

## Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 2003 (Unaudited)

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS.

- 1(a) An income statement (for the group ) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	S\$'000		%
	2003	2002	Change
<b>Turnover</b>	<b>52,353</b>	<b>35,276</b>	<b>48.4%</b>
Other income	353	203	73.9%
Direct services fees incurred (Note 1)	(26,122)	(17,147)	52.3%
Personnel costs	(12,621)	(12,259)	3.0%
Infrastructure costs	(3,428)	(4,532)	-24.4%
Foreign exchange loss	(692)	(532)	30.1%
Depreciation	(1,833)	(2,762)	-33.6%
Amortisation of intangible assets	(118)	(396)	-70.2%
Selling and marketing expenses (Note 1)	(10,971)	(4,582)	139.4%
Other operating expenses (Note 2)	(4,974)	(5,909)	-15.8%
<b>Loss from operations</b>	<b>(8,053)</b>	<b>(12,640)</b>	<b>-36.3%</b>
Interest income	1,326	1,321	0.4%
<b>Loss before tax</b>	<b>(6,727)</b>	<b>(11,319)</b>	<b>-40.6%</b>
Tax	-	-	-
<b>Net loss for the year</b>	<b>(6,727)</b>	<b>(11,319)</b>	<b>-40.6%</b>

Note 1

Direct services fees & selling and marketing expenses increased by 52% & 139% respectively compared to the same period last year. This was due to the increased in sales activity.

Note 2

Other operating expenses include the following:

	Group		
	S\$'000		%
	2003	2002	Change
Loss on disposal of fixed assets	(26)	(44)	-40.9%
Fixed assets written off	(89)	(207)	-57.0%
Provision for stock obsolescence	(288)	-	NM
Stock written off	-	(21)	NM
Provision for doubtful trade receivables	(3)	(1,621)	-99.8%
Gain on disposal of investment	32	-	NM
Provision of investment written back	51	-	NM
Others	(4,651)	(4,016)	15.8%
<b>Total Other Operating Expenses</b>	<b>(4,974)</b>	<b>(5,909)</b>	<b>-15.8%</b>

1(b)(i) A balance sheet ( for the issuer and group ), together with a comparative statement as at the end of the immediately preceding financial year.

	Group S\$'000		Company S\$'000	
	2003	2002	2003	2002
Share capital	74,587	74,511	74,587	74,511
Share premium	117,540	117,538	117,540	117,538
Accumulated losses	(144,488)	(137,761)	(91,755)	(86,739)
Translation reserves	(2,766)	(2,820)	(4,611)	(3,736)
<b>Total Shareholders Equity</b>	<b>44,873</b>	<b>51,468</b>	<b>95,761</b>	<b>101,574</b>
<b>Fixed assets</b>	<b>3,518</b>	<b>3,080</b>	<b>1,437</b>	<b>820</b>
<b>Intangible assets</b>	<b>136</b>	<b>137</b>	<b>117</b>	<b>106</b>
<b>Investment in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>29,805</b>	<b>29,805</b>
<b>Investment in long-term bonds</b>	<b>21,859</b>	<b>21,640</b>	<b>21,859</b>	<b>21,640</b>
<b>Other investments</b>	<b>425</b>	<b>475</b>	<b>425</b>	<b>475</b>
<b>Long-term loans and advances to subsidiaries</b>	<b>-</b>	<b>-</b>	<b>24,873</b>	<b>28,350</b>
<b>Current assets</b>	<b>31,655</b>	<b>35,310</b>	<b>27,337</b>	<b>27,880</b>
Stocks	259	351	186	29
Trade debtors (Note 3)	5,460	2,544	2,066	1,229
Other debtors, deposits and prepayments	1,675	2,643	1,052	1,425
Due from subsidiaries	-	-	9,096	4,773
Investment in short-term bonds	7,988	10,522	7,988	10,522
Fixed deposits	13,088	13,777	6,212	7,868
Cash and bank balances	3,185	5,473	737	2,034
<b>Current liabilities</b>	<b>(12,720)</b>	<b>(9,174)</b>	<b>(10,092)</b>	<b>(7,502)</b>
Trade creditors (Note 3)	(4,017)	(1,187)	(1,647)	(142)
Accruals and other creditors	(8,703)	(7,987)	(5,863)	(5,284)
Due to subsidiaries	-	-	(2,582)	(2,076)
<b>Net current assets</b>	<b>18,935</b>	<b>26,136</b>	<b>17,245</b>	<b>20,378</b>
<b>Net assets</b>	<b>44,873</b>	<b>51,468</b>	<b>95,761</b>	<b>101,574</b>

Note 3

The increased in Trade Debtors and Trade Creditors were due to the corresponding increase in turnover.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/03		As at 31/12/02	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/12/03		As at 31/12/02	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
Nil	Nil	Nil	Nil

**Details of any Collateral**

Cash deposits of S\$2.3 million and US\$1.0 million (2002 : S\$2.3 million and US\$1.0 million) were pledged as security for bank guarantees and standby letters of credit.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (S\$'000)	
	2003	2002
<b>Cash flow from operating activities</b>		
Loss before taxation	(6,727)	(11,319)
<b>Adjustment for non-cash items</b>		
Depreciation of fixed assets	1,833	2,762
Amortisation of intangible assets	118	396
Loss on disposal of fixed assets	26	44
Fixed assets written off	89	207
Provision for doubtful trade receivables	3	1,621
Provision for stock obsolescence	288	-
Stock written off	-	21
Provision for investment written back	(51)	-
Gain on disposal of investment	(32)	-
Interest income from deposits/bonds	(1,326)	(1,321)
Translation differences	455	(326)
<b>Operating loss before working capital changes</b>	<b>(5,324)</b>	<b>(7,915)</b>
(Increase) in stocks	(192)	(115)
(Increase) in trade debtors	(3,160)	(1,490)
Decrease in other debtors, deposits and prepayments	975	44
Increase (Decrease) in trade creditors	2,830	(1,107)
Increase in accruals and other creditors	716	653
<b>Cash used in operating activities</b>	<b>(4,155)</b>	<b>(9,930)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(2,483)	(1,312)
Purchase of intangible assets	(117)	(111)
Proceeds from disposal of fixed assets	63	122
Proceeds from disposal of other investments	2,133	111
Proceeds from disposal of subsidiary, net of cash disposed	-	11
Proceeds from redemption of short-term bonds	9,487	22,366
Investment in long-term bonds	(9,370)	(19,105)
Interest income received	1,387	1,606
<b>Net cash generated from investing activities</b>	<b>1,100</b>	<b>3,688</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of shares	78	340
<b>Net cash generated from financing activities</b>	<b>78</b>	<b>340</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,977)</b>	<b>(5,902)</b>
Cash and cash equivalents at beginning of the year	19,250	25,152
<b>Cash and cash equivalents at end of the year</b>	<b>16,273</b>	<b>19,250</b>

1(d)(i) A statement ( for the issuer and group ) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Translation reserve S\$'000	Total S\$'000
<b>The Group</b>					
Balance as at 1 January 2002	74,171	117,538	(126,442)	(2,198)	63,069
Net loss for the year	-	-	(11,319)	-	(11,319)
Issuance of shares	340	-	-	-	340
Foreign currency translation differences	-	-	-	(622)	(622)
<b>Balance as at 31 December 2002</b>	<b>74,511</b>	<b>117,538</b>	<b>(137,761)</b>	<b>(2,820)</b>	<b>51,468</b>
Balance as at 1 January 2003	74,511	117,538	(137,761)	(2,820)	51,468
Net loss for the year	-	-	(6,727)	-	(6,727)
Issuance of shares	76	2	-	-	78
Foreign currency translation differences	-	-	-	54	54
<b>Balance as at 31 December 2003</b>	<b>74,587</b>	<b>117,540</b>	<b>(144,488)</b>	<b>(2,766)</b>	<b>44,873</b>

	Share capital S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Translation reserve S\$'000	Total S\$'000
<b>The Company</b>					
Balance as at 1 January 2002	74,171	117,538	(44,840)	-	146,869
Net loss for the year	-	-	(41,899)	-	(41,899)
Issuance of shares	340	-	-	-	340
Foreign currency translation differences	-	-	-	(3,736)	(3,736)
<b>Balance as at 31 December 2002</b>	<b>74,511</b>	<b>117,538</b>	<b>(86,739)</b>	<b>(3,736)</b>	<b>101,574</b>
Balance as at 1 January 2003	74,511	117,538	(86,739)	(3,736)	101,574
Net loss for the year	-	-	(5,016)	-	(5,016)
Issuance of shares	76	2	-	-	78
Foreign currency translation differences	-	-	-	(875)	(875)
<b>Balance as at 31 December 2003</b>	<b>74,587</b>	<b>117,540</b>	<b>(91,755)</b>	<b>(4,611)</b>	<b>95,761</b>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back , exercise of share options or warrants , conversion of other issues of equity securities , issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the financial year, 763,000 ordinary shares of \$0.10 each granted under the Employees' Share Option Schemes were exercised.

The breakdown of the outstanding share options granted under the Employees' Share Option Schemes

	No. of Shares	
	2003	2002
Options granted under 1999 MediaRing Employees' Share Option Scheme	14,196,000	15,198,770
Options granted under 1999 MediaRing Employees' Share Option Scheme II	77,425,750	66,191,553

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

3. **Where the figures have been audited or reviewed, the auditor's report ( including any qualifications or emphasis of a matter ).**

Not Applicable

4. **Whether the same accounting policies and methods of computation as in the issuers most recently audited annual financial statements have been applied.**

The Group have adopted the same accounting policies and methods of computation as the audited financial statements for the year ended 31 December 2002.

5. **If there are any changes in the accounting policies and method of computation ,including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Council on Corporate Disclosure and Governance ("CCDG") was established on 16 August 2002 to prescribe accounting standards for Singapore incorporated companies. The accounting standards prescribed by the CCDG, under the provisions of the Companies (Accounting Standards) Regulations 2002, are known as Financial Reporting Standards ("FRS"). Companies are required to comply with the provisions of the Companies (Accounting Standards) Regulations 2002 in preparing their financial statements covering periods beginning on or after 1 January 2003. The Company and the Group have adopted all the applicable FRS that have become effective during the financial year to date. The adoption of the FRS does not materially affects the results of the Company and the Group for the current or prior periods.

6. **Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	2003	2002
Loss per ordinary share for the period after deducting any provision for preference dividends:-		
i) Based on weighted average number of ordinary share in issue	-0.9 cents	-1.52 cents
ii) On a fully diluted basis	-0.9 cents	-1.52 cents

7. **Net assets value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	2003	2002	2003	2002
Net asset backing per ordinary share based on issued share capital as at the end of the period reported	6.02 cents	6.91 cents	12.84 cents	13.63 cents

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group was able to achieve better results with significant revenue growth. Boosted mainly by our VoIP operations, consisting of PC-to-Phone retail services and Carrier Operations, group revenue grew by 48.4% to S\$52.4 million in 2003, from S\$35.3 million in 2002.

Volume of our VoIP call traffic rose 82% to 358 million minutes in 2003, generating more than 40 million minutes of traffic a month by the 4th quarter. The strong growth of our PC-to-Phone services was underpinned by new markets such as the Middle East and Indochina. The Group also continued to expand our marketing and distribution network to more than 500 resellers and partners in more than 90 countries.

Growth in our Carrier Operations was supported by having more Tier-One telecommunications customers in our Technology Licensing business and increase in traffic volume from the trading of wholesale VoIP traffic minutes.

In line with our shift in strategy towards a fee-based business model, advertising revenue declined to S\$0.3 million in 2003, from S\$4.3 million in 2002.

During the year, all categories of expenses decreased except direct services fees, selling & marketing expenses, staff costs and foreign exchange loss. Staff costs increased marginally by 3.0% while direct services fees, selling and marketing expenses increased as a result of growth in the businesses and the change in revenue mix.

As a result of higher revenue and strict cost controls, the Group cut losses by 40.6% from S\$11.3 million in 2002 to S\$6.7 million in 2003.

- 9. Where a forecast , or prospect statement , has been previously disclosed to shareholders, any variance between it and the actual results.**

There was no forecast or prospect statement disclosed to shareholders previously.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group has made significant progress in gaining share of the global VoIP in the last two years. In revenue terms, MediaRing is the leader of pure-play VoIP telephony service providers in Asia and is a recognised brand name in the industry.

With global VoIP traffic continuing to show significant growth trend, and the rising acceptance of this technology by leaders in the telecommunications industry, MediaRing's core business of providing VoIP services is expected to grow in tandem.

Barring any unforeseen circumstances, we believe we will be able to continue to grow our existing revenue streams and further improve the Group's financial performance in 2004.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not Applicable

**(d) Books closure date**

Not Applicable

**12. If no dividend has been declared / recommended , a statement to that effect.**

No dividend has been declared or recommended

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

**Business Segments**

During the year, the Group has changed the business segments to be more customer focused as follow:

- a) Retail Operations comprising mainly
- i) "PC-to-Phone" service that allows users to make overseas calls from their PC to any phone in the world;
  - ii) IDD and VoIP overseas calling services to corporate users and consumers; and
  - iii) "Enterprise" services that allows corporate users to make international calls via their existing corporate PABX and internet access.
- b) Carrier Operations comprising mainly:
- i) wholesale traffic terminating services to carriers; and
  - ii) "Technology Licensing" service that offers connectivity and interoperability solutions to telecommunications carriers and wholesale clearing houses.
- c) Others
- This segment is miscellaneous income and expenses that are not considered part of the main business segments.

	2003			
	Retail Operations (S\$'000)	Carrier Operations (S\$'000)	Others (S\$'000)	Group (S\$'000)
<b>Turnover</b>	<b>39,651</b>	<b>12,450</b>	<b>252</b>	<b>52,353</b>
<b>Operating (loss) profit</b>	<b>(4,240)</b>	<b>(3,532)</b>	<b>241</b>	<b>(7,531)</b>
Unallocated corporate income				1,679
Unallocated corporate expenses				(875)
<b>Loss for the year</b>				<b>(6,727)</b>
Allocated assets	5,728	4,929	149	10,806
Unallocated assets				46,787
<b>Total assets</b>				<b>57,593</b>
Allocated liabilities	(9,352)	(3,368)	-	(12,720)
Capital expenditure	1,857	626	-	2,483
Depreciation and amortisation	1,573	378	-	1,951

	2002			
	Retail Operations (S\$'000)	Carrier Operations (S\$'000)	Others (S\$'000)	Group (S\$'000)
<b>Turnover</b>	25,264	5,651	4,361	35,276
<b>Operating (loss) profit</b>	(8,354)	(7,376)	4,036	(11,694)
Unallocated corporate income				1,524
Unallocated corporate expenses				(1,149)
<b>Loss for the year</b>				(11,319)
Allocated assets	7,765	1,722	-	9,487
Unallocated assets				51,155
<b>Total assets</b>				<b>60,642</b>
Allocated liabilities	(7,853)	(1,321)	-	(9,174)
Capital expenditure	1,003	309	-	1,312
Depreciation and amortisation	2,416	742	-	3,158

### Geographical Segments

The Group have operating offices in three main geographical areas. Turnover is based on the location of revenue recognition. Assets and capital expenditure are based on the location of the assets:

- i) Asia includes the operations in Singapore, China, Indochina, Hong Kong, Taiwan, Malaysia, Japan and Middle East.
- ii) USA includes the operations in North, South and Centre American.
- iii) Europe includes the operations in Europe only.

	Turnover		Assets		Capital Expenditure	
	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
Asia	43,714	27,321	53,998	58,072	1,883	1,032
USA	5,269	3,875	3,299	1,592	600	280
Europe	3,370	4,080	296	978	-	-
<b>Total</b>	<b>52,353</b>	<b>35,276</b>	<b>57,593</b>	<b>60,642</b>	<b>2,483</b>	<b>1,312</b>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to Item 8 above.

15. A breakdown of sales.

	Group		
	S\$'000		%
	2003	2002	Change
Sales reported for first half-year	20,856	16,541	26.1%
Operating loss reported for first half-year	(3,834)	(7,182)	-46.6%
Sales reported for second half-year	31,497	18,735	68.1%
Operating loss reported for second half-year	(2,893)	(4,137)	-30.1%

**16. A breakdown of the total annual dividend ( in dollar value ) for the issuer's latest full year and its previous full year.**

Not Applicable

**BY ORDER OF THE BOARD**

**Yvonne Lau Yee Wan  
Company Secretary**

**27 February 2004**