



## Full Year Financial Statement And Dividend Announcement

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS. These figures have not been audited.**

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		
	2002	2001	Change
<b>Turnover</b>	<b>35,276</b>	<b>20,077</b>	<b>75.7%</b>
Other income (expenses)	203	(242)	-183.9%
Direct services fees incurred	(17,147)	(12,873)	33.2%
Personnel costs	(12,259)	(15,851)	-22.7%
Infrastructure costs	(4,532)	(6,446)	-29.7%
Foreign exchange gain (loss)	(532)	4,003	-113.3%
Depreciation	(2,762)	(3,667)	-24.7%
Amortisation of intangible assets	(396)	(709)	-44.1%
Selling and marketing expenses	(4,582)	(3,487)	31.4%
Other operating expenses (Note 1)	(5,909)	(16,929)	-65.1%
<b>Loss from operations before interest</b>	<b>(12,640)</b>	<b>(36,124)</b>	<b>-65.0%</b>
Interest income - net	1,321	2,209	-40.2%
<b>Operating loss before tax</b>	<b>(11,319)</b>	<b>(33,915)</b>	<b>-66.6%</b>
Share of loss of associated company	-	(641)	NM
Loss after associated company	(11,319)	(34,556)	-67.2%
Tax	-	(12)	NM
<b>Net loss for the year</b>	<b>(11,319)</b>	<b>(34,568)</b>	<b>-67.3%</b>

Note 1

Other operating expenses include the following:

	Group		
	S\$'000		%
	2002	2001	
Loss on disposal of fixed assets	(44)	(93)	-52.7%
Fixed assets written off	(207)	(2,862)	-92.8%
Goodwill on consolidation written off	-	(2,622)	NM
Unquoted investment written off	-	(34)	NM
Provision for stock adjustment	(21)	-	NM
Provision for trade receivable	(1,621)	(3,653)	-55.6%
Others	(4,016)	(7,665)	-47.6%
<b>Total other operating expenses</b>	<b>(5,909)</b>	<b>(16,929)</b>	<b>-65.1%</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	
	2002	2001	2002	2001
Share capital	74,511	74,171	74,511	74,171
Share premium	117,538	117,538	117,538	117,538
Accumulated losses	(137,761)	(126,442)	(86,739)	(44,840)
Translation reserves	(2,820)	(2,198)	(3,736)	-
<b>Total Shareholders Equity Funds</b>	<b>51,468</b>	<b>63,069</b>	<b>101,574</b>	<b>146,869</b>
<b>Fixed Assets</b>	<b>3,080</b>	<b>5,023</b>	<b>820</b>	<b>1,486</b>
<b>Intangible assets</b>	<b>137</b>	<b>422</b>	<b>106</b>	<b>422</b>
<b>Investment in subsidiaries (Note 2)</b>	<b>-</b>	<b>-</b>	<b>29,805</b>	<b>31,569</b>
<b>Investment in long-term bonds (Note 3)</b>	<b>21,640</b>	<b>4,279</b>	<b>21,640</b>	<b>4,279</b>
<b>Other investments</b>	<b>475</b>	<b>587</b>	<b>475</b>	<b>475</b>
<b>Long-term loans and advances to subsidiaries (Note 4)</b>	<b>-</b>	<b>-</b>	<b>28,350</b>	<b>62,972</b>
<b>Current assets</b>	<b>35,310</b>	<b>62,387</b>	<b>27,880</b>	<b>50,242</b>
Stocks	351	258	29	58
Trade debtors	2,544	2,716	1,229	168
Other debtors, deposits and prepayments	2,643	2,941	1,425	1,103
Loans to subsidiaries	-	-	-	4,987
Due from subsidiaries (non-trade)	-	-	4,773	-
Investment in short-term bonds (Note 5)	10,522	31,320	10,522	31,320
Fixed deposits	13,777	10,942	7,868	10,657
Cash and bank balances	5,473	14,210	2,034	1,949
<b>Current liabilities</b>	<b>(9,174)</b>	<b>(9,629)</b>	<b>(7,502)</b>	<b>(4,576)</b>
Trade creditors	(863)	(2,295)	(142)	(230)
Accruals and other creditors	(8,311)	(7,334)	(5,284)	(3,389)
Due to subsidiaries (non-trade)	-	-	(2,076)	(957)
<b>Net current assets</b>	<b>26,136</b>	<b>52,758</b>	<b>20,378</b>	<b>45,666</b>
<b>Net assets</b>	<b>51,468</b>	<b>63,069</b>	<b>101,574</b>	<b>146,869</b>

Note 2

During the year, the Company recorded an impairment loss of S\$1.8 million in cost of investment in a subsidiary.

Note 3

These are bonds that will mature after 1 year or longer. During the year, investment in long-term bonds increased significantly by S\$17.3 million, from S\$4.3 million to S\$21.6 million.

Note 4

The Company treated outstanding inter-company loans as at 1 January 2002 as well as advances given during the financial year totalling to S\$61.2 million as part of its net investment in the subsidiaries as no repayment is planned or likely to occur in the foreseeable future. The exchange differences arising from the translation of these foreign currency denominated inter-company loans were taken to translation reserve in the balance sheet.

Long-term loans and advances to subsidiaries are stated after deducting provision of S\$41.1 million (2001 : S\$3.2 million).

Note 5

These are bonds that will mature within 1 year. During the year, proceeds from redemption of short-term bonds that matured were partly re-invested in long-term bonds and partly used to fund operations. This explains the significant decrease of S\$20.8 million in short-term bonds from S\$31.3 million to S\$10.5 million.

**1(b)(ii) The group's borrowings and debt securities as at the end of the financial period reported on, and comparative figures as at the end of the most recently announced financial statements**

Amount repayable in one year or less, or on demand

As at 31/12/02		As at 31/12/01	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/12/02		As at 31/12/01	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
Nil	Nil	Nil	Nil

Cash deposits of S\$2.3 million and US\$1 million (2001 : S\$0.3 million) were pledged as security for bank facilities.

1(c) A cash flow statement ( for the group ), together with a comparative statement as at the end of the immediately preceding financial year

	Group	
	2002	2001
	S\$'000	S\$'000
<b>Cash flow from operating activities</b>		
<b>Loss before taxation</b>	<b>(11,319)</b>	<b>(34,556)</b>
<b>Adjustment for non-cash items</b>	<b>3,404</b>	<b>9,216</b>
<b>Operating loss before working capital changes</b>	<b>(7,915)</b>	<b>(25,340)</b>
(Increase) in stocks	(115)	(258)
(Increase) in trade debtors	(1,490)	(1,655)
Decrease in other debtors, deposits and prepayments	44	1,013
Decrease in due from corporate shareholders	-	1,405
(Decrease) in trade creditors	(1,431)	(1,099)
(Decrease) increase in accruals and other creditors	977	(175)
<b>Cash used in operations</b>	<b>(9,930)</b>	<b>(26,109)</b>
Tax paid	-	(12)
Interest paid	-	(368)
<b>Net cash used in operating activities</b>	<b>(9,930)</b>	<b>(26,489)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(1,312)	(3,079)
Acquisition of intangible assets	(111)	(48)
Acquisition of unquoted investment	-	(111)
Acquisition of additional share in subsidiary	-	(150)
Acquisition of subsidiary, net cash paid	-	365
Proceeds from sale of unquoted investment	111	-
Proceeds from sale of quoted investment	-	749
Proceeds from sale of fixed assets	122	275
Proceeds from capital reduction in the share capital of associated company	-	1,980
Proceeds from disposal of subsidiary, net of cash	11	-
Purchase and sale of bonds, net	3,261	12,773
Interest income received	1,606	2,577
<b>Net cash generated from investing activities</b>	<b>3,688</b>	<b>15,331</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	340	244
Repayment of short-term loan	-	(5,013)
Payment for lease obligations	-	(501)
<b>Net cash generated from (used in) financing activities</b>	<b>340</b>	<b>(5,270)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(5,902)</b>	<b>(16,428)</b>
Cash at beginning of year	25,152	41,580
<b>Cash at end of the period</b>	<b>19,250</b>	<b>25,152</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 Equity 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)
Issue of shares	340	-	-	-	340
Foreign currency translation difference	-	-	-	(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 2001	72,175	117,188	(91,874)	418	97,907
Net loss for the year	-	-	(34,568)	-	(34,568)
Issue of shares	1,996	350	-	-	2,346
Foreign currency translation difference	-	-	-	(2,616)	(2,616)
<b>Balance as at 31 December 2001</b>	<b>74,171</b>	<b>117,538</b>	<b>(126,442)</b>	<b>(2,198)</b>	<b>63,069</b>

	Share capital S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Translation reserve S\$'000	Total Equity 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)
Issue of shares	340	-	-	-	340
Foreign currency translation difference	-	-	-	(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 2001	72,175	117,188	(39,818)	-	149,545
Net loss for the year	-	-	(5,022)	-	(5,022)
Issue of shares	1,996	350	-	-	2,346
Foreign currency translation difference	-	-	-	-	-
<b>Balance as at 31 December 2001</b>	<b>74,171</b>	<b>117,538</b>	<b>(44,840)</b>	<b>-</b>	<b>146,869</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, the Company issued 3,399,000 ordinary shares of S\$0.10 each upon the exercise of options granted under the employees' share option scheme.

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

	No of Shares	
	2002	2001
Options granted under 1999 MediaRing Employees' Share Option Scheme	15,198,770	28,619,770
Options granted under 1999 Mediaring Employees' Share Option Scheme II	66,191,553	17,385,220

**2. Whether the figures have been audited , or reviewed and in accordance with the standard ( e.g. The Singapore Standard on Auditing 910 ( Engagement to Review Financial Statements ) , or an equivalent standard)**

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

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

Other than that disclosed in paragraph 5 below, there were no changes in accounting policies and methods of computation used in preparing the financial statements for FY 2002 as compared to the audited annual financial statements in previous year.

**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**

In 2002, the Group adopted the revised accounting standard, SAS12 (2001): Income Taxes, which becomes effective for the Group's financial statements for 2002. The adoption of the revised accounting standard does not have any financial effect on the Company's financial statements.

6. **Earnings 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	
	2002	2001
Loss per ordinary share for the period after deducting any provision for preference dividends:-		
i) Based on weighted average number of ordinary shares in issue	-1.52 cents	-4.73 cents
ii) On a fully diluted basis	-1.52 cents	-4.73 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 period reported on and (b) immediately preceding financial year**

	Group		Company	
	2002	2001	2002	2001
Net asset backing per ordinary share based on issued share capital as at the end of the period reported	6.91 cents	8.50 cents	13.63 cents	19.80 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group business. The review must discuss 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 . It must also discuss any material factors that affected the cash flow working capital assets or liabilities of the group during the current financial period reported on**

Despite the difficult global market conditions, the Group was able to achieve better results through higher revenues and continued effort in cost control. Group revenue grew by 76% from S\$20 million in year 2001 to more than S\$35 million in 2002.

The growth in revenue was contributed mainly by MediaRing PC to Phone Service which grew by more than three fold over 2001. The cost containment exercise initiated during the year has resulted in an average decrease of more than 40% for all expense items, except direct service fees incurred and selling & marketing expenses.

The increase in direct service fees and selling & marketing expenses, by about one-third compared against 2001, was due to increase in sales activities. The increase, however, was lower than revenue growth as a result of cost reduction measures undertaken and also economies of scale.

2002 reported an exchange loss of S\$0.5 million versus a gain of S\$4.0 million in previous year due to the weakening of US dollars. Also, exchange differences arising from the translation of foreign currency denominated inter-company loans, which are deemed to be effectively an extension of net investment in subsidiaries were taken to translation reserve (refer to Note 4)

Overall bottom line improved significantly as the Group cut losses by more than two-thirds, from S\$34.6 million in year 2001 to S\$11.3 million in 2002.

### Consumer Operations

Consumer operations segment which is predominantly the MediaRing PC to Phone Service continued to be the lead performer, contributing S\$22.3 million, more than 60% of the Group's revenue and is also the biggest contributor to the Group's gross profit.

Advertising revenue and MediaRing Enterprise Services together contributed 13% of the Group's revenue. MediaRing Enterprise Services is a new service to be fully launched in year 2003. The advertising revenue contributed about S\$4.3 million. This revenue stream was the remaining part of a contract secured in 2001 and is not likely to recur upon completion in the first quarter of FY 2003.

### Telephony

The telephony segment revenue reduced by approximately 7%, from S\$12.8 million in year 2001 to S\$11.9 million in 2002. Although the revenue dipped slightly, the margin for this segment has improved in spite of a highly price sensitive and competitive environment, as a result of a better mix of services.

### Technology Licensing

Technology Licensing revenue grew about 60% from S\$0.5 million in the previous year to S\$0.8 million, in 2002. During the year, MediaRing VoizBridge, the flagship product for the business was deployed in Tier One Telecommunication companies including NTT of Japan. Given these strong endorsements, we expect this business to continue to gain momentum in the new year.

Integrated Solutions services were discontinued. The turnover in 2001 was reclassified under 'Other' business segment and the resources of this segment have been reassigned to the Technology Licensing business.

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

The results are in line with our statement in the half-year announcement.

**10. A commentary at the date of the announcement of the 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**

In spite of the tough environment faced by the telecommunication industry, the Telecommunication Services Division of the Group continued to grow by leveraging on our unique technology. Growth also offered economies of scale, which in turn helped to make the services more competitive. However, competition is getting increasingly keen. The war in the Middle East cast uncertainty on the Group's regional business there, while the uncertain global economic outlook clouds the Group's short-term prospect.

Technology Licensing Division has successfully made in-roads into more Tier One telecommunication companies during the second half of 2002. While we expect this trend to continue into the next year, there are uncertainties due to the continuing decline in capital spending in the telecommunications industry.

Barring unforeseen circumstances, we believe we will be able to continue to grow the existing revenue streams and continue to reduce the Group's losses in the next year. However, we do not expect revenue for the first quarter of 2003 to be better than the fourth quarter of 2002 due to the uncertainties in the global macro economic environment.

**11. Dividend**

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

Any dividend declared for the current financial period reported on? None

**(b) Corresponding period of the immediately preceding financial year**

Any dividend declared for the previous corresponding period? 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 2 - 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

**By Business Segment (Group Figures S\$'000)**

	2002				
	Consumer Operations	Telephony	Technology Licensing	Others	Group Total
<b>Turnover</b>	22,279	11,866	797	334	35,276
<b>Operating profit (loss)</b>	(1,285)	(7,309)	(3,420)	320	(11,694)
Unallocated financial income, net					789
Unallocated corporate expenses					(414)
Share of results of associated company					-
Taxation					-
<b>Loss for the period</b>					<b>(11,319)</b>
Assets	3,671	4,930	886	-	9,487
Other long-term investments					22,115
Unallocated assets					29,039
<b>Total assets</b>					<b>60,641</b>
Liabilities	(4,712)	(3,892)	(529)	(41)	(9,174)
<b>Total liabilities</b>					<b>(9,174)</b>
Capital expenditure	354	879	79	-	1,312
Depreciation and amortisation	1,030	1,899	229	-	3,158

	2001				
	Consumer Operations	Telephony	Technology Licensing	Others	Group Total
<b>Turnover</b>	6,513	12,754	454	356	20,077
<b>Operating loss</b>	(12,477)	(20,911)	(1,855)	(1,941)	(37,184)
Unallocated financial income, net					6,213
Unallocated corporate expenses					(2,944)
Share of results of associated company					(641)
Taxation					(12)
<b>Loss for the period</b>					<b>(34,568)</b>
Assets	3,784	7,260	916	-	11,960
Other long-term investments					4,866
Unallocated assets					55,872
<b>Total assets</b>					<b>72,698</b>
Liabilities	(3,455)	(5,462)	(712)	-	(9,629)
<b>Total liabilities</b>					<b>(9,629)</b>
Capital expenditure	749	2,180	150	-	3,079
Depreciation and amortisation	1,203	2,635	538	-	4,376

#### **By Geographical Regions (Group Figures S\$'000)**

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

	2002			
	Asia	US	Europe	Group Total
Turnover	27,321	3,875	4,080	35,276
Assets	58,071	1,592	978	60,641
Capital expenditure	1,032	280	-	1,312

	2001			
	Asia	US	Europe	Group Total
Turnover	14,863	2,484	2,730	20,077
Assets	66,475	2,528	3,695	72,698
Capital expenditure	2,755	324	-	3,079

**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		%
	2002	2001	Change
Sales reported for first half year	16,541	9,536	73.5%
Operating loss reported for first half year	(7,182)	(14,891)	-51.8%
Sales reported for second half year	18,735	10,541	77.7%
Operating loss reported for second half year	(4,137)	(19,677)	-79.0%

The company treated outstanding inter-company loans as at 1 January 2002 as well as advances given to subsidiaries during the financial year totalling S\$61.2 million as part of its net investment in the subsidiaries as no repayment is planned or likely to occur in the foreseeable future. The exchange differences arising from the translation of these foreign currency denominated inter-company loans were taken to translation reserve in the balance sheet.

Foreign exchange loss of S\$2.6 million relating to these loans and advances up to 30 June 2002 was included in the profit and loss account for the first half of 2002. Full year exchange loss of S\$3.7 million has been taken to translation reserve.

**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

**28 March 2003**