,007

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/27

30. Foreign currency

The amounts listed below represent assets and liabilities converted to Australian dollars that are receivable or payable in foreign currencies. These amounts have not been hedged.

	Consolidated		Parent Entity	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Receivables				
Current				
US Dollar	6,430	1,733	4,450	1,934
Japanese Yen	1,023	530	1,591	662
Belgian Francs	-	1	-	-
Euro Dollars	737	348	-	-
French Francs	16	10	-	-
German DM	-	18	-	-
British Pounds	337	252	278	252
Swiss Francs	250	159	666	211
Non current				
Swiss Francs	10	9	-	-
US Dollar	123	-	14,833	652
Japanese Yen	64	51	-	-
Payable				
Current				
US Dollar	1,932	3,972	296	3,557
Euro dollars	15	-	-	-
Japanese Yen	198	119	6	-
German DM	86	35	15	-
French Francs	53	11	17	11
Italian Lira	5	3	5	3
British Pounds	53	4	46	4
Swiss Francs	170	122	11	2
Non current				
US Dollar	192	233	-	228

Notes to the Financial Statements

Protel International Limited
and Controlled Entities

Schedule 4/28

31. Subsequent events

On 4 August 2000 Protel International Limited signed a Stock Purchase Agreement to acquire all the shares in a California based software developer Innovative CAD Software, Inc. The purchase of the shares was for US\$1,740,000 (approx. A\$3,000,000) cash consideration. The operating results, assets and liabilities of the company will be consolidated from 4 August 2000.

From 4 August to the date of this report 5,343,540 shares have been issued under the Protel International Employee Share Option Scheme. On issue of the shares the company raised \$1,816,804.

A final ordinary dividend of 6 cents per share fully franked, was declared by the directors on 29 August 2000. The record date of the dividend is 15 September 2000 with the payment date being 29 September 2000.

The financial effects of the above transactions have not been brought to account at 30 June 2000.

32. Earnings per share

	Consolidated	
	2000 cents	1999 cents
Basic earnings per share	12.8	8.6
Diluted earnings per share	11.6	7.8
Weighted average number of ordinary shares used in the calculation of basic earnings per share	62,828,033	44,400,000

Information concerning the classification of securities

Options

Options granted to employees under the Protel International Employee Share Option Scheme, the Macquarie Equity Capital Markets under the Underwriting Agreement, and the Protel Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 23.

Directors' Declaration

The directors declare that the financial statements and notes thereon set out on schedules 1 to 4:

(a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and

(b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2000 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Law; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

For and on behalf of the board



K Oboudiyat

Director



N M Martin

Director

Sydney

11 September 2000



Independent Audit Report to the Members of Protel International Limited

Scope

We have audited the financial report of Protel International Limited (the Company) for the financial year ended 30 June 2000 as set out on schedules 1 to 5. The Company's directors are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Law in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Company is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2000 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

A handwritten signature in black ink that reads "Andrew Sneddon".

PricewaterhouseCoopers

Chartered Accountants

A handwritten signature in black ink that reads "Andrew Sneddon".

Andrew Sneddon

Partner

Sydney

11 September 2000

Information for Shareholders

The shareholder information set out below was applicable as at the 31st August 2000

A) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Protel held only one class of equity security - ordinary shares.

	Ordinary Shares	
	No of Share Holders	No of Option Holders
1 –4,000	960	-
1,001 –5,000	1,412	2
5,001 –40,000	154	37
10,001 –400,000	147	91
100,001 and over	51	8
TOTAL	2,724	138

There were 8 holders of less than a marketable parcel of ordinary shares

B) Equity Security holders

Twenty largest quoted equity security holders

The names of the twenty largest shareholders of quoted equity securities are listed below:

Name	Ordinary Shares	
	Number held	Percentage of issued shares
N & M Holdings Pty Limited	15,689,000	21.17%
Protel Systems Pty Limited	12,340,000	16.65%
National Nominees Limited	5,182,927	7.00%
Mirkazemi Holdings Pty Limited	4,103,000	5.54%
Chase Manhattan Nominees	2,743,659	3.70%
Permanent Trustee Australia Limited	1,579,877	2.13%
AMP Nominees Pty Limited	1,502,916	2.03%
Queensland Investment Corporation	1,468,300	1.98%
Permanent Trustee Australia Limited	1,373,454	1.85%
Westpac Custodian nominees Limited	1,359,821	1.84%
Permanent Trustee Australia Limited	1,220,400	1.65%
Mr Kayvan Oboudiyat	1,110,000	1.50%
AMP Life Limited	1,094,586	1.48%
Permanent Trustee Australia Limited	1,025,400	1.38%
Zentel Pty Limited	1,018,000	1.37%
Mr Mathew Schwaiger	888,000	1.20%
Commonwealth Custodial Services Limited	827,052	1.12%
Permanent Trustee Australia Limited	754,173	1.02%
Citicorp Nominees Pty Limited	701,682	.95%
IOOF Investment Management Limited	659,899	.89%
TOTAL	56,642,146	76.45%

Unquoted Equity Securities

	Number on Issue	Number of Holders
Macquarie ECM Options	1,465,000	1
Options issued under Protel Employee Share Option Plans	4,461,100*	138

*Number of unissued ordinary shares under the options. No person holds 20% or more of these securities.

C) Substantial holders

Substantial holders in the company are set out below:

Name of Substantial Holder	Number of ordinary shares held	Percentage
Nicholas Michael Martin		
Through N&M Martin Holdings Pty Ltd and Protel Systems Pty Ltd	24,944,000	33.67%
Commonwealth Bank of Australia and Colonial Limited		
Through Merger	8,610,276	11.62%
AMP Limited	4,216,490	5.69%
David Mark Warren		
Through Zentel Pty Ltd and Protel Systems Pty Ltd	4,103,000	5.54%
Aram Mirkazemi		
Through Mirkazemi Holdings Pty Ltd	4,103,000	5.54%

D) Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares - On a show of hands every member present at a meeting in person or by proxy shall have one vote and under a poll each share shall have one vote
- (b) Options - No voting rights.

Protel Major Announcements to ASX

Document date	Headline
29 Aug 2000	Preliminary Final Report
29 Aug 2000	Media Release: Profit Results
28 Aug 2000	Releases Peak/FPGA Design Suite
08 Aug 2000	Acquires Innovative CAD Software
19 Jun 2000	Becoming a substantial holder from CBA/CGH
13 Jun 2000	Media Release: Technology acquisition
01 May 2000	Results of General Meeting Special Resolutions
01 May 2000	Chairman's Address to Shareholders
11 Apr 2000	On Track to Deliver Prospectus Forecast
28 Mar 2000	Change in substantial shareholding from AMP
28 Mar 2000	Notice of General Meeting
16 Mar 2000	Placement of New & Existing Shares
02 Mar 2000	Half Yearly Report
17 Jan 2000	Acquires ACCEL Technologies
15 Nov 1999	Change of Officeholders/Directors Interest Notice/Media Rel.
01 Oct 1999	Results of AGM
30 Sep 1999	Chairman's AGM Address to Shareholders
17 Sep 1999	Year 2000 advice
06 Sep 1999	Annual Report/Top20

Additional Shareholder Information

AGM

Date: Friday 17th November 2000,
Time: 3.30pm
Place: ANA Hotel
The Essex Room
Level 3, 176 Cumberland Street,
The Rocks Sydney NSW 2000

Final Dividend 2000

6 cents per share fully franked.

Declared: 29th August 2000
Record Date: 15th September 2000
Payment Date: 29th September 2000

Shareholder Inquiries

Please contact National Registry Services for all questions relation to your shareholding, dividends, share transfers and monthly holding statements. See the Directory on the inside back cover for contact details.

Inquiries about Protel

Contact the Manager of Corporate Relations or visit Protel's Internet site - see directory for details.

Stock Exchange Listing

Protel International Limited is listed on the Australian Stock Exchange under the code: PRI

Changed your address?

Whenever you change your address it is important to notify the Share Registry. This can be done two ways. Either write or fax the Share registry quoting your shareholder number, old address, current address and signature, or visit the Share Registry Website and download a change of address form this can be found at www.BTPPortfolio.com.au/registry/index_registry.htm

Protel Communications

Protel publishes information to its shareholders in the form of a newsletter, in conjunction with the Annual Report and media releases. Copies of this and other information can be found on the Investor Relations page of the Protel Website www.protel.com

Glossary

Auto-Routing

The process of automatically placing tracks on the PCB to connect the various components that form the circuit.

Circuit Simulation

Enables the designer to electronically verify the design prior to laying out the Printed Circuit Board, detecting any errors in the circuit design, and 'fine tuning' the circuit's performance.

Embedded Software

Software, which controls "intelligent" microprocessors, used in electronic products. This software must be embedded into the memory of the Integrated Circuit (used in such electronic applications as Palm Pilots).

EDA

Electronic Design Automation uses the computer to design and simulate the performance of electronic circuits on a chip.

EDA software

Software that automates much of the design of electronic components (Electronic Design Automation) that electronic engineers use to design increasingly complicated electronic circuits and printed circuit boards.

PCB

A Printed Circuit Board is a flat board that holds chips and other electronic components. The board is made of layers (typically 2 to 10) that interconnect components via copper pathways. The main printed circuit board in a system is called a "system board" or "motherboard," while smaller ones that plug into the slots in the main board are called "boards" or "cards."

PCB Design

Most electronic products are based on PCBs. The design involves "capturing" a circuit in a diagram, transferring component/connectivity information to a design program, laying out & routing the board, then providing files necessary for manufacture and assembly.

PLD

Programmable Logic Devices are logic chips that are programmed at the customer's site.

PLD Design

Programmable Logic Device design. PLD's enable designers to create a single programmed chip that will perform functions that would usually require the interaction of many discrete components.

Schematic Capture

The process of taking an idea or concept for an electronic circuit then using computer based diagrammatical tools to document the design.

Signal Integrity Analysis

Methods to check the integrity of signals on the board, highlighting for investigation potential problems prior to manufacture.

VHDL

A hardware description language used to design electronic systems at the component, board and system level. VHDL allows models to be developed at a very high level of abstraction.

Windows NT

Microsoft operating system for windows based software applications.

DIRECTORY

Directors

C J Rooke
Non-Executive Chairman

K Obouidiyat
Chief Executive Officer

N M Martin
Executive Director

D M Warren
Executive Director

W A Bartee
Non-Executive Director

C G Yamey
Non-Executive Director

Secretary

K Obouidiyat

Registered office

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Website: protel.com.au

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Sydney, NSW 1171

Stock Exchange Listing

Australian Stock Exchange Limited
ASX Code: PRI

Share Registry

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