SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

ORA ELECTRONICS INC

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)
[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the fiscal year ended March 31, 2001 or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _________ to _________

COMMISSION FILE NUMBER: 0-21903

ORA ELECTRONICS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	95-4607830
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9410 OWENSMOUTH AVE. CHATSWORTH, CALIFORNIA	91311
(Address of principal executive offices)	(Zip Code)

(818) 772-2700

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $.001 per share; Class A Warrants; Class B Warrants; Class C Warrants; Class D Warrants

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes ____ No X

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes X No ____

The aggregate market value of the voting stock held by non-affiliates of the registrant at July 31, 2001 was approximately $2,474,656. The registrant had 23,568,152 shares of common stock, par value $.001 per share outstanding at July 31, 2001.

The registrant had each of 482,609 Class A Warrants; 649,314 Class B Warrants; 567,895 Class C Warrants; and 736,691 Class D Warrants, outstanding at July 31, 2001.

Documents Incorporated by Reference (To the Extent Indicated Herein): Portions of the Definitive Proxy Statement for the 2001 Annual Meeting (in Part III).

Exhibit Index on Page 41

ITEM 1 - BUSINESS

GENERAL

ORA Electronics, Inc. ("ORA" or the "Company") is a developer and supplier of interface, connectivity solutions and peripheral accessories for wireless communication devices, including cellular telephones, personal communications systems ("PCS") and pagers, computing devices and intelligent transportation systems ("ITS"). The Company currently carries over 500 products which are sold to over 400 customers in the United States, and throughout North, Central and South America. Among the Company's customers are major mass market retailers, service providers and cellular carriers, original equipment manufacturers ("OEMs"), auto manufacturers, regional distributors and dealers.

The Company is experiencing a significant reduction in its business and projects that ongoing cash flow may not be sufficient to sustain business operations after July 31, 2001. See the Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations for a more complete discussion of this issue.

The Company's business began as a sole proprietorship in 1974 under the name ORA Electronics and was incorporated in California in 1979 under the name Alliance Research Corporation ("Alliance"). The Company's products have been primarily sold under the "ORA" trade name. In December 1996, Alliance merged into ORA Electronics, Inc. for the purposes of effecting its name change and reincorporation from California to Delaware. References herein to "ORA" or the "Company" include Alliance prior to the date of such merger, as applicable.

From April, 1987 to December 1996, the Company was taxed as an S corporation under the Internal Revenue Code of 1986, as amended. From December 1996 forward, the Company has been taxed as a C corporation.

INDUSTRY

Wireless communications technology encompasses wireless communications devices such as handheld, mobile and transportable handsets, pagers and two-way radios. Since its inception in 1983, the wireless handset market has grown rapidly. The Company believes that the wireless communications industry will continue to grow for a number of reasons. Economic growth, increased service availability and the lower cost of wireless service compared to conventional landline telephone systems in emerging markets will, the Company believes, continue to create demand for wireless communications products. The Company also believes that the change from analog to digital technology will increase overall market growth and encourage consumers to purchase the next generation of products. In addition, advanced digital technologies have led to increases in the number of network operators and resellers, which have resulted in increased demand for wireless communications products. Finally, the proliferation of new manufacturers is expected to lower prices, increase product selection and expand sales channels. In the United States, wireless handset service was developed as an alternative to conventional landline systems and existing mobile handset service and has been one of the fastest growing market segments in the communications industry.

The number of U.S. wireless subscribers has grown significantly since the inception of the wireless handset industry in 1983. The Company believes that the U.S. market for wireless services will continue to expand due to the increasing affordability and availability of such services and shorter development cycles for new products and enhancements. In addition, many wireless service providers are upgrading their existing systems from analog to digital technology as a result of capacity constraints in many of the larger wireless markets and in order to respond to competition. Digital technology increases system capacity and offers other advantages, such as improved overall average signal quality, improved call security, lower incremental costs for additional subscribers and the ability to provide data transmission services.

PRODUCTS

Sales of wireless accessory products accounted for approximately 98.7%, 97.5% and 97.1% of ORA's net sales for the fiscal years ended in 2001, 2000 and 1999, respectively. The various power cords offered by ORA as part of its wireless handset accessory line accounted for approximately 25.1%, 21.3% and 22.7% of ORA's net sales for the fiscal years ended March 31, 2001, 2000 and 1999, respectively. ORA offers 13 different stock keeping units of power cords which support different wireless telephone models offered by 6 different manufacturers.

A new product category in ORA's line is ITS. ORA has developed numerous proprietary ITS products that allow interconnectivity between automotive safety systems, entertainment systems, navigation systems and wireless communications devices. Telcar, a product developed by ORA, serves as an integration hub for ITS products utilizing ORA's T-bus data protocols. Initial shipments of this product began in March, 2000. ORA's patent applications with respect to these products have been approved by the U.S. Patent and Trademark Office.

CUSTOMERS

ORA sells its products to over 40 customers in the United States and throughout North, Central and South America. Among ORA's customers are major mass market retailers, wireless service providers and carriers, original equipment manufacturers ("OEMs"), auto manufacturers, regional distributors and dealers.

Pursuant to its distribution agreement with ORA Electronics (UK) Ltd. ("ORA UK"), an unaffiliated company, the Company may not sell its products bearing the "ORA" trade name and logo outside of North, Central and South America. Under such agreement, which extends into perpetuity, the Company does not generate any revenues with respect to sales made by ORA UK.

For the fiscal year ending March 31, 2000, one customer, CompUSA, accounted for approximately 14.5%, of the Company's net sales. For the fiscal years ending March 31, 1999 and 1998, Circuit City, accounted for approximately 52.6% and 38.5%, respectively, of the Company's net sales and Staples accounted for approximately 5.9% and 17.3% , respectively, of the Company's net sales. Circuit City and Staples are not currently active customers of the Company. For a more complete discussion of this matter, see Management's Discussion and Analysis of Financial Condition and Results of Operations for Fiscal Year ended March 31, 2000 compared to Fiscal Year ended March 31, 1999.

MARKETING AND CUSTOMER SUPPORT

ORA places a strong emphasis on the marketing of its products. Though its product line features many technologically sophisticated and innovative products, the Company believes that its greatest strengths lie in its abilities to manufacture for, and communicate with, the mass market, provide useable products and superior customer service, and introduce high technology products to the market.

To ensure comprehensive control of the marketing process, ORA has a complete in-house marketing services department. The marketing services department provides a full range of services. In addition to ad design and production, product photography, line brochures, packaging and catalogs, the department provides a number of specialized customer services including a complete planogram service, cooperative advertising programs, store merchandising, in-store display design and production, customer-specific collateral material, ad slicks, clip art services, semi-private labeling, private label catalogs, mail inserts and trade show exhibit management.

SALES AND DISTRIBUTION

ORA's products are distributed via national and regional consumer electronics retailers, office supply retailers, department stores, auto parts chains and other multiple outlet retailers, wireless service providers, catalog and mail order houses, and electronics distributors. In addition, ORA designs and supplies products to manufacturers of wireless communications devices, automobile manufacturers and other manufacturers under "private label" and special products agreements.

In order to facilitate prompt deliveries to its retail customers, the Company carries high levels of inventories. ORA's policy is to provide a 24-hour turnaround on a select group of its products which are stocked in depth. In addition, an ongoing "stock balancing" program allows retailers to return current, slow moving items every three months in exchange for an offsetting double order. ORA's competitive return policy for non-salable products, including damaged products, results in significant returns for credit. ORA products carry warranties for defects in material or workmanship. These warranties vary from one year to lifetime on passive devices, with most products carrying warranties of three to five years. The Company's payment terms are typically 30 to 60 days. However, under special circumstances, the Company will offer extended terms.

The Company's business has historically been seasonal. For its fiscal years ending March 31, 2001, 2000 and 1999, on average, approximately 31.7% of the Company's net sales were in its second fiscal quarter and 27.4% in its third fiscal quarter, with the balance split approximately evenly between the first and fourth fiscal quarters.

BACKLOG

Most orders received by the Company are for immediate delivery. As of March 31, 2001 and 2000, the Company had approximately $24,000 and $821,000, respectively, in backlog orders, including orders for current delivery, orders for later delivery, back orders and special orders, all of which may be cancelled or modified by the customer.

RESEARCH AND DEVELOPMENT

The Company has always focused on innovation as a means of maximizing margins and capturing and maintaining market share. During its fiscal years ended March 31, 2001, 2000 and 1999, as reflected in its audited financial statements, the Company spent approximately $61,000, $615,000 and $625,000, respectively, on research and development related activities. In addition, the Company estimates that approximately an additional $13,000, $53,000 and $57,000, respectively, was spent for purchased materials that do not have alternative future uses. ORA maintains an in-house research and development engineering staff. The Company maintains extensive research and testing facilities (including an anechoic chamber) at its corporate headquarters, allowing it to conduct sophisticated operations such as testing radiation patterns for antennas and, thus, promoting product safety. ORA also has strategic relationships with other independent research and development companies to utilize their respective specialized skills or equipment.

Many of ORA's products carry UL listings or FCC approvals. The Company has been awarded the prestigious Innovation in Engineering Award from the Electronics Industry Association five times in the last five years.

MANUFACTURING AND PACKAGING

ORA out-sources the manufacturing of its products using contract manufacturers and "bid" manufacturing. Contract manufacturers are used mainly for proprietary products such as Telcar, battery chargers and hands-free adapters. Bid manufacturers are used mainly to produce commodity items such as battery packs and power cords. Manufacturing plants are located in the US, Taiwan, China, Hong Kong and Korea. ORA is not dependent on any one manufacturer to produce products. The Company believes that such production is "portable" and can be moved rapidly to other manufacturers and assemblers. The Company is, however, dependent on the availability of raw materials and labor, and is subject to customs regulations and quotas both in the US and abroad.

The products manufactured for the Company in Asia, which represent substantially all of the Company's products, are purchased by the Company from a foreign trading company, Data-Spec Taiwan, Limited ("Data-Spec Taiwan"). Data-Spec Taiwan negotiates purchases with the various contract manufacturers, "bid" manufacturers and remits payment to these companies for the products. Data-Spec Taiwan also represents ORA in negotiations with respect to procurement, specifications compliance and quality assurance. Data-Spec Taiwan is ISO 9000 certified. Jack D.W. Song who owns over 10% of the Company's outstanding Common Stock, is the majority owner of Data-Spec Taiwan.

The Company receives most of its inventory in bulk shipments. The bulk products are then assembled and packaged in various configurations and kits utilizing in-house packaging equipment and materials.

ASSET MANAGEMENT

Inventory control is important to the Company's ability to maintain margins while offering its customers competitive prices and rapid delivery of a wide variety of products. To be in a position to deliver products rapidly, the Company maintains a significant investment in its product inventory and, therefore, is subject to the risks of inventory obsolescence and excessive inventory levels.

COMPETITION

The consumer electronics and wireless telecommunications accessory market is highly fragmented and subject to intense competition. The market for wireless products is characterized by rapidly changing technology and frequent new product introductions. The Company's success depends in large part upon its ability to identify and design products that will meet the changing requirements and demands of the marketplace. ORA's competitors include (a) various companies which offer broad lines of consumer electronic accessories, (b) other accessory companies which offer certain product lines and (c) manufacturers of brand name consumer electronics hardware, which market their own lines of similar accessories. Certain of the Company's existing and potential competitors have greater financial, technical, marketing or manufacturing resources and may develop new accessories and other products that are superior to those of the Company. The Company competes primarily on the basis of product variety and quality, customer service and support, product reliability, company and brand name recognition, ability to meet customer delivery needs, price, product features and proprietary products. There can be no assurance that the Company will be able to identify, obtain and offer products necessary to remain competitive.

TRADEMARKS AND PATENTS

The Company actively pursues a program of protecting its intellectual property by seeking patent, copyright and trademark protection for its products to the maximum extent permissible under U.S. laws. Currently, the Company owns 33 issued patents covering various unique and novel aspects of certain of its products in the United States. Most of the Company's patents have the majority of their term remaining.

The Company also owns 25 trademarks registered on the Principal Trademark Register of the United States under which the Company markets its goods and offers its services. The Company also copyrights its manuals, sales and product literature, as well as numerous software codes and protocols necessary to operate several of its processor controlled products and systems.

No assurance can be given that the Company's existing patents or any future patents will not be challenged, invalidated or circumvented, or that competitors of the Company will not independently develop or patent technologies which are substantially equivalent or superior to the Company's technologies.

EMPLOYEES

As of July 31, 2001, the Company had 14 employees. None of the Company's employees is covered by a collective bargaining agreement. The Company believes that its relationship with its employees is satisfactory.

ITEM 2 - PROPERTIES

The Company owns its 80,000 square foot headquarters and distribution facility in Chatsworth, California. Such property is subject to a deed of trust in favor of the Aid Association for Lutherans, which entity provided financing for the acquisition of the property.

ITEM 3 - LEGAL PROCEEDINGS

None.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended March 31, 2001.

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market for Common Stock

The Company's common stock, par value $.001 per share (the "Common Stock"), was listed for trading on December 20, 1996, following its merger with North American Energy of Delaware, Inc., on the OTC Bulletin Board. As of July 31, 2001, there were approximately 615 stockholders of record of the Company's Common Stock. On July 31, 2001, the last reported sale price of the Common Stock on the OTC Bulletin Board was $0.105. The following table sets forth the high and low sales prices of the Common Stock for each quarterly period during the most recent two fiscal years:

	High	Low
Fiscal year ended March 31, 2000:		
First Quarter	$ 0.88	$ 0.19
Second Quarter	0.25	0.19
Third Quarter	1.13	0.31
Fourth Quarter	6.25	1.03
Fiscal year ended March 31, 2001:		
First Quarter..............................	3.00	0.62
Second Quarter.............................	0.87	0.50
Third Quarter..............................	0.50	0.26
Fourth Quarter.............................	0.80	0.06

Dividend Policy

The Company intends to use its cash flow from operations to finance its working capital needs. The payment of cash dividends, if any, in the future is within the discretion of the Company's Board of Directors and will depend upon the Company's earnings, its capital requirements and financial condition and other relevant factors. Since having become a C corporation for tax purposes in December 1996, the Company has not paid a dividend on its Common Stock and does not intend to declare any cash dividends in the foreseeable future.

ITEM 6 - SELECTED FINANCIAL DATA

The following table sets forth certain selected financial data regarding the Company which is qualified by reference to, and should be read in conjunction with, the financial statements and notes thereto (see "Index to Financial Statements") and "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations." The income statement and balance sheet data presented below have been derived from the Company's financial statements. The selected pro- forma income statement data set forth below is for informational purposes only and may not necessarily be indicative of the Company's results of operations in the future.

ORA ELECTRONICS, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS

<TABLE>
<CAPTION>

	Years Ended March 31,				
	2001	2000	1999	1998	1997
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 1,182,608	$ 3,456,167	$ 13,544,551	$ 15,443,432	$ 18,718,113
Cost of goods sold	762,893	4,498,301	8,005,084	9,152,641	12,211,623
Gross profit (loss)	419,715	(1,042,134)	5,539,467	6,290,791	6,506,490

Operating Expenses:					
Selling and shipping expenses	525,993	1,267,535	2,449,563	2,434,547	3,163,863
Administrative and general expenses	1,870,166	3,593,814	4,121,929	5,742,427	5,183,082
Total operating expenses	2,396,159	4,861,349	6,571,492	8,176,974	8,346,945
Other (income) expenses:					
Interest expense	554,387	617,537	714,619	702,128	1,072,107
Other expense (income)	(219,994)	(169,280)	(1,789,587)	(10,627)	(231,620)
Total other (income) expenses	334,393	448,257	(1,074,968)	691,501	840,487
Total expenses	2,730,552	5,309,606	5,496,524	8,868,475	9,187,432
Net income (loss) before income taxes	(2,310,837)	(6,351,740)	42,943	(2,577,684)	(2,680,942)
Provision (benefit) for income taxes	0	0	0	0	0
Net income (loss)	$ (2,310,837)	$ (6,351,740)	$ 42,943	$ (2,577,684)	$ (2,680,942)
PRO FORMA DATA:					
Historical income (loss) before income taxes	$ (2,310,837)	$ (6,351,740)	$ 42,943	$ (2,577,684)	$ (2,680,942)
Proforma income tax (provision) benefit	$ 0	$ 0	$ 0	$ 0	$ 0
Proforma net income (loss)	$ (2,310,837)	$ (6,351,740)	$ 42,943	$ (2,577,684)	$ (2,680,942)
Proforma net income (loss) per share	$ (0.30)	$ (0.92)	$ 0.01	$ (0.39)	$ (0.41)
Proforma weighted average common shares outstanding	7,727,109	6,936,066	6,909,292	6,627,697	6,589,068
BALANCE SHEET DATA:					
Working capital	$ (6,916,764)	$ (4,501,895)	$ 894,758	$ 1,131,155	$ 2,829,897
Total assets	$ 6,055,179	$ 7,220,733	$ 13,627,151	$ 15,329,159	$ 16,728,304
Long term debt	$ 4,309,950	$ 5,668,126	$ 5,653,510	$ 6,105,477	$ 5,601,516
Stockholders' equity (deficiency)	$ (5,316,976)	$ (3,804,138)	$ 2,184,823	$ 2,141,880	$ 4,400,674

</TABLE>

The proforma data above is provided for information purposes only, to reflect the effects of federal and state income taxes had the Company had been taxed as a C corporation rather than an S corporation, since April 1, 1994.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis should be read in conjunction with the Company's financial statements and the notes thereto.

RESULTS OF OPERATIONS

The following table sets forth operating results (as a percentage of net sales) for the periods indicated.

Years Ended March 31,		
2001	2000	1999

	----	----	----
Net sales	100.0%	100.0%	100.0%
Cost of sales	130.2	59.1	59.3
Gross profit (loss)	(30.2)	40.9	40.7
Selling and shipping expense	36.7	18.1	15.3
Administrative and general expense	104.0	30.4	37.6
Loss from operations	(170.8)	(7.6)	(12.2)
Interest expense	17.9	5.3	4.5
Other (income)	(4.9)	(13.2)	(0.1)
Net income (loss) before taxes	(183.8)	0.0%	(16.7)%

FISCAL YEAR ENDED MARCH 31, 2001 COMPARED TO FISCAL YEAR ENDED MARCH 31, 2000

Net Sales. Net sales decreased 65.8% to $1,182,608 in fiscal year 2001, compared to $3,456,167 in fiscal year 2000, a decrease of $2,273,559. Approximately $7,395,000 of this decrease is attributable to the loss of business from Circuit City, which had previously been the Company's largest customer. Net sales to Circuit City during fiscal year 2000 were approximately $270,000, or 7.8% of the total annual net sales of $3,456,167. Net sales to Circuit City during fiscal year 1999 were approximately $7,125,000, or 52.6% of the total annual net sales of $13,544,551. The remaining decrease is attributable to the effects of continued lower pricing by the Company's major competitors, combined with an industry wide reduction in the sale of batteries. The technological improvements and quality of batteries, particularly Lithium Ion batteies, has reduced the number of replacement batteries being sold. The Company is actively exploring ways to replace this reduction in net sales, including alternative channels of distribution and new product offerings, however, no assurance can be given that the Company will be able to do so.

If the Company is not able to substantially replace its lost revenues by approximately July 31, 2001, the Company projects that the resultant serious cash flow deficiencies may impact the Company's ability to continue as a going concern. See the Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations for a more complete discussion of this issue.

Gross Profit. Gross profit decreased by $6,581,601, resulting in a gross loss of $1,042,134 for the fiscal year ended March 31, 2001 compared with a gross profit of $5,539,467 in fiscal year 2000. This decrease was impacted by a non-recurring reduction of the carrying value of the Company's inventory to the lower of cost or market of approximately $2,300,000 during fiscal 2001. The reduction in valuation was necessitated by the significant loss in the customer base to whom these products could be sold to, combined with the rapid change in wireless technology from analog to digital services, thus impacting the value of the Company's remaining stock of inventory supporting analog handsets. The remaining decrease in gross profit is primarily a result of the decline in net sales described above. After giving effect to the Company's non-recurring reduction in the carrying value of its inventory, gross profit as a percentage of net sales was approximately 36.4% in fiscal year 2001 compared with approximately 40.9% in fiscal year 2000. The decrease is primarily attributable to the effects of continued lower pricing by the Company's major competitors.

Selling and Shipping Expense. Selling and Shipping expense decreased by $741,542, or 58.5%, to $525,993 in fiscal year 2001 from $1,267,535 in fiscal year 2000. The decrease in selling and shipping expenses is primarily attributable to lower costs of shipping, warehousing, freight and sales commissions associated with the decreased sales volume described above.

Administrative and General Expense. Administrative and general expense decreased by $1,723,648, or 48.0%, to $1,870,166 in fiscal year 2001 from $3,593,814 in fiscal year 2000. The decrease is primarily attributable to a reduction in personnel and salaries of existing personnel during the fiscal year 2001 as part of the Company's efforts to reduce expenses.

Interest Expense. The Company had interest expense of $554,387 in fiscal year 2001 compared to $617,537 in fiscal year 2000. The decrease is primarily a result of the Company not having available the use of a line of credit facility since May 12, 1999. The Company is attempting to find a replacement credit facility, but no assurances can be given that the Company will be able to do so.

Other Income. Other income decreased to $169,280 for fiscal year 2001 compared to $1,789,587 in fiscal year 2000. The decrease is primarily attributable to approximately $1,675,000 in royalty income received in fiscal year 1999 as a result of the Company granting to ORA Electronics (UK) Limited, an unaffiliated company, an exclusive royalty-free right to use certain of the Company's trademarks, including the "ORA" name, in perpetuity worldwide, excepting North, Central and South America. The royalty income received from this transaction was considered non-recurring.

Income Taxes. The Company has made no provision for income taxes as it has a history of net losses, which has resulted in tax loss carry-forwards. At March 31, 2001, the Company had available federal net operating loss carry-forwards of approximately $9,163,000, which expire in 2012 through 2014, and state net operating loss carry-forwards of approximately $2,749,000, which expire in 2002 through 2004.

FISCAL YEAR ENDED MARCH 31, 2000 COMPARED TO FISCAL YEAR ENDED MARCH 31, 1999

Net Sales. Net sales decreased 74.5% to $3,456,167 in fiscal year 2000, compared to $13,544,551 in fiscal year 1999, a decrease of $10,088,384. Approximately $7,395,000 of this decrease is attributable to the loss of business from Circuit City, which had previously been the Company's largest customer. Net sales to Circuit City during fiscal year 2000 were approximately $270,000, or 7.8% of the total annual net sales of $3,456,167. Net sales to Circuit City during fiscal year 1999 were approximately $7,125,000, or 52.6% of the total annual net sales of $13,544,551. The remaining decrease is attributable to the effects of continued lower pricing by the Company's major competitors, combined with an industry wide reduction in the sale of batteries. The technological improvements and quality of batteries, particularly Lithium Ion batteies, has reduced the number of replacement batteries being sold. The Company is actively exploring ways to replace this reduction in net sales, including alternative channels of distribution and new product offerings, however, no assurance can be given that the Company will be able to do so.

If the Company is not able to substantially replace its lost revenues by approximately July 31, 2000, the Company projects that the resultant serious cash flow deficiencies may impact the Company's ability to continue as a going concern. See the Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations for a more complete discussion of this issue.

Gross Profit. Gross profit decreased by $6,581,601, resulting in a gross loss of $1,042,134 for the fiscal year ended March 31, 2000 compared with a gross profit of $5,539,467 in fiscal year 1999. This decrease was impacted by a non-recurring reduction of the carrying value of the Company's inventory to the lower of cost or market of approximately $2,300,000 during fiscal 2000. The reduction in valuation was necessitated by the significant loss in the customer base to whom these products could be sold to, combined with the rapid change in wireless technology from analog to digital services, thus impacting the value of the Company's remaining stock of inventory supporting analog handsets. The remaining decrease in gross profit is primarily a result of the decline in net sales described above. After giving effect to the Company's non-recurring reduction in the carrying value of its inventory, gross profit as a percentage of net sales was approximately 36.4% in fiscal year 2000 compared with approximately 40.9% in fiscal year 1999. The decrease is primarily attributable to the effects of continued lower pricing by the Company's major competitors.

Selling and Shipping Expense. Selling and Shipping expense decreased by $1,182,028, or 48.3%, to $1,267,535 in fiscal year 2000 from $2,449,563 in fiscal year 1999. The decrease in selling and shipping expenses is primarily attributable to lower costs of shipping, warehousing, freight and sales commissions associated with the decreased sales volume described above.

Administrative and General Expense. Administrative and general expense decreased by $528,115, or 12.8%, to $3,593,814 in fiscal year 2000 from $4,121,929 in fiscal year 1999. The decrease is primarily attributable to a reduction in personnel and salaries of existing personnel during the fiscal year 2000 as part of the Company's efforts to reduce expenses.

Interest Expense. The Company had interest expense of $617,537 in fiscal year 2000 compared to $714,619 in fiscal year 1999. The decrease is primarily a result of the Company not having available the use of a line of credit facility since May 12, 1999. The Company is attempting to find a replacement credit facility, but no assurances can be given that the Company will be able to do so.

Other Income. Other income decreased to $169,280 for fiscal year 2000 compared to $1,789,587 in fiscal year 1999. The decrease is primarily attributable to approximately $1,675,000 in royalty income received in fiscal year 1999 as a result of the Company granting to ORA Electronics (UK) Limited, an unaffiliated company, an exclusive royalty-free right to use certain of the Company's trademarks, including the "ORA" name, in perpetuity worldwide, excepting North, Central and South America. The royalty income received from this transaction was considered non-recurring.

Income Taxes. The Company has made no provision for income taxes as it has a history of net losses, which has resulted in tax loss carry-forwards. At March 31, 2000, the Company had available federal net operating loss carry-forwards of approximately $9,163,000, which expire in 2012 through 2014, and state net operating loss carry-forwards of approximately $2,749,000, which expire in 2002 through 2004.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary cash requirements are to fund working capital needs, primarily accounts receivable and inventories. Historically, the Company has satisfied these working capital requirements principally through cash flow from operations and bank borrowings.

At March 31, 2001, the Company had $102,202 in cash and cash equivalents with a working capital deficit of $6,916,764, contrasted to $398,493 in cash and cash equivalents with a working capital deficit of $4,501,895 at March 31, 2000. Net cash used in operating activities was $3,754,683 for the fiscal year ended March 31, 2001, compared with net cash used in operating activities of $588,860 for the fiscal year ended March 31, 2000. The decrease in cash and cash equivalents of approximately $296,291 is primarily due to the rapid deterioration of the business activities of the Company, including a significant decline in net sales and a write down of its inventory by approximately $2,300,000 to reflect its value at the lower of cost or market at March 31, 2000.

On April 7, 1997, the Company had secured a $5,000,000 line of credit from FINOVA Capital Corporation ("FINOVA"). The line of credit facility with FINOVA was secured by all inventory, equipment, accounts receivable and intellectual property. The initial term of the line of credit was for two years with provisions for automatic renewals thereafter in one year increments. Borrowings incurred interest at 1% above the reference rate of Citibank, N.A. and there was an unused line fee of 0.5%. The Company's funds were swept daily and capital was made available based on 70% of eligible accounts receivable and 35% of eligible inventory. In January, 1999, the Company was notified by FINOVA that its revolving line of credit would not be extended after its scheduled expiration date of April 4, 1999. On May 12, 1999, the entire balance owing at that date was paid and the relationship with FINOVA was terminated.

On July 27, 1999, the Company secured a $1,200,000 revolving credit facility to be used for general working capital purposes. The credit agreement allowed the Company to borrow funds at Citibank N.A.'s reference rate plus 2.5%, based on an 80% advance rate on eligible trade accounts receivable. There was a monthly collateral monitoring fee of .25% based on the average trade accounts receivable during the month. On September 27, 1999, Celtic Capital withdrew the credit facility, citing the significant deterioration in the Company's business. No borrowings were made from the credit facility. The Company is attempting to find a replacement credit facility, but no assurances can be given that the Company will be able to do so.

The Company believes that available cash, cash flow from operations and any borrowings that might be made available through a yet to be obtained replacement credit facility, may not be sufficient to meet operating needs and capital expenditure requirements in the immediate future.

The Company has incurred operating losses of $1,976,444, $5,903,483 and $1,032,025 in the fiscal years ended March 31, 2001, 2000 and 1999, respectively. For several years the company's major competitors, many with greater resources, have aggressively lowered their selling prices in an attempt to increase market share. Although the company has benefited from its own internal cost reduction programs, the effects of lower pricing by major competitors has more than offset the company's cost reductions.

The Company's management team, has been developing a broad operational and financial restructuring plan. The plan, which is designed to leverage the company's brand, distribution and technology strengths, includes reducing costs, disposition of certain assets, focusing on development of alternative channels of distribution and capitalizing on the company's patented technologies. Restructuring costs must be incurred to implement the plan.

Going forward, significant cash flow will be needed to pay the restructuring costs to implement the proposed business plan and to fund losses until the company has returned to profitability. While there is no assurance that funding will be available to execute the plan, the company is continuing to seek financing to support its turnaround efforts and is exploring a number of alternatives in this regard.

The company's independent public accountants have included a "going concern" emphasis paragraph in their audit reports accompanying the March 31, 2001 and March 31, 2000 financial statements. The paragraph states that the company's recurring losses and its inability to secure working capital financing raise substantial doubt about the company's ability to continue as a going concern and cautions that the financial statements do not include adjustments that might result from the outcome of this uncertainty.

Existing cash flow is not expected to be sufficient to cover liquidity requirements after July 31, 2001, and the company is currently facing the prospect of not having adequate funds to operate its business. There can be no assurance that an affordable working capital credit facility can be arranged or that any long-term restructuring alternative can be successfully initiated or implemented by July 31, 2001, in which case the company may be compelled to pursue a bankruptcy filing in the absence of a proposed or pre-approved financial restructuring.

Subsequent to fiscal year end March 31, 2000, pursuant to a Stock Purchase Agreement dated May 23, 2000, Mrs. Ruth Cooper, a director and beneficial owner of 4,982,600 shares of the Registrants common stock, sold 3,982,000 shares of such common stock to SATX, Inc. ("SATX"). As of such date, SATX owns approximately 56% of the issued and outstanding common stock of the Registrant. See Note 18 to the Financial Statements for further details.

On December 23, 1996, the Company obtained a $1,000,000 loan from an unrelated third party which was used to pay the initial required $1,000,000 reduction on its then existing credit facility. Such $1,000,000 loan bears interest at 8% per annum and all principal and interest is due and payable upon maturity on December 31, 2001. At March 31, 2001, the balance of principal and accrued interest was $1,405,858.

The loan from the Aid Association for Lutherans ("AAL") obtained by the Company to purchase its headquarters and distribution facility in Chatsworth, California is, by its terms, callable by AAL upon six months notice. As of March 31, 2001, the outstanding principal balance of such loan was $4,370,010. Such loan bears interest at 9.875% per year, is payable in monthly installments of $43,418, representing both principal and interest, matures in February 2019 and is secured by the real property on which the facility is located.

Net cash provided by investing activities of $686,952 for fiscal year 2000 is primarily attributed to approximately $341,000 received as repayment of loans receivable from officer, and the exercise of approximately 207,000 stock options which had previously been issued to the Company's former interim CEO.

Net cash used in financing activities of $1,507,539 for fiscal year 2000 principally reflects repayments on the Company's then existing revolving line of credit of approximately $947,000 and repayments of long term debt of approximately $561,000.

Subsequent to fiscal year end March 31, 2000, pursuant to a Stock Purchase Agreement dated May 23, 2000, Mrs. Ruth Cooper, a director and beneficial owner of 4,982,600 shares of the Registrants common stock, sold 3,982,000 shares of such common stock to SATX, Inc. ("SATX"). As of such date, SATX owns approximately 56% of the issued and outstanding common stock of the Registrant. In consideration for the sale of her 3,982,600 shares of common stock, SATX paid to Mrs. Cooper $150,000 in cash, $23,185 payable in twelve monthly installments, 400,000 shares of SATX common stock and assumed the liability for a promissory note owed to ORA Electronics, Inc. by Mrs. Cooper in the amount of $299,347.

Officer loans receivable of $298,097, at March 31, 2000, consisted of one note for $243,982 plus accrued interest of $54,115, bearing interest at 5.05%. Repayment liability for the promissory note, due March 31, 2001, was assumed by SATX, Inc. ("SATX") in connection with its purchase of a majority interest in the common stock of the Company. On July 10, 2000, SATX paid a total of $302,284 to the Company, which represented $243,982 principal and $58,302 accrued interest through that date, in full satisfaction of the note.

Management believes that, despite the financial hurdles and funding uncertainties going forward, it has under development a business plan that, if successfully funded and executed as part of a financial restructuring, can significantly improve operating results. The support of the Company's vendors, customers, potential lenders, stockholders and employees will continue to be key to the Company's future success.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the FASB issued SFAS 130, "Reporting Comprehensive Income" ("SFAS 130") effective for fiscal years beginning after December 15, 1997. The new rules establish standards for the reporting of comprehensive income and its components in financial statements. Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that, under generally accepted accounting principles, are excluded from net income, such as unrealized gains and losses on investments available for sale, foreign currency translation gains and losses and minimum pension liability. The Company has adopted the provisions of SFAS 130 as of April 1, 1998. For all periods presented in this Annual Report, there was no comprehensive income.

In June 1997, the FASB issued SFAS 131, "Disclosures about Segments of an Enterprise and Related Information", ("SFAS 131") effective for fiscal years beginning after December 15, 1997. The new rules establish revised standards for public companies relating to the reporting of financial and descriptive information about their operating segments in financial statements. SFAS 131 is effective for the Company in fiscal 1999. The Company currently evaluates its operations as one segment.

YEAR 2000 ISSUE

Many computer systems and other equipment with embedded chips or processors in use today were designed and developed using two digits, rather than four, to specify the year. As a result, such systems will recognize the Year 2000 as "00" and may assume that the year is 1900 rather than 2000. This is commonly known as the Year 2000 issue, which could potentially result in a system failure or in miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions, send invoices or engage in other similar normal business activities. The Company has been informed that the portion of the Company's computer software systems relating to the general ledger, payroll and other employee records is presently Year 2000 compliant. To date, the Company has not experienced any problems relating to these systems.

The Company is in the process of evaluating the potential cost to it in addressing the Year 2000 issue with respect to its other software and the potential consequences of an incomplete or untimely resolution of the Year 2000 issue. Due to the serious deterioration of the Company's operating performance, and its related effect on cash flows, the Company has not been able to afford the conversion and implementation of new Year 2000 compliant software for those systems that the Company is aware require such replacement. Instead, the Company has elected to design workarounds to its present non-compliant software in the hopes that essential information needed to manage the business and to report results on a timely basis will continue to be available. So far, since December 31, 1999, the Company has not experienced significant operational failures with the non-compliant systems. However, there can be no assurance that its systems will continue to operate and that the Company's failure to adequately address the Year 2000 issue will not have a material adverse effect upon the Company.

The Company does not conduct any of its purchase transactions through computer systems that interface directly with suppliers. However, the Company has completed a formal assessment of its significant suppliers to determine the extent to which the Company would be vulnerable if those third parties fail to remedy Year 2000 issues. To date, the Company has received written responses from most of its suppliers. The Company has evaluated these responses and has determined that all critical suppliers have prepared for the Year 2000.

The Company currently has no material systems that interface directly with its customers, financial institutions or others with whom it conducts business. However, if those third parties with which the Company conducts business are unsuccessful in implementing timely solutions, the Year 2000 issue could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has reviewed each of its product lines and has determined that its products will operate properly in the Year 2000 and beyond.

Since it is not possible to anticipate all future outcomes, especially when third parties are involved, there could be circumstances in which the Company is adversely affected by Year 2000 problems. As of July 14, 2000, the Company has not experienced any significant Year 2000 issues relating to the procurement, sales or support of the Company's products. The Company believes that it may take several more months to determine the impact of the Year 2000, if any, on its customers or suppliers.

FORWARD LOOKING INFORMATION

This Annual Report on Form 10-K contains forward-looking statements within the meaning of that term in the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Additional written or oral forward-looking statements may be made by the Company from time to time, in filings with the Securities Exchange Commission or otherwise. Statements contained herein that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions referenced above. The matters discussed herein with respect to the anticipated growth of the wireless telephone industry and the development of new wireless communications technologies, the introduction of new products by the Company, the Company's ability to penetrate new distribution channels, the Company's ability to restructure its existing business, the Company's ability to replace business from lost customers, future sales levels, costs associated with a new management information system, compliance with financial covenants in loan agreements, the Company's ability to secure future financing and the potential outcome of any pending litigation involving the Company, among others, are forward looking statements. In addition, when used in this discussion, the words "anticipates," "expects," "intends," "plans" and variations thereof and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified based on current expectations. Consequently, future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements contained in this Annual Report. Statements in this Annual Report, particularly in "Item 1. Business", the Notes to Financial Statements and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," describe certain factors, among others, that could contribute to or cause such differences. Other factors that could contribute to or cause such differences include, but are not limited to, unanticipated developments in any one or more of the following areas: the receptivity of consumers to new consumer electronics technologies, the rate and consumer acceptance of new product introductions, competition, the number and nature of customers and their product orders, timely replacement of lost customers, pricing, foreign manufacturing, sourcing and sales (including foreign government regulation, trade and importation concerns and fluctuation in exchange rates), borrowing costs, the receptivity in the market place of the Company's restructuring efforts, changes in taxes due to changes in the mix of U.S. and non U.S. revenue, pending or threatened litigation, the availability of key personnel and other risk factors which may be detailed from time to time in the Company's Securities and Exchange Commission filings.

Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which speak only as of the date hereof. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected events.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See "Index to Financial Statements" at Item 14(a) for a listing of the financial statements and supplementary data submitted as part of this report.

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item will be contained in the Company's Proxy Statement for its Annual Shareholders Meeting scheduled for October 25, 2001, to be filed with the Securities and Exchange Commission within 120 days after March 31, 2001, and is incorporated herein by reference.

ITEM 11 - EXECUTIVE COMPENSATION

The information required by this item will be contained in the Company's Proxy Statement for its Annual Shareholders Meeting scheduled for October 25, 2001, to be filed with the Securities and Exchange Commission within 120 days after March 31, 2001, and is incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item will be contained in the Company's Proxy Statement for its Annual Shareholders Meeting scheduled for October 25, 2001, to be filed with the Securities and Exchange Commission within 120 days after March 31, 2001, and is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item will be contained in the Company's Proxy Statement for its Annual Shareholders Meeting scheduled for October 25, 2001, to be filed with the Securities and Exchange Commission within 120 days after March 31, 2001, and is incorporated herein by reference.

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as a part of this Report:

(1) Financial Statements:

Report of Independent Auditors

Balance Sheets at March 31, 2001 and 2000

Statements of Operations for the Twelve-Month Periods Ended March 31, 2001, 2000 and 1999

Statements of Stockholders' Equity for the Twelve-Month Periods Ended March 31, 2001 and 2000

Statements of Cash Flows for the Twelve-Month Periods Ended March 31, 2001, 2000 and 1999

Notes to Financial Statements

(2) Financial Statement Schedules:

The schedules specified under Regulation S-X are either not applicable or immaterial to the Company's financial statements for each of the three years in the period ended March 31, 2001.

(3) Exhibits:

The Exhibits listed on the accompanying Index to Exhibits immediately following the financial statement schedules are filed as part of, or incorporated by reference into, this Report.

Exhibit No.	Description
2.1	Plan of Reorganization of North American Energy of Delaware, Inc. (1)
2.2	Agreement and Plan of Merger between ORA Electronics, Inc., a Delaware corporation, and North American Energy of Delaware, Inc., a Delaware corporation. (2)
3.1	Restated Certificate of Incorporation of ORA Electronics, Inc, (2)
3.2	Bylaws of ORA Electronics, Inc. (2)
4.1	Specimen Common Stock Certificate of ORA Electronics, Inc. (2)
4.2	Specimen Class A Warrant Certificate. (2)
4.3	Specimen Class B Warrant Certificate. (2)
4.4	Specimen Class C Warrant Certificate. (2)
4.5	Specimen Class D Warrant Certificate. (2)
4.6	Warrant Agreement between the Company and Continental Stock Transfer & Trust Company (the "Warrant Agent"), dated as of December 20, 1996, (2)
4.7	Letter Agreement, dated June 10, 1997, from Sheppard, Mullin, Richter & Hampton LLP to the Warrant Agent. (4)
10.1	Loan and Security Agreement, dated April 4, 1997, by and between the Company and FINOVA Capital Corporation ("FINOVA"). (4)
10.2	Amendment to Loan Agreement, dated April 4, 1997, between the Company and FINOVA. (4)
10.3	Collateral Assignment, Patent Mortgage and Security Agreement, dated as of April 4, 1997, by and between the Company and FINOVA. (4)
10.4	Waiver and Second Amendment to Loan Agreement, dated June 26, 1997, between the Company and FINOVA. (4)
10.5	Waiver and Third Amendment to Loan Agreement, dated November 13, 1997, between the Company and FINOVA. (5)
10.6	Waiver and Fourth Amendment to Loan Agreement, dated

February 11, 1998 between the Company and FINOVA. (7)

10.7	Waiver and Fifth Amendment to Loan Agreement, dated March 27, 1998, between the Company and FINOVA. (8)
10.8	Second Deed of Amendment, by and between the Company and ORA Electronics (UK) Limited ("ORA UK"), dated as of April 1, 1998. (7)
10.9	Distribution Agreement, by and between Alliance Research Corporation (predecessor to the Registrant) and Contactace Limited (doing business as ORA UK), dated as of 1990. (7)
10.10	Form of Indemnification Agreement. (3)
10.11	Employment Agreement dated as of December 19, 1996 by and between the Company and Gershon N. Cooper. (3)
10.12	Amended and Restated Promissory Note dated December 17, 1996, made by Gershon, Cooper and Ruth Cooper in favor of the Company. (3)
10.13	Promissory Note dated December 6, 1996, made by Gershon N. Cooper and Ruth Cooper in favor of the Company. (3)
10.14	Amended and Restated Commercial Credit Agreement dated as of December 31, 1996, by and among Sanwa Bank California, the Company, Gershon N. Cooper, Ruth Cooper and the Cooper Living Trust. (3)
10.15	Amended and Restated Security Agreement dated as of December 31, 1996, by and between the Company and Sanwa Bank California. (3)
10.16	Secured Promissory Note dated as of February 1, 1989, made by the Company in favor of the Aid Association for Lutherans. (3)
10.17	Promissory Note dated as of December 23, 1996, made by the Company in favor of General Funding Corporation. (3)
10.18	ORA Electronics, Inc. 1996 Stock Plan. (3)
10.19	Form of ORA Electronics, Inc., 1996 Stock Plan Stock Option Grant Agreement. (3)
10.20	Form of ORA Electronics, Inc. Non-Employee Directors Stock Option Plan. (3)
10.21	Form of ORA Electronics, Inc. Non-Employee Directors Stock Option Agreement. (3)
11	Statement re: Computation of Earnings Per Share.
23.1	Independent Auditors' Consent of Richard & Hedrick.
27	Financial Data Schedule.
99.1	Letter Agreement dated December 19, 1996 between the Company and DLS Financial Services, Inc. (3)
99.2	Registration Rights Agreement, dated as of December 20, 1996, between the Company and The Cooper Family Living Trust. (3)
99.3	Settlement Agreement and Mutual General Release dated March 2, 1998, between the Registrant and Telular Corporation. (6)

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(1) Incorporated by reference from the Form 8-K/A filed on December 20, 1996, by North American Energy of Delaware, Inc., predecessor to the Registrant.

(2) Incorporated by reference from the Registrant's Form 8-K filed on December 20, 1996.

(3) Incorporated by reference from the Registrant's Form 10-Q filed on February 14, 1997.

(4) Incorporated by reference from the Registrant's Form 10-K filed on June 30, 1997.

(5) Incorporated by reference from the Registrant's Form 10-Q filed on February 14, 1998.

(6) Incorporated by reference from the Registrant's Form 8-K filed on March 3, 1998.

(7) Incorporated by reference from the Registrant's Form 8-K filed on April 17, 1998.

(8) Incorporated by reference from the Registrant's Form 10-K filed on June 29, 1998.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed by the Company during the fiscal Quarter ended March 31, 2001.

ORA ELECTRONICS, INC.

INDEX TO FINANCIAL STATEMENTS

RICHARD & HEDRICK
ACCOUNTANCY CORPORATION * CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AICPA * MEMBER OF CSCPA
5857 UPLANDER WAY * CULVER CITY, CA 90230
PHONE 310-348-4188 * FAX 310-348-4189

June 20, 2001

ORA Electronics, Inc.
Chatsworth, CA 91311

To the Shareholders and the Board of Directors of ORA Electronics, Inc.:

We have audited the accompanying balance sheets of ORA Electronics, Inc. as of March 31, 2001 and 2000 and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2001. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating an overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ORA Electronics, Inc. as of March 31, 2001 and 2000 and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2001, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has not obtained a working capital line of credit that raises substantial doubt about the ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Richard & Hedrick
An Accountancy Corporation

ORA ELECTRONICS, INC.
BALANCE SHEET
March 31, 2001 and 2000

ASSETS	2001	2000
Current assets:		
Cash and cash equivalents (Note 5)	$ 102,202	$ 398,493
Trade accounts receivable, less allowances for sales returns and doubtful accounts (Note 5)	8,442	214,939
Inventories (Notes 5 and 14)	34,797	195,286
Prepaid expenses	--	12,552
Total current assets	145,441	821,270
Property and equipment, less accumulated depreciation (Note 7)	5,636,503	5,814,784
Other assets:		
Loan receivable, officer (Notes 6 and 18)	--	298,097
Deferred expenses (Note 5)	273,235	286,582
Total assets	$ 6,055,179	$ 7,220,733
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt (Note 9)	$ 1,499,499	$ 84,870
Trade payables	5,463,278	3,131,464
Accrued interest (Notes 8 and 9)	19,173	19,173
Other accounts payable and accrued expenses	80,255	2,087,658
Total current liabilities	7,062,205	5,323,165
Long-term debt (Note 9)	4,309,950	5,701,706
Total liabilities	$ 11,372,155	$ 11,024,871
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock $.001 par value; authorized 5,000,000 shares; none issued	--	--
Common stock $.001 par value; authorized 30,000,000 shares; reserved for options and warrants 2,607,489 shares and 2,602,223 shares at March 31, 2001 and		

	2001	2000
2000; issued and outstanding 8,518,152 shares and 7,117,638 shares at March 31, 2001 and 2000. (Note 3)	8,518	7,118
Paid-in capital (Note 3)	7,284,549	6,487,950
Retained (deficit)	(12,610,043)	(10,299,206)
Total stockholders' equity	(5,316,976)	(3,804,138)
Total liabilities and stockholders' equity	$ 6,055,179	$ 7,220,733

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

ORA ELECTRONICS, INC.
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2001, 2000 AND 1999

	2001	2000	1999
Net sales (Notes 4 & 10)	$ 1,181,608	$ 3,456,167	$ 13,544,551
Cost of goods sold	762,893	4,498,301	8,005,084
Gross profit (loss)	419,715	(1,042,134)	5,539,467
Operating expenses:			
Selling and shipping	525,993	1,267,535	2,449,563
Administrative and general	1,870,166	3,593,814	4,121,929
Total operating expenses	2,396,159	4,861,349	6,571,492
Loss from operations	1,976,444	5,903,483	1,032,025
Other (income) expenses:			
Interest expense	554,387	617,537	714,619
Interest/other income	(219,994)	(169,280)	(1,789,587)
Total other (income) expenses	334,393	448,257	(1,074,968)
Income (loss) before income taxes	(2,310,837)	(6,351,740)	42,943
Income tax (benefit) (Note 15)	0	0	0
Net income (loss)	$(2,310,837)	$(6,351,740)	$ 42,943
Earnings (loss) per share:			
Basic and diluted	$ (0.30)	$ (0.92)	$ 0.01
Number of shares used in the per share calculation:			
Basic and diluted	7,727,109	6,936,066	6,909,292

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

ORA ELECTRONICS, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31, 2001 AND 2000

<TABLE>
<CAPTION>

	Options	Warrants	Common Stock Number of Shares	Common Stock Amount	Preferred Stock	Paid-In Capital	Retained (Deficit)	Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance - March 31, 1999	170,980	2,428,422	6,909,959	$ 6,910	$ 0	$6,125,379	$ (3,947,466)	$ 2,184,823
Issuance of warrants		2,821						
Issuance of common shares			207,679	207		362,572		362,572
Net loss for the year ended March 31, 2000							(6,351,740)	(6,351,740)
Balance - March 31, 2000	170,980	2,431,243	7,117,638	$ 7,118	$ 0	$6,487,951	$(10,299,206)	$(3,804,138)
Issuance of Warrants		5,266						
Issuance of common shares			1,400,514	1,401		796,598		797,999
Net loss for the year ended March 31, 2001							(2,310,837)	(2,310,837)
Balance - March 31, 2001	170,980	2,436,509	8,518,152	$ 8,518	$ 0	$7,284,549	$(12,610,043)	$(5,316,976)

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

ORA ELECTRONICS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2001, 2000 AND 1999

<TABLE>
<CAPTION>

	2001	2000	1999
Cash flows from operating activities:			
<S>	<C>	<C>	<C>
Net income (loss)	$(2,310,837)	$(6,351,740)	$ 42,943

Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	184,131	219,939	253,422
Provision for losses and returns on accounts receivable	(104,935)	(303,376)	(333,101)
Changes in assets and liabilities:			
Accounts receivable	311,206	2,295,286	1,229,988
Inventories	160,489	2,370,387	2,061,578
Federal tax refund	--	--	--
Prepaid expenses	12,552	90,562	(28,839)
Accounts payable, accrued interest and other accrued expenses	(2,007,289)	1,090,082	(1,089,137)
Net cash provided by (used in) operating activities	(3,754,683)	(588,860)	2,136,854
Cash flows from investing activities:			
Capital expenditures	5,850	12,468	(50,826)
Loan receivable, officer	298,097	311,705	(29,969)
Proceeds from issuance of stock	797,999	362,779	1
Net cash provided by (used in) investing activities	1,101,946	686,952	(80,794)
Cash flows from financing activities:			
Borrowing (repayment) of notes payable	2,331,814	(946,775)	(409,072)
Repayment of trust deed payable	(84,869)	(76,920)	(69,716)
Issuance (repayment) of long-term debt	109,502	(483,844)	(177,026)
Net cash provided by (used in) financing activities	2,356,447	(1,507,539)	(655,814)
Net increase (decrease) in cash and cash equivalents	(296,291)	(1,409,447)	1,400,246
Cash and cash equivalents at beginning of year	398,493	1,807,940	407,694
Cash and cash equivalents at end of year	$ 102,202	$ 398,493	$ 1,807,940
Supplemental disclosure of cash flow information:			
Interest paid	$ 554,387	$ 518,052	$ 622,758
Income taxes paid	$ --	$ --	$ --

</TABLE>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

ORA ELECTRONICS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BUSINESS:

ORA Electronics, Inc. (the "Company") is a developer and supplier of interface, connectivity solutions and peripheral accessories for wireless communication devices. The Company's products supplement the effectiveness of cellular telephones, personal communications systems ("PCS"), pagers, computing devices and Intelligent transportation Systems industry. The Company currently carries over 50 products which are sold to over 40 customers in the United States, and throughout North, Central and South America. Among the Company's customers are major retailers such as OfficeMax and Cablevision Electronics, service providers and wireless carriers, original equipment manufacturers ("OEMs"), auto manufacturers, regional distributors and dealers.

NOTE 2 - FINANCIAL RESULTS AND LIQUIDITY

The Company has incurred operating losses of $1,976,444, $5,903,483 and $1,032,025 in the fiscal years ended March 31, 2001, 2000 and 1999, respectively. For several years the company's major competitors, many with greater resources, have aggressively lowered their selling prices in an attempt to increase market share. Although the company has benefited from its own internal cost reduction programs, the effects of lower pricing by major competitors has more than offset the company's cost reductions.

The Company's management team, has been developing a broad operational and financial restructuring plan. The plan, which is designed to leverage the company's brand, distribution and technology strengths, includes reducing costs, disposition of certain assets, focusing on development of alternative channels of distribution and capitalizing on the company's patented technologies. Restructuring costs must be incurred to implement the plan.

Going forward, significant cash flow will be needed to pay the restructuring costs to implement the proposed business plan and to fund losses until the company has returned to profitability. While there is no assurance that funding will be available to execute the plan, the company is continuing to seek financing to support its turnaround efforts and is exploring a number of alternatives in this regard.

The company's independent public accountants have included a "going concern" emphasis paragraph in their audit reports accompanying the March 31, 2001 and March 31, 2000 financial statements. The paragraph states that the company's recurring losses and its inability to secure working capital financing raise substantial doubt about the company's ability to continue as a going concern and cautions that the financial statements do not include adjustments that might result from the outcome of this uncertainty.

Existing cash flow is not expected to be sufficient to cover liquidity requirements after July 31, 2001, and the company is currently facing the prospect of not having adequate funds to operate its business (See Note 8 to the financial statements for details of the Company's efforts to obtain a replacement working capital line of credit). There can be no assurance that an affordable working capital credit facility can be arranged or that any long-term restructuring alternative can be successfully initiated or implemented by July 31, 2001, in which case the company may be compelled to pursue a bankruptcy filing in the absence of a proposed or pre-approved financial restructuring.

Subsequent to fiscal year end March 31, 2000, pursuant to a Stock Purchase Agreement dated May 23, 2000, Mrs. Ruth Cooper, a director and beneficial owner of 4,982,600 shares of the Registrants common stock, sold 3,982,000 shares of such common stock to SATX, Inc. ("SATX"). As of such date, SATX owns approximately 56% of the issued and outstanding common stock of the Registrant. See Note 18 to the Financial Statements for further details.

NOTE 3 - REORGANIZATION:

In December 1996, Alliance Research Corporation merged into a newly formed Delaware corporation named ORA Electronics, Inc. (ORA Electronics was a trade name of Alliance Research Corporation).

On December 20, 1996, North American Energy of Delaware, Inc. merged into ORA Electronics, Inc. by exchanging 250,000 common shares of ORA Electronics, Inc. and options for 2,200 common shares at $1.50 per share, and warrants for 2,156,000 common shares for all the shares issued and to be issued of North American Energy of Delaware, Inc.

In consideration for advisory services rendered for this transaction, ORA Electronics, Inc. issued 160,566 common shares and options for 75,180 common shares.

The options and warrants are exercisable as follows:

Options	Warrants*		Price	Expires
14,772	Class A	482,609	$ 5.00	December 31, 2001
20,208	Class B	649,314	$ 10.00	December 31, 2001
17,478	Class C	567,895	$ 15.00	December 31, 2001
23,022	Class D	736,691	$ 20.00	December 20, 2001
75,480		2,436,509		

North American Energy of Delaware, Inc. had no business expenses for the five years previous to the merger date and no tangible assets or liabilities at the merger date.

* Actual warrant numbers are subject to the round-up provisions under the terms of the merger.

NOTE 4 - S CORPORATION STATUS:

The Company, with the consent of its shareholders, had elected S corporation status effective April 1, 1987 for both federal and state income tax purposes. In lieu of federal corporate income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. For state purposes, S corporations are taxed at a rate of 1 1/2% of taxable income.

In connection with the S corporation election, the Company also elected to retain its fiscal year end of March 31. According to Internal Revenue Service regulations, to compensate the government for the tax deferral obtained through the use of a taxable year end other than the required taxable year end of December 31, the Company is obligated to make an annual "required payment" on May 15. This payment is considered a deposit and is refundable when there is no longer a tax deferral resulting from the use of a fiscal year end other than December 31. The amount deposited as "required payment" for the year ended March 31, 1997 was $219,927, which was refunded to the company in the fiscal year ended March 31, 1998.

In December 1996, the Company terminated the S corporation election and has been subsequently taxed as a C corporation.

NOTE 5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with original maturities of 90 days or less.

Allowance for Sales Returns and Doubtful Accounts

The Company reduces gross sales by the amount of discounts and returns to determine net sales. The Company estimates a reserve for returns based on historical experience and the amount of gross sales.

The reserve is adjusted periodically to reflect the Company's actual return experience. The Company provides allowances for doubtful accounts receivable when it determines that such amounts are uncollectible. Actual bad debt and sales return experience has been in line with management's expectations. The allowances are as follows at March 31,

	2001	2000
Trade accounts receivable	$ 297,629	$ 608,835
Less allowance for doubtful accounts	279,187	318,896
Less allowance for sales returns	10,000	75,000
Trade accounts receivable, net	$ 8,442	$ 214,939

Inventories

Inventories are stated at the lower of cost (determined on a weighted average cost basis) or market. Market value is based upon net realizable value. Appropriate consideration is given to deterioration, obsolescence, and other factors in evaluating net realizable value.

Goodwill

Goodwill consists of the excess of consideration paid over the fair value of net assets acquired and is amortized on a straight-line basis against income over 40 years. Goodwill of $299,188 at March 31, 2001 and 2000 is included in deferred expenses net of accumulated amortization of $44,269 and $36,790 respectively.

Revenues

Revenues are recognized upon shipment of product to customers.

Research and Development Expenses

Research and development expenditures are expensed as incurred and are included in general and administrative expenses.

The total research and development costs for new products for the years ended March 31, 2001, 2000 and 1999 were approximately $615,000, $625,000 and $440,000 respectively, including $53,000, $57,000 and $36,000 of purchased materials that do not have alternative future uses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Cash Balances

The Company maintains cash balances with two banks. The amount on deposit in one financial institution exceeds the $100,000 federally insured limit by $59,280 at March 31, 2001.

Advertising

Cooperative advertising obligations are accrued and the costs expensed at the same time the related revenue is recognized. All other advertising costs are expensed as incurred.

Comparatives

For comparative purposes, certain amounts in the financial statements from the prior year have been reclassified.

Recent Accounting Pronouncements

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income" ("SFAS 130") effective for fiscal years beginning after December 15, 1997. The new rules establish standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period, resulting from transactions and other events and circumstances from nonowner sources. The Company has adopted the provisions of SFAS 130 as of April 1, 1998. For all periods presented, there was no comprehensive income.

In June 1997, the FASB issued SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information" (SFAS 131") effective for fiscal years beginning after December 15, 1997. The new rules establish revised standards for public companies to report financial and other information about key revenue-producing segments of the entity for which such information is available and is utilized by the chief operating decision maker. Specific information to be reported for individual segments includes profit or loss, certain revenue and expense items and total assets. A reconciliation of segment financial information to amounts reported in the financial statements would be provided. SFAS 131 is effective for the Company in fiscal 1999. The Company currently evaluates its operations as one segment.

NOTE 6 - OFFICER LOANS RECEIVABLE:

Officer loans receivable of $298,097, at March 31, 2000, consists of one note for $243,982 plus accrued interest of $54,115, bearing interest at 5.05%. Principal and interest are due March 31, 2001. See Note 18 to the Financial Statements regarding the repayment of this note subsequent to March 31, 2000.

NOTE 7 - PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost. Major renewals and improvements are capitalized while maintenance and repairs are expensed as incurred. Interest and taxes have been capitalized in connection with the construction of building improvements. The capitalized interest and taxes are included in the cost of the building and are being depreciated over the building's estimated useful life. Property and equipment are depreciated on the straight-line and accelerated methods over the estimated useful lives of the property as follows:

Assets	Useful Life In Years	March 31, 2001	March 31, 2000
Land		$2,900,000	$2,900,000
Building and improvements	31.5 - 39	4,269,918	4,269,917
Machinery and equipment	5 - 7	585,061	585,061
Computer equipment	5	491,824	491,824
Furniture and fixtures	5 - 7	412,482	412,482
			8,659,284
Less: accumulated depreciation		3,022,783	2,844,500

Net property and equipment	$5,636,503	$5,814,784

NOTE 8 - NOTES PAYABLE:

On April 7, 1997, the Company secured a $5,000,000 line of credit from FINOVA Capital Corporation ("FINOVA"). The line of credit facility with FINOVA was secured by all inventory, equipment, accounts receivable and intellectual property. The initial term of the line of credit was for two years with provisions for automatic renewals thereafter in one year increments. Borrowings incurred interest at 1% above the reference rate of Citibank, N.A. and there was an unused line fee of 0.5%. The Company's funds were swept daily and capital was made available based on 70% of eligible accounts receivable and 35% of eligible inventory. In January, 1999, the Company was notified by FINOVA that its revolving line of credit would not be extended after its scheduled expiration date of April 4, 1999. On May 12, 1999, the entire balance owing at that date was paid and the relationship with FINOVA was terminated.

On July 27, 1999, the Company secured a $1,200,000 revolving credit facility to be used for general working capital purposes. The credit agreement allowed the Company to borrow funds at Citibank N.A.'s reference rate plus 2.5%, based on an 80% advance rate on eligible trade accounts receivable. There was a monthly collateral monitoring fee of .25% based on the average trade accounts receivable during the month. On May 15, 1999, Celtic Capital withdrew the credit facility, citing the significant deterioration in the Company's business. No borrowings were made from the credit facility. The Company is attempting to find a replacement credit facility, but no assurances can be given that the Company will be able to do so.

NOTE 9 - LONG-TERM DEBT:

	March 31, 2001	March 31, 2000
Long-term debt consists of the following:		
Trust deed payable, secured by certain real estate, payable in monthly installments of $43,418 including interest at 9.875% per annum, due February 2019, callable with six months notice.	$4,370,011	$4,454,880
Note payable with interest payable at a rate of 8% per annum, principal and interest due December 31, 2001.	1,405,858	1,298,116
Security deposit	33,580	33,580
Total Debt	5,809,449	5,752,996
Less: current maturities	1,499,499	84,870
Total Long-Term Debt	$4,309,950	$5,668,126

Maturities of long-term debt for the years subsequent to March 31, 2001 are as follows:

2001	$ 1,499,499
2002	103,318
2003	113,995
2004	125,775
Thereafter	3,966,862
	$ 5,809,449

NOTE 10 - 401(k) PROFIT SHARING PLAN:

On January 1, 1992, the Company adopted a defined contribution Profit Sharing Savings Plan pursuant to Section 401(K) of the Internal Revenue Code covering substantially all eligible officers and employees. Under the terms of the Plan, employees can voluntarily elect to contribute to the Plan, by salary reduction, up to 15% of their compensation, subject to certain IRS limitations then in effect. Additionally, the Company can, at its discretion, match 100% of the voluntary employee contributions not to exceed $250. The Company has received a determination letter from the IRS indicating that the above Plan is qualified within the terms of the applicable provisions of ERISA.

NOTE 11 - MAJOR CUSTOMERS AND CONCENTRATION OF CREDIT RISK:

At March 31, 2000 approximately 53.6% of the trade accounts receivable were represented by one customer and at March 31, 1999, approximately 67.6% of the trade accounts receivable were represented by two customers. For the fiscal year ended March 31, 2000, one customer accounted for approximately 14.5% of the Company's net sales and for the fiscal year ended March 31, 1999, two customers accounted for approximately 52.3% of the Company's net sales.

To reduce credit risk, the Company performs ongoing credit evaluations of its customers financial condition but does not generally require collateral.

The Company purchases substantially all of its inventory through a foreign trading company. The trading company negotiates purchases with various foreign manufacturing companies and remits payment to these companies.

NOTE 12 - COMMITMENTS AND CONTINGENCIES:

Legal Proceedings

On March 2, 1998, the Company reached settlement in a patent infringement case with Telular Corporation. Pursuant to a Settlement Agreement and Mutual General Release dated March 2, 1998, the Company agreed to pay Telular Corporation $500,000 in cash, a $1,000,000 promissory note payable February 1, 2000 and 300,000 shares of the Company's common stock. Telular had the right to receive additional shares of common stock on February 1, 2000, if necessary, to ensure that the total shares of such common stock received by Telular Corporation had a market value of $1,500,000 as of such date.

The Company made the final cash payment to Telular in full satisfaction of the $1,000,000 promissory note on February 18, 2000. With respect to Telular's right to receive additional shares of ORA's common stock, the Company and Telular reached agreement on February 18, 2000 to extend the implementation of that provision until February 1, 2002.

The Company is involved in other legal proceedings, many of which arise in the ordinary course of its business. While any litigation contains as element of uncertainty, management believes that the outcome of such proceedings will not have a material adverse effect on the Company's results of operations.

NOTE 13 - STOCK PLANS:

The Company's 1996 stock plans, approved by the shareholders, provide grants of non-qualified or incentive stock options, restricted stock awards and stock appreciation "SARs". All plans are administered by the Company's Board of Directors ("Board"). Stock options may be granted with or without SARs. The total number of shares of Common Stock subject to issuance under the 1996 stock plan is 2,000,000, subject to adjustments as provided for in the 1996 Stock Plan. Grant prices for incentive stock options and non-qualified stock options are not less than 100% and 85% of the fair market value of the Common Stock at the time of grant, respectively. Options and SARs normally extend for 10 years and under Board policy become exercisable in installments of 25 percent per year commencing one year from the date of grant or over a vesting period determined by the Board.

Restricted stock awards issued under the plan provide that shares awarded may not be sold or otherwise transferred until restrictions as established by the Board have lapsed. Upon termination of employment, shares upon which restrictions have not lapsed must be returned to the Company.

The following table summarizes stock option activity:

Option Shares	2001	2000
Outstanding at beginning of fiscal year	95,500	95,500
Granted	0	0
Exercised	0	0
Forfeitures	16,500	0

Outstanding March 31 ($5.00 per share)	79,000	95,500
Exercisable March 31	64,000	47,750

The shareholders also approved a Non-Employee Directors Stock Option Plan. Under the plan, a maximum of 100,000 shares may be granted to non-employee directors at not less than 100% of the fair market value at the date of grant. Shares may be exercised in two equal installments commencing on the first anniversary of the date of the grant.

NOTE 14 - LOWER OF COST OR MARKET ADJUSTMENT:

Adjustments of $2,300,000, $579,000 and $978,256 were made in the fiscal years ended March 31, 2001, 2000 and 1999, respectively, to reflect inventory at the lower of cost or market, as determined by management's estimates of value below the Company's cost.

NOTE 15 - INCOME TAXES:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and operating loss and tax credit carryforwards. Significant components and the approximate tax effect of the Company's deferred tax assets as of March 31, 2000 and 1999 are as follows:

	2001	2000
Net operating loss carryforwards	$ 4,069,605	$ 1,121,543
Less valuation allowance	(4,069,605)	(1,121,543)
Net deferred tax asset	--	--

The company establishes valuation allowances in accordance with the provisions of FASB Statement No. 109, "Accounting for Income Taxes". The company periodically reviews the adequacy of the valuation allowance to estimate whether or not these tax benefits will be realized in future periods. Management believes that sufficient uncertainty exists regarding the realizability of the net operating losses, and accordingly, a valuation allowance has been recorded at March 31, 2000 and 1999.

No income taxes were paid for the years ended March 31, 2001 and 2000.

NOTE 16 - OTHER INCOME:

In April, 1998, pursuant to the terms of a Second Deed of Amendment, the company granted ORA Electronics (UK) Limited ("ORA UK") an exclusive royalty-free right to use certain of the Company's trademarks, including, without limitation, the "ORA" name, in perpetuity worldwide except for North, Central, and South America. The total consideration paid by ORA UK to the company for such perpetual right was 1,000,000 GBP, or approximately $1,659,000, which is included in Other Income in the fiscal year ended March 31, 1999. Gershon N. Cooper, formerly the President and Chief Executive Officer of the Company, was a former member of the Board of Directors of ORA UK.

NOTE 17 - YEAR 2000 ISSUE:

Many computer systems and other equipment with embedded chips or processors in use today were designed and developed using two digits, rather than four, to specify the year. As a result, such systems will recognize the Year 2000 as "00" and may assume that the year is 1900 rather than 2000. This is commonly known as the Year 2000 issue, which could potentially result in a system failure or in miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions, send invoices or engage in other similar normal business activities. The Company has been informed that the portion of the Company's computer software systems relating to the general ledger, payroll and other employee records is presently Year 2000 compliant. To date, the Company has not experienced any problems relating to these systems.

The Company is in the process of evaluating the potential cost to it in addressing the Year 2000 issue with respect to its other software and the potential consequences of an incomplete or untimely resolution of the Year 2000 issue. Due to the serious deterioration of the Company's operating performance, and its related effect on cash flows, the Company has not been able to afford the conversion and implementation of new Year 2000 compliant software for those systems that the Company is aware require such replacement. Instead, the Company has elected to design workarounds to its present non-compliant software in the hopes that essential information needed to manage the business and to report results on a timely basis will continue to be available. So far, since December 31, 1999, the Company has not experienced significant operational failures with the non-compliant systems. However, there can be no assurance that its systems will continue to operate and that the Company's failure to adequately address the Year 2000 issue will not have a material adverse effect upon the Company.

The Company does not conduct any of its purchase transactions through computer systems that interface directly with suppliers. However, the Company has completed a formal assessment of its significant suppliers to determine the extent to which the Company would be vulnerable if those third parties fail to remedy Year 2000 issues. To date, the Company has received written responses from most of its suppliers. The Company has evaluated these responses and has determined that all critical suppliers have prepared for the Year 2000.

The Company currently has no material systems that interface directly with its customers, financial institutions or others with whom it conducts business. However, if those third parties with which the Company conducts business are unsuccessful in implementing timely solutions, the Year 2000 issue could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has reviewed each of its product lines and has determined that its products will operate properly in the Year 2000 and beyond.

Since it is not possible to anticipate all future outcomes, especially when third parties are involved, there could be circumstances in which the Company is adversely affected by Year 2000 problems. As of July 14, 2000, the Company has not experienced any significant Year 2000 issues relating to the procurement, sales or support of the Company's products. The Company believes that it may take several more months to determine the impact of the Year 2000, if any, on its customers or suppliers.

NOTE 18 - SUBSEQUENT EVENTS:

CHANGE IN CONTROL OF REGISTRANT

Subsequent to fiscal year end March 31, 2000, pursuant to a Stock Purchase Agreement dated May 23, 2000, Mrs. Ruth Cooper, a director and beneficial owner of 4,982,600 shares of the Registrants common stock, sold 3,982,000 shares of such common stock to SATX, Inc. ("SATX"). As of such date, SATX owns approximately 56% of the issued and outstanding common stock of the Registrant. In consideration for the sale of her 3,982,600 shares of common stock, SATX paid to Mrs. Cooper $150,000 in cash, $23,185 payable in twelve monthly installments, 400,000 shares of SATX common stock and assumed the liability for a promissory note owed to ORA Electronics, Inc. by Mrs. Cooper in the amount of $299,347.

SATX, a publicly held company engaged in telecommunications technology, develops and markets prepaid cellular handsets and global tracking devices in addition to investing in relevant technology companies. SATX common stock trades on the OTC Electronic Bulletin Board under the symbol "SATX".

In connection with the transaction, Mrs. Ruth Cooper resigned as a director and three members of the Board of Directors of SATX were appointed to the Registrants Board of Directors.

REPAYMENT OF OFFICER LOAN

Officer loans receivable of $298,097, at March 31, 2000, consisted of one note for $243,982 plus accrued interest of $54,115, bearing interest at 5.05%. Repayment liability for the promissory note, due March 31, 2001, was assumed by SATX, Inc. ("SATX") in connection with its purchase of a majority interest in the common stock of the Company. On July 10, 2000, SATX paid a total of $302,284 to the Company, which represented $243,982 principal and $58,302 accrued interest through that date, in full satisfaction of the note.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 3rd of August, 2001.

ORA ELECTRONICS, INC.

By: /s/ John M. Burris

John M. Burris
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 14th day of July, 2000.

Signature	Title
By: /s/ Iqbal Ashraf Iqbal Ashraf	Chairman of the Board
By: /s/ John M. Burris --------------------------- John M. Burris	President and Chief Executive Officer and Director and Principal Financial and Accounting Officer
By: /s/ Matthew F. Jodziewicz ------------------------- Matthew F. Jodziewicz	Vice President of Technology and Legal Affairs, Secretary and Director
By: /s/ William B. Barnett ---------------------- William B. Barnett	Director

EXHIBIT INDEX

Exhibit No.	Description
2.1	Plan of Reorganization of North American Energy of Delaware, Inc. (1)
2.2	Agreement and Plan of Merger between ORA Electronics, Inc., a Delaware corporation, and North American Energy of Delaware, Inc., a Delaware corporation. (2)
3.1	Restated Certificate of Incorporation of ORA Electronics, Inc, (2)
3.2	Bylaws of ORA Electronics, Inc. (2)

4.1	Specimen Common Stock Certificate of ORA Electronics, Inc. (2)
4.2	Specimen Class A Warrant Certificate. (2)
4.3	Specimen Class B Warrant Certificate. (2)
4.4	Specimen Class C Warrant Certificate. (2)
4.5	Specimen Class D Warrant Certificate. (2)
4.6	Warrant Agreement between the Company and Continental Stock Transfer & Trust Company (the "Warrant Agent"), dated as of December 20, 1996, (2)
4.7	Letter Agreement, dated June 10, 1997, from Sheppard, Mullin, Richter & Hampton LLP to the Warrant Agent. (4)
10.1	Loan and Security Agreement, dated April 4, 1997, by and between the Company and FINOVA Capital Corporation ("FINOVA"). (4)
10.2	Amendment to Loan Agreement, dated April 4, 1997, between the Company and FINOVA. (4)
10.3	Collateral Assignment, Patent Mortgage and Security Agreement, dated as of April 4, 1997, by and between the Company and FINOVA. (4)
10.4	Waiver and Second Amendment to Loan Agreement, dated June 26, 1997, between the Company and FINOVA. (4)
10.5	Waiver and Third Amendment to Loan Agreement, dated November 13, 1997, between the Company and FINOVA. (5)
10.6	Waiver and Fourth Amendment to Loan Agreement, dated February 11, 1998 between the Company and FINOVA. (7)
10.7	Waiver and Fifth Amendment to Loan Agreement, dated March 27, 1998, between the Company and FINOVA. (8)
10.8	Second Deed of Amendment, by and between the Company and ORA Electronics (UK) Limited ("ORA UK"), dated as of April 1, 1998. (7)
10.9	Distribution Agreement, by and between Alliance Research Corporation (predecessor to the Registrant) and Contactace Limited (doing business as ORA UK), dated as of 1990. (7)
10.10	Form of Indemnification Agreement. (3)
10.11	Employment Agreement dated as of December 19, 1996 by and between the Company and Gershon N. Cooper. (3)
10.12	Amended and Restated Promissory Note dated December 17, 1996, made by Gershon, Cooper and Ruth Cooper in favor of the Company. (3)
10.13	Promissory Note dated December 6, 1996, made by Gershon N. Cooper and Ruth Cooper in favor of the Company. (3)
10.14	Amended and Restated Commercial Credit Agreement dated as of December 31, 1996, by and among Sanwa Bank California, the Company, Gershon N. Cooper, Ruth Cooper and the Cooper Living Trust. (3)
10.15	Amended and Restated Security Agreement dated as of December 31, 1996, by and between the Company and Sanwa Bank California. (3)
10.16	Secured Promissory Note dated as of February 1, 1989, made by the Company in favor of the Aid Association for Lutherans. (3)
10.17	Promissory Note dated as of December 23, 1996, made by the Company in favor of General Funding Corporation. (3)
10.18	ORA Electronics, Inc. 1996 Stock Plan. (3)
10.19	Form of ORA Electronics, Inc., 1996 Stock Plan Stock Option Grant Agreement. (3)
10.20	Form of ORA Electronics, Inc. Non-Employee Directors Stock option Plan. (3)
10.21	Form of ORA Electronics, Inc. Non-Employee Directors Stock Option Agreement. (3)
11	Statement re: Computation of Earnings Per Share.

23.1 Independent Auditors' Consent of Richard & Hedrick

27 Financial Data Schedule

99.1 Letter Agreement dated December 19, 1996 between the Company and DLS Financial Services, Inc. (3)

99.2 Registration Rights Agreement, dated as of December 20, 1996, between the Company and The Cooper Family Living Trust. (3)

99.3 Settlement Agreement and Mutual General Release dated March 2, 1998, between the Registrant and Telular Corporation. (6)

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(1) Incorporated by reference from the Form 8-K/A filed on December 20, 1996, by North American Energy of Delaware, Inc., predecessor to the Registrant.

(2) Incorporated by reference from the Registrant's Form 8-K filed on December 20, 1996.

(3) Incorporated by reference from the Registrant's Form 10-Q filed on February 14, 1997.

(4) Incorporated by reference from the Registrant's Form 10-K filed on June 30, 1997.

(5) Incorporated by reference from the Registrant's Form 10-Q filed on February 14, 1998.

(6) Incorporated by reference from the Registrant's Form 8-K filed on March 3, 1998.

(7) Incorporated by reference from the Registrant's Form 8-K filed on April 17, 1998.

(8) Incorporated by reference from the Registrant's Form 10-K filed on June 29, 1998

EXHIBIT 11

STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE

Year ended March 31,

	2001	2000	1999
Basic and diluted average shares outstanding	7,727,109	6,936,066	6,909,292
Net income (loss)	$(2,310,837)	$(6,351,740)	$ 42,943
Basic and diluted income (loss) per share	$ (0.30)	$ (0.92)	$ 0.01

EXHIBIT 23.1

[RICHARD & HEDRICK LETTERHEAD]

INDEPENDENT AUDITORS' CONSENT

We consent to the use of our audit report, June 20, 2001, in the annual report on Form 10-K of ORA Electronics, Inc.

/s/ Richard & Hedrick

RICHARD & HEDRICK
Los Angeles, California

July 31, 2001

EXHIBIT 27 Financial Data Schedule

ARTICLE>	5	
TABLE>		
PERIOD-TYPE>	YEAR	
FISCAL-YEAR-END>	MAR-31-2001	
PERIOD-END>	MAR-31-2001	
CASH>		102,202
SECURITIES>		0
RECEIVABLES>		297,629
ALLOWANCES>		289,187
INVENTORY>		34,797
CURRENT-ASSETS>		145,441
PP&E>		8,754,421
DEPRECIATION>		3,022,783
TOTAL-ASSETS>		6,055,179
CURRENT-LIABILITIES>		7,062,205
BONDS>		0
PREFERRED-MANDATORY>		0
PREFERRED>		0
COMMON>		8,518
OTHER-SE>		(5,325,494)
TOTAL-LIABILITY-AND-EQUITY>		6,055,179
SALES>		1,182,608
TOTAL-REVENUES>		1,182,608
CGS>		762,893
TOTAL-COSTS>		2,396,159
OTHER-EXPENSES>		(219,994)
LOSS-PROVISION>		0
INTEREST-EXPENSE>		554,387
INCOME-PRETAX>		(2,310,837)
INCOME-TAX>		0
INCOME-CONTINUING>		(2,310,837)
DISCONTINUED>		0
EXTRAORDINARY>		0
CHANGES>		0
NET-INCOME>		(2,310,837)
EPS-PRIMARY>		(0.30)
EPS-DILUTED>		(0.30)
/TABLE>		