

Full Year Financial Statement And Dividend Announcement

Full-year financial statement on consolidated results for the year ended 31 December 2001. These figures have not been audited.

		Group			Company		
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
		FY2001	FY2000	Change	FY2001	FY2000	Change
1.(a)	Turnover	20,077	19,840	1.2	3,528	9,715	(63.7)
1.(b)	Investment income	-	-	-	-	-	-
1.(c)	Other income including interest income	2,621	3,928	(33.3)	2,624	3,555	(26.2)
2.(a)	Operating loss before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	(33,174)	(53,134)	(37.6)	(7,343)	(18,099)	(59.4)
2.(b)(i)	Interest on borrowings	(368)	(10)	3,580.0	-	-	-
2.(b)(ii)	Depreciation and amortisation	(4,376)	(4,628)	(5.4)	(1,779)	(1,904)	(6.6)
2.(b)(iii)	Foreign exchange gain/(loss)	4,003	833	380.6	4,100	837	389.8
2.(c)	Exceptional items	-	-	-	-	-	-
2.(d)	Operating loss before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	(33,915)	(56,939)	(40.4)	(5,022)	(19,166)	(73.8)

		Group			Company		
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
		FY2001	FY2000	Change	FY2001	FY2000	Change
2.(e)	Loss derived from associated companies	(641)	(460)	(39.3)	-	-	-
2.(f)	Less income tax	(12)	-	NM	-	-	-
2.(g)(i)	Operating loss after tax before deducting minority interests	(34,568)	(57,399)	(39.8)	(5,022)	(19,166)	(73.8)
2.(g)(ii)	Less minority interests	-	1,444	NM	-	-	-
2.(h)	Operating loss after tax attributable to members of the company	(34,568)	(55,955)	(38.2)	(5,022)	(19,166)	(73.8)
2.(i)(i)	Extraordinary items	-	-	-	-	-	-
2.(i)(ii)	Less minority interests	-	-	-	-	-	-
2.(i)(iii)	Extraordinary items attributable to members of the company	-	-	-	-	-	-
2.(i)(iv)	Transfer to/from Exchange Reserve	-	-	-	-	-	-
2.(i)(v)	Transfer to Capital Reserve	-	-	-	-	-	-
2.(i)(vi)	Transfer to Reserve Fund	-	-	-	-	-	-
2.(j)	Operating loss after tax and extraordinary items attributable to members of the company	(34,568)	(55,955)	(38.2)	(5,022)	(19,166)	(73.8)

		Group Figures	
		FY2001	FY2000
3.(a)	Operating loss [2(g)(i) above] as a percentage of turnover [1(a) above]	172.2%	289%
3.(b)	Operating loss [2(h) above] as a percentage of issued capital and reserves at 31 Dec2001	54.8%	57%
3.(c)	Loss per ordinary share for the period based on 2(h) above after deducting any provision for preference dividends:-		
	(i) Based on existing issued share capital	(4.73) cts	(7.88) cts
	(ii) On a fully diluted basis	(4.73) cts	(7.88) cts
3.(d)	Loss per share based on 2(j) above:-		
	(i) Based on existing issued share capital	(4.73) cts	(7.88) cts
	(ii) On a fully diluted basis	(4.73) cts	(7.88) cts
3.(e)	Net tangible asset backing per ordinary share	8.45 cts	13.41 cts

Note to 3(c) and 3(d)

Loss per share on existing issued share capital and on a fully diluted basis is calculated based on the weighted-average number of shares in issue during the year of 731,176,362 shares (2000: 710,140,188 shares). Loss per share on a fully diluted basis is the same as basic loss per share as the effects of anti-dilutive potential ordinary shares are ignored in calculating diluted loss per share.

Note to 3(e)

Net tangible assets per share is calculated based on the number of shares in issue as at 31 December 2001 of 741,711,862 shares (2000 : 721,756,362 shares).

		Group			Company		
		S\$'000		%	S\$'000		%
		FY2001	FY2000	Change	FY2001	FY2000	Change
4.(a)	Sales reported for first Half year	9,536	7,079	34.7	1,569	4,212	(62.7)
4.(b)	Operating loss [2g(i) above] reported for first half year	(14,891)	(21,993)	(32.3)	(2,074)	(5,867)	(64.6)
4.(c)	Sales reported for second half year	10,541	12,761	(17.4)	1,959	5,503	(64.4)
4 (d)	Operating loss [2g(i) above] reported for second half year	(19,677)	(35,406)	(44.4)	(2,948)	(13,299)	(77.8)

5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

NIL

5.(b) Amount of any pre-acquisition profits

NIL

5.(c) Amount of profits on any sale of investments and/or properties

Sales of investments/properties (S\$'000)
Loss on sales of investments

Profit/(loss)
(288)

5.(d) Any other comments relating to Paragraph 5

NIL

6. Segmental Results

By Business Activities

S\$'000	FY2001				
	Consumer Operations	Telephony	Integrated Solutions	Others	Group
Turnover	6,513	12,754	806	4	20,077
Segment results	(12,477)	(20,911)	(3,800)	4	(37,184)
Financial income, net	-	-	-	-	6,213
Unallocated corporate expenses					(2,944)
Share of results of associated company					(641)
Taxation					(12)
Minority interests					-
Loss for the period					34,568
Segment assets	3,784	7,260	916	-	11,960
Investments in associated company					-
Other long term investments					4,866
Unallocated assets					55,872
Total assets					72,698
Segment liabilities	3,455	5,462	712	-	9,629
Unallocated liabilities					-
Total liabilities					9,629
Capital expenditure	749	2,180	150	-	3,079
Depreciation and amortisation	1,203	2,635	538	-	4,376

S\$'000	FY2000				Group
	Consumer Operations	Telephony	Integrated Solutions	Others	
Turnover	11,324	7,761	491	264	19,840
Segment results	(20,345)	(10,310)	(20,347)	(172)	(51,174)
Financial income, net	-	-	-	-	3,652
Unallocated corporate expenses					(9,417)
Share of results of associated company					(460)
Taxation					-
Minority interests					1,444
Loss for the Period					55,955
Segment assets	6,872	28,602	3,146	-	38,620
Investments in associated company	-	-	-	-	3,373
Other long term investments	-	-	-	-	15,104
Unallocated assets					57,409
Total assets					114,506
Segment liabilities	3,263	11,117	2,195	-	16,575
Unallocated liabilities					24
Total liabilities					16,599
Capital expenditure	555	5,191	2,223	-	7,969
Depreciation and amortisation	2,368	681	1,579	-	4,628

By Geographical Regions

Assets and capital expenditures are based on the physical location of assets.

S\$'000	FY2001			Group
	Asia	US	Europe	
Turnover	14,863	2,484	2,730	20,077
Segment assets	66,475	2,528	3,695	72,698
Capital expenditure	2,755	324	-	3,079

S\$'000	FY2000			Group
	Asia	US	Europe	
Turnover	18,738	900	202	19,840
Segment assets	107,511	6,024	971	114,506
Capital expenditure	6,406	1,389	174	7,969

7.(a) Review of the performance of the company and its principal subsidiaries

FY2001 Group revenue increased by 1.5% from S\$19.8 million to S\$20.1 million compared to the same period of the previous year. This was attributed to the following businesses:

1. Telephony revenue

Revenue from telephony services increased from S\$7.8 million in FY2000 to S\$12.8 million in FY2001. This increase was attributed to the sales of pre and post-paid telephony services that were leveraging on MediaRing's VoIP telephony infrastructure and patent pending technology.

2. Consumer revenue

MediaRing changed its free VoIP call services business model to a paid model. The direction is to create more revenue generating models from pre and post paid telephony services leveraging on MediaRing's proprietary VoIP telephony technology and infrastructure. This will allow the Company to shed its reliance on advertising revenue and sponsorships. Consumer VoIP services contributed S\$5.6 million of the total revenue of S\$6.5 million for the year. Advertising and e-mail revenue on the other hand dropped from S\$9.85 million to the current S\$0.2 million.

3. Integrated Solutions

During the year, MediaRing ceased providing integrated solutions. Resources were channeled into supporting technology sales to the carriers worldwide.

The company decided to make a provision for doubtful debts of S\$3.65 million and write off fixed assets for its discontinued services amounting to S\$2.9 million. In addition, the company also made a one-time write-off of goodwill on consolidation of S\$2.6 million for acquiring the interests that it did not own in its subsidiaries and associated company. The loss after accounting for share of associated companies' losses and minority interest was S\$34.6M for FY2001, it was lower by S\$21.4 million from S\$56.0 million compared with FY2000.

MediaRing continues to invest in R&D.

The patent infringement lawsuit as reported in last financial year's Annual Report has been finalised. Agreement was reached for a settlement of monthly license fee and royalty payment to make use of certain registered patents in the United States, the total amount has been provided in FY2001.

7.(b) A statement by the Directors of the Company on whether "any item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the date to which the report refers and the date on which the report is issued". If none, to include a negative statement.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen between 31 December 2001 and the date of this announcement, which would affect substantially the results of the Company and the Group for the year ended 31 December 2001.

8. Commentary on current year prospects

2001 was a very difficult year for the internet and telecommunications industries. The decline in market values of newly minted internet companies is well documented. But even the long established stalwarts of the telecommunications industry were equally affected.

2002, in spite of what appears to be a recovering economy, will continue to be difficult. The excess capacity built in the last 2 to 3 years have yet to be absorbed, and capital spending in the industry remains at all time historical lows.

Given the realities of the external environment, the Board decided late last year that it could not be 'business as usual'. A restructuring of Mediaring was undertaken, and at the end of January 2002, the group reduced headcount from 221 to 146. A review was undertaken of all business areas, and assets that were impaired were written off at the end of last year. The overarching goal was to bring the group's cost structure down to better match revenue opportunities in a tough external environment, without cutting so deep that it impaired our long term viability.

Mediaring is committed to delivering innovative VoIP telephony services and solutions for the carrier, corporate and consumer markets worldwide. We believe VoIP technology is the trend for the future, and we are beginning to see positive momentum in our IP telephony products and services. We have a talented group of people who are at the forefront of VoIP technology as evidenced by Frost and Sullivan, a leading technology consultant, presenting to MediaRing the Entrepreneurial Company Market Engineering Award in the world VoIP service category. So, while we are under no illusion about the tough external environment in which we operate, we believe we will be able to grow revenues and reduce the groups' losses during this year.

9. Dividend

(a) Present Period

Name of Dividend	
Dividend Type	
Dividend Rate	None
Par value of shares	
Tax Rate	

(b) Previous Corresponding Period

Name of Dividend	
Dividend Type	
Dividend Rate	None
Par value of shares	
Tax Rate	

(c) Total Annual Dividend

	FY2001	FY2000
Ordinary		
Preference	None	None
Total:		

(d) Date payable

Not applicable

(e) Books closing date

Not applicable

(f) Any other comments relating to Paragraph 9

NIL

10. Balance sheet

	Group S\$'000		Company S\$'000	
	FY2001	FY2000	FY2001	FY2000
Fixed assets	5,023	8,573	1,486	2,139
Intangible assets	422	1,107	422	1,084
Investment in subsidiaries	-	-	31,569	26,840
Investment in associated companies	-	3,373	-	3,833
Other long term investments	4,866	15,104	4,755	14,104
Current assets	62,387	86,349	112,303	104,376
Current liabilities	(9,629)	(16,599)	(3,666)	(2,831)
Net current assets	52,758	69,750	108,637	101,545
	<u>63,069</u>	<u>97,907</u>	<u>146,869</u>	<u>149,545</u>
Share capital	74,171	72,176	74,171	72,176
Share premium reserves	117,538	117,188	117,538	117,188
Foreign currency translation reserve	(2,198)	418	-	-
Revenue reserves	(126,442)	(91,875)	(44,840)	(39,819)
Minority interests	-	-	-	-
	<u>63,069</u>	<u>97,907</u>	<u>146,869</u>	<u>149,545</u>

11. Details of any changes in the company's issued share capital

During the current financial period, the Company:

- i. issued 2,435,500 new shares of \$0.10 each at \$0.10 per share pursuant to the exercise of options under the employees' share option scheme.
- ii. Issued 17,520,000 new shares of \$0.10 each at \$0.12 per share as purchase consideration for the purchase of the remaining 10% interest in MediaRing HongKong Ltd.

12. Comparative figures of the group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 31/12/2001		As at 30/06/2001	
Secured	Unsecured	Secured	Unsecured
NIL	NIL	5,232,000	NIL

(b) Amount repayable after one year

As at 31/12/2001		As at 30/06/2001	
Secured	Unsecured	Secured	Unsecured
NIL	NIL	NIL	NIL

(c) Any other comments relating to Paragraph 12

NIL

BY ORDER OF THE BOARD

Yvonne Kwek (Mrs)
Company Secretary

28 March 2002