

## Half Year Financial Statement And Dividend Announcement

Half-year financial statement on consolidated results for the six months ended 30 June 2001. These figures have not been audited.

		Group			Company		
		1 <sup>st</sup> half 2001	1 <sup>st</sup> half 2000	% Change	1 <sup>st</sup> half 2001	1 <sup>st</sup> half 2000	% Change
1.(a)	Turnover	9,536	7,079	35	1,569	4,212	(63)
1.(b)	Investment income	-	-	-	-	-	-
1.(c)	Other income including interest income	1,495	1,314	14	1,169	1,170	-
2.(a)	Operating loss before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	(14,785)	(20,711)	(29)	(3,787)	(5,759)	(34)
2.(b)(i)	Interest on borrowings	(138)	-	NM	-	-	-
2.(b)(ii)	Depreciation and amortisation	(2,135)	(1,948)	10	(900)	(808)	11
2.(b)(iii)	Foreign exchange gain/(loss)	2,564	700	266	2,613	700	273
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	(14,494)	(21,959)	(34)	(2,074)	(5,867)	(65)

		Group			Company		
		S\$'000		%	S\$'000		%
		1 <sup>st</sup> half 2001	1 <sup>st</sup> half 2000	Change	1 <sup>st</sup> half 2001	1 <sup>st</sup> half 2000	Change
2.(e)	Loss derived from associated companies	(397)	(34)	(1,068)	-	-	-
2.(f)	Less income tax	-	-	-	-	-	-
2.(g)(i)	Operating loss after tax before deducting minority interests	(14,891)	(21,993)	(32)	(2,074)	(5,867)	(65)
2.(g)(ii)	Less minority interests	-	257	NM	-	-	-
2.(h)	Operating loss after tax attributable to members of the company	(14,891)	(21,736)	(31)	(2,074)	(5,867)	(65)
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	(14,891)	(21,736)	(31)	(2,074)	(5,867)	(65)

		<b>Group Figures</b>	
		<b>1<sup>st</sup> half 2001</b>	<b>1<sup>st</sup> half 2000</b>
3.(a)	Operating loss [2(g)(i) above] as a percentage of turnover [1(a) above]	156%	311%
3.(b)	Operating loss [2(h) above] as a percentage of issued capital and reserves at 30 Jun 2001	18%	18%
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	(2.06) cts	(3.10) cts
	(ii) On a fully diluted basis	(2.06) cts	(3.10) cts
3.(d)	Loss per share based on 2(j) above:-		
	(i) Based on existing issued share capital	(2.06) cts	(3.10) cts
	(ii) On a fully diluted basis	(2.06) cts	(3.10) cts
3.(e)	Net tangible asset backing per ordinary share	11.13 cts	17.18 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 723,560,862 shares (2000: 700,667,197 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 30 June 2001 of 724,113,862 shares (2000 : 713,479,262 shares).

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

NIL

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

NIL

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

Sales of investments/properties (S\$'000)	Profit/(loss)
Loss on sales of investments	(288)

4.(d) Any other comments relating to Paragraph 4

NIL

5. Segmental Results

By Business Activities

S\$'000	1 <sup>st</sup> Half 2001				
	Consumer Operations	Telephony	Integrated Solutions	Others	Group
Turnover	1,815	7,444	275	2	9,536
Segment results	(4,759)	(11,071)	(2,374)	1	(18,203)
Financial income, net	-	-	-	-	3,716
Unallocated corporate expenses					(8)
Share of results of associated company					(396)
Taxation					-
Minority interests					-
<b>Loss for the period</b>					<b>14,891</b>
Segment assets	2,680	30,058	1,164	-	33,902
Investments in associated company					2,976
Other long term investments					4,314
Unallocated assets					54,862
<b>Total assets</b>					<b>96,054</b>
<b>Segment liabilities</b>	1,702	12,192	851	-	14,745
<b>Unallocated liabilities</b>					-
<b>Total liabilities</b>					<b>14,745</b>
Capital expenditure	126	2,080	-	-	<b>2,206</b>
Depreciation and amortisation	533	1,335	267	-	<b>2,135</b>

	<b>1<sup>st</sup> Half 2000</b>				
<b>S\$'000</b>	<b>Consumer Operations</b>	<b>Telephony</b>	<b>Integrated Solutions</b>	<b>Others</b>	<b>Group</b>
Turnover	4,804	1,766	217	292	7,079
Segment results	(11,843)	(1,594)	(10,426)	(117)	(23,980)
Financial income, net	-	-	-	-	2,032
Unallocated corporate expenses					(11)
Share of results of associated company					(34)
Taxation					-
Minority interests					257
<b>Loss for the Period</b>					<b>21,736</b>
Segment assets	8,554	19,678	4,697	-	32,929
Investments in associated company	-	-	-	-	3,786
Other long term investments	-	-	-	-	6,467
Unallocated assets					88,117
<b>Total assets</b>					<b>131,299</b>
Segment liabilities	2,586	2,185	1,724	-	6,495
Unallocated liabilities					-
<b>Total liabilities</b>					<b>6,495</b>
<b>Capital expenditure</b>	325	1,556	1,299	-	<b>3,180</b>
<b>Depreciation and amortisation</b>	1,076	155	717	-	<b>1,948</b>

By Geographical Regions

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

	<b>1<sup>st</sup> Half 2001</b>			
<b>S\$'000</b>	<b>Asia</b>	<b>US</b>	<b>Europe</b>	<b>Group</b>
Turnover	8,928	305	303	9,536
Segment assets	92,678	2,877	499	96,054
Capital expenditure	2,074	132	-	2,206

	<b>1<sup>st</sup> Half 2000</b>			
<b>S\$'000</b>	<b>Asia</b>	<b>US</b>	<b>Europe</b>	<b>Group</b>
Turnover	6,607	470	2	7,079
Segment assets	120,764	9,705	830	131,299
Capital expenditure	1,846	1,237	97	3,180

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

Group revenue increased by 35% from S\$7.1 million to S\$9.5 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\$1.8 million in the first half of 2000 to S\$7.4 million in the first half of 2001. This increase was attributed to the sales of pre and post-paid telephony services and the introduction of new services based on MediaRing's VoIP telephony infrastructure and patent pending technology.

2. Consumer revenue

During the first half, MediaRing terminated its free telephone call services to the United States and China. The resources freed up were channelled into more revenue generating opportunities in pre and post-paid Voizfone services. This also made MediaRing less reliant on advertising sponsorship. Voizfone services contributed to S\$1.4 million of the S\$1.8 million in consumer revenue generated in the first half of 2001. This amount doubled the S\$0.7 million figure of last year.

3. Integrated Solutions

In a further restructuring move, the company has ceased providing integrated solutions. These resources will be channelled into revenue generating opportunities such as Voizfone and VoizNet telephony services for the carrier, corporate and consumer markets worldwide.

The company made a provision for doubtful debts of S\$0.87 million for long outstanding trade receivables. The loss after accounting for share of associated companies' losses and minority interest was S\$14.9M for the first half 2001, S\$6.8 million lower than the S\$21.7 million for the same period last year.

MediaRing continues to make significant investments in R&D.

The patent infringement lawsuit as reported in last financial year's Annual Report has not been settled. The legal counsels of both parties are still in negotiation. As at this date, the parties are unable to ascertain the possible outcome of the litigation or potential losses, if any, that may arise therefrom.

6.(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.

MediaRing will continue to consolidate the group's structure. As part of the consolidation effort, MediaRing purchased the minority shares of MediaRing Hong Kong, which is now a wholly owned subsidiary. MediaRing will also purchase the outstanding shares that it does not already own in I2U Pte Ltd and MediaRing TC Inc.

7. Commentary on current year prospects

MediaRing is repositioning itself to focus on delivering innovative VoIP telephony services for carrier, corporate and consumer markets worldwide. We have made significant investments in Voiznet and VoIP telephony services and these investments are expected to contribute to our future revenue growth.

As part of this repositioning we have discontinued our integrated solutions business and have de-emphasised advertising supported free calls. MediaRing expects that the revenue loss from making these changes will be made up by revenues from new services to be provided to corporate and carrier customers.

With all of these changes, and with the current poor visibility of the economic environment, we expect revenues for the second half to be sustained compared with the first. However, MediaRing still expects to make a loss for the second half, but its cash position of S\$70 million is deemed sufficient to finance its growth till break-even.

8. 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

	<b>1<sup>st</sup> half 2001</b>	<b>1<sup>st</sup> half 2000</b>
Ordinary		
Preference	None	None
Total:		

(d) Date payable

Not applicable

(e) Books closing date

Not applicable

(f) Any other comments relating to Paragraph 8

NIL

9. Balance sheet

	Group S\$'000		Company S\$'000	
	30/06/2001	31/12/2000	30/06/2001	31/12/2000
Fixed assets	9,027	8,573	1,766	2,139
Intangible assets	739	1,107	739	1,084
Investment in subsidiaries	-	-	26,890	26,840
Investment in associated companies	2,976	3,373	3,833	3,833
Other long term investments	4,314	15,104	4,314	14,104
Current assets	78,998	86,349	113,285	104,376
Current liabilities	(14,745)	(16,599)	(3,121)	(2,831)
Net current assets	64,253	69,750	110,164	101,545
	<u>81,309</u>	<u>97,907</u>	<u>147,706</u>	<u>149,545</u>
Share capital	72,411	72,176	72,411	72,176
Share premium reserves	117,188	117,188	117,188	117,188
Foreign currency translation reserve	(1,524)	418	-	-
Revenue reserves	(106,766)	(91,875)	(41,893)	(39,819)
Minority interests	-	-	-	-
	<u>81,309</u>	<u>97,907</u>	<u>147,706</u>	<u>149,545</u>

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

During the current financial period, the Company:

- i. issued 2,357,500 new shares of \$0.10 each at \$0.10 each pursuant to the exercise of employees' share option scheme.

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

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

As at 30/06/2001		As at 31/12/2000	
Secured	Unsecured	Secured	Unsecured
5,232,000	-	5,013,000	-

(b) Amount repayable after one year

As at 30/06/2001		As at 31/12/2000	
Secured	Unsecured	Secured	Unsecured
NIL	NIL	NIL	NIL

(c) Any other comments relating to Paragraph 11

NIL

**BY ORDER OF THE BOARD**

**Mun Tien Shoong**  
**Company Secretary**

**24 September 2001**